

Annual Report 2022

Triodos  Bank

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Triodos Bank is a co-founder of the Global Alliance for Banking on Values, a network of leading sustainable banks visit www.gabv.org

Annual Report 2022 Triodos Bank N.V.

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Content only available online at www.annual-report-triodos.com

Annual Report 'at a glance' – A brief summary of our performance

Impact – Vision and practice, including case studies

Global Reporting Initiative (GRI) content index

Pillar 3 report 2022

These documents do not form part of this formal Annual Report document.

Important dates for Triodos Bank's shareholders and depository receipt holders

Extraordinary general meeting	23 March 2023
Annual general meeting	26 May 2023
Ex-dividend date	30 May 2023
Dividend payment date	2 June 2023

Key figures

amounts in millions of EUR	2022	2021	2020	2019	2018
Equity	1,259	1,250	1,208	1,201	1,112
Deposits from customers	13,816	13,285	11,747	10,694	9,564
Loans and advances to customers	10,620	10,168	9,157	8,209	7,267
Balance sheet total	15,800	16,504	13,888	12,082	10,867
Funds under management ¹	6,793	7,695 ²	6,362	5,671	4,673
Total assets under management	22,593	24,199	20,250	17,753	15,540
Total income	375.3	341.9	305.1	292.2	257.1
Operating expenses	-300.1	-275.2	-245.4	-234.4	-204.3
Impairment result on financial instruments	-8.1	0.4	-24.2	-3.7	-6.4
Operating result before taxation	67.1	67.1	35.5	54.1	46.4
Taxation on operating result	-17.2	-16.4	-8.3	-15.1	-11.2
Net profit³	49.9	50.8	27.2	39.0	35.2
Return on equity in %	4.0%	4.1%	2.3%	3.4%	3.3%
Return on assets in %	0.3%	0.3%	0.2%	0.3%	0.3%
Operating expenses/total income	80%	80%	80%	80%	79%
Total Capital Ratio	21.0%	21.3%	18.8%	17.9%	17.5%
Minimum requirement Total Capital Ratio ⁴	13.9%	14.2%	13.6%	13.8%	14.7%
(Common) Equity Tier 1 Ratio	17.3%	17.5%	18.7%	17.9%	17.5%
Minimum requirement Equity Tier 1 Ratio ⁴	11.1%	11.6%	11.1%	11.8%	12.7%
Leverage Ratio	6.9% ⁵	8.1%	8.8%	8.5%	8.9%
Minimum requirement Leverage Ratio	3.0%	3.5%	3.0%	3.0%	3.0%
Return on Risk Weighted Assets in %	0.7%	0.8%	0.5%	0.6%	0.6%

¹ Including funds under management with affiliated parties that have not been included in the consolidation.

² The 2021 funds under management have been restated by EUR 33 million due to an improvement to the internal definition of funds under management in 2022.

³ Net profit is subject to rounding difference.

⁴ These are the minimum requirements based on the overall capital requirements instead of the SREP requirements. The comparative figures are adjusted accordingly.

⁵ The decrease of the leverage ratio is mainly due to the termination of the temporary application of the CRR exemption as per April 1, 2022 where certain Central Bank exposures were previously excluded from the leverage ratio. The CRR exemption was introduced by the ECB in response to the COVID-19 pandemic.

amounts in millions of EUR	2022	2021	2020	2019	2018
Real Economy assets/Balance sheet total ¹	77%	70%	75%	76%	77%
Triple Bottom Line assets/Balance sheet total ²	77%	70%	74%	75%	76%

Per share (in EUR)					
Net asset value at year end ³	89	88	85	83	82
Net profit ⁴	3.51	3.57 ⁵	1.91	2.80	2.73
Dividend ⁶	3.12	1.80	0.65	-	1.95

Number of depository receipt holders	43,545 ⁷	43,521	43,614	44,401	42,416
Number of accounts - deposits from customers	884,607	880,374	867,377	830,816	839,242
Number of accounts - loans and advances to customers	82,931	84,386	81,726	77,984	68,751
Number of customers	744,477	747,413	728,056	721,039	714,887

Social

Number of co-workers at year end	1,815	1,715	1,592	1,493	1,427
Number of FTE at year end	1,679.0	1,583.5	1,463.1	1,370.3	1,317.4
Co-worker turnover	11%	10%	8%	10%	9%
Women as percentage of management team	43%	39%	39%	44%	39%
Ratio of highest to median salary ⁸	5.1	5.2	5.4	5.6	5.6

Environment

Triodos Bank's own emissions, 100% compensated (in ktonne CO2e)	1.3	0.9	1.2	2.9	2.8
Net emissions in outstanding loans and investments (in ktonne CO2e) ⁹	314	364	358	293	152
Avoided emissions in renewable energy loans and investments (in ktonne CO2e) ⁹	-1,048	-851	-933	-963	-985

¹ Assets are classified as 'real economy' (as opposed to financial economy) if it is directly linked to a real economy asset or activity. This means that the asset or exposure is aimed at directly supporting the production of goods and services, as opposed to focusing primarily on buying and selling in the financial markets.

² Triple Bottom Line assets refer to assets not only focused on economic benefits, but also on positive social and environmental benefits. We believe this figure provides the best indication of a bank's commitment to sustainability.

³ The net asset value per share is the total equity divided by the total shares outstanding. The net asset value per share is not the trading price since 2021.

⁴ The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.

⁵ The earnings per share in 2021 has been restated from € 3.56 to € 3.57 as a result of the restatement of the average number of issued shares in circulation in the annual report 2021.

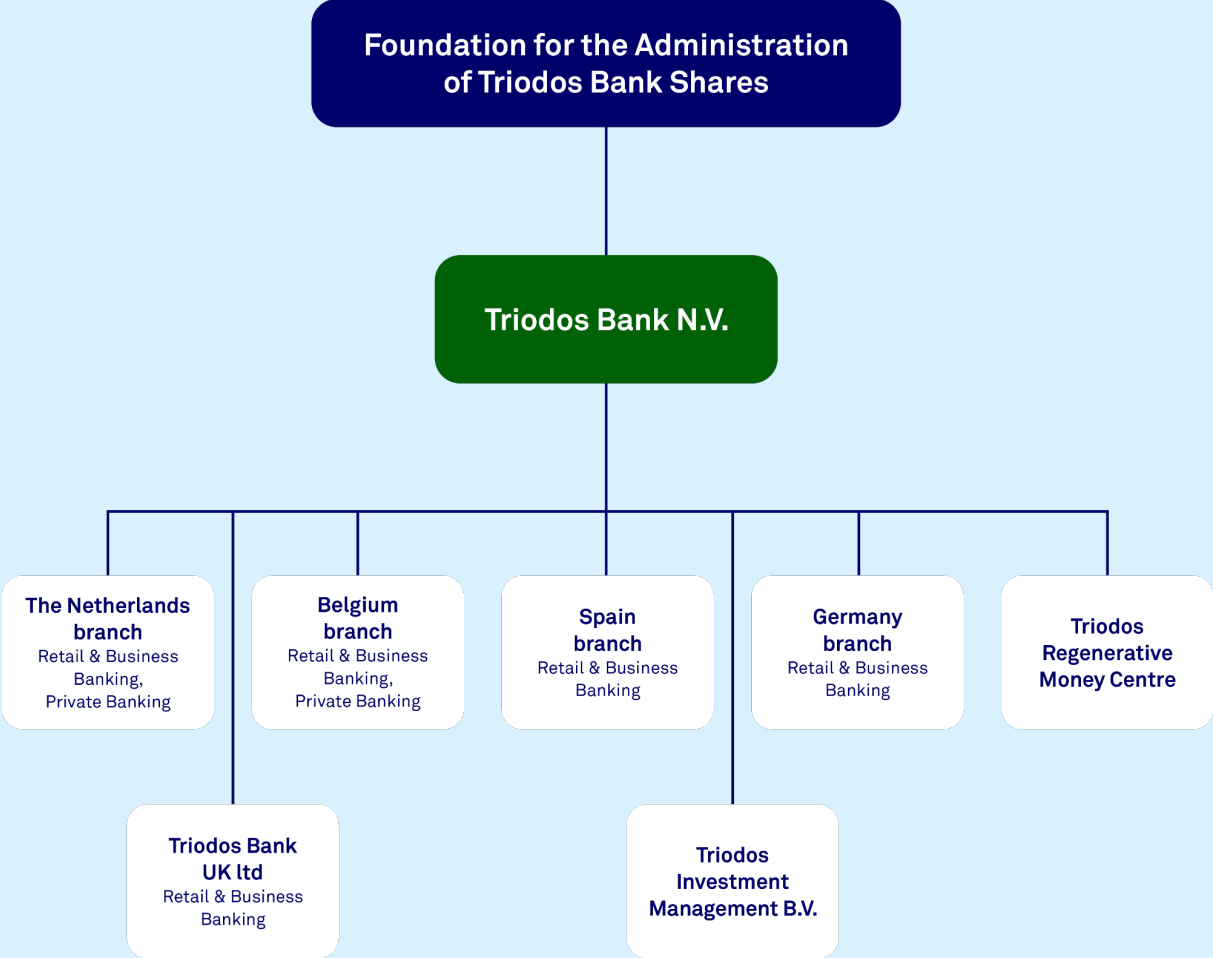
⁶ The dividend over 2022 amounts to EUR 2.11 per Depository Receipt (DR) (2021: EUR 1.80) excluding the extraordinary dividend of EUR 1.01 per DR. This includes the earlier paid interim dividend of EUR 0.35 and a final dividend amount of EUR 1.76 per DR that Triodos Bank will propose at the Annual General Meeting in May 2023.

⁷ The number of depository receipt holders increased due to transactions among depository receipt holders, without the involvement of Triodos Bank.

⁸ The ratio of highest to median salary (excluding highest salary) follows the GRI criteria and is considered best practice. All salaries are calculated on a full-time basis compiled at 31 December of the reporting year.

⁹ 2018 was the first year of reporting using the Partnership for Carbon Accounting Financials (PCAF) methodology. Since 2019 Triodos Bank assesses 100% of our loans and funds' investments to calculate Triodos Bank's share in the GHG emissions by using the global PCAF Standard (in 2018 around 68% of Triodos Bank's loans and funds' investments were assessed).

Triodos Bank Group structure 2022



Through these entities, we cover the following client groups:

Retail Banking

Through our European network, our goal is to offer our customers products with a purpose including savings, payments, lending, private banking and investments.

Business Banking

We lend money only to organisations working to bring about positive and lasting change. Our lending focuses on three key areas:

- Energy and climate
- Food and agriculture
- Socially inclusive business

Private Banking

We advise customers on employing their capital to stimulate sustainable development. Our key service is sustainable discretionary asset management.

Investment Management

Triodos Investment Management manages 20 Triodos impact investing funds with the aim to generate social and environmental impact alongside a healthy financial return.

The 20 active funds of Triodos Investment Management are grouped along impact investment themes:

- Energy and Climate
- Inclusive Finance
- Sustainable Food and Agriculture
- Impact Equities and Bonds

Triodos Regenerative Money Centre

Triodos Regenerative Money Centre lends, invests and donates money through Triodos Sustainable Finance Foundation, Triodos Ventures B.V., Triodos Renewable Energy for Development Fund and Triodos Foundation with an innovative and impact-first approach and the objective to make pioneering, transformative initiatives possible that cannot (yet) be financed by the traditional banking and investment system.

Governance structure

Executive Board

The daily management and strategic development of Triodos Bank N.V. (hereafter Triodos Bank) lies with the Executive Board. The Executive Board is formally responsible for the management of Triodos Bank and the members are appointed by the Supervisory Board.

Supervisory Board

The Supervisory Board supervises and has oversight of the activities and the decisions of the Executive Board and the general affairs of the company and its affiliated enterprise.

New members of the Supervisory Board are appointed by the Annual General Meeting, based on recommendations from the Supervisory Board. With regard to one-third of the number of its members, the Supervisory Board nominates a person recommended by the Works Council.

SAAT – Foundation for the Administration of Triodos Bank Shares

Triodos Bank believes it is crucial that its mission and identity are protected. As a result, all Triodos Bank's shares are held in trust by SAAT – the Foundation for the Administration of Triodos Bank Shares. SAAT then issues Depository Receipts for Triodos Bank shares to the public and to institutions. These Depository Receipts embody the economic aspects of the shares of Triodos Bank N.V. In addition, SAAT exercises the voting rights for the Triodos Bank N.V. shares. The Board of SAAT's voting decisions are guided by the bank's ethical goals and mission, its business interests, and the interests of the Depository Receipt holders. Triodos Bank Depository Receipts are not listed on any stock exchange. Instead, Triodos Bank maintained its own platform for trading in Depository Receipts. For more information on the current suspension of trade in Depository Receipts, please refer to the chapter 2022 – Being a frontrunner in a year of polycrisis (see page 14).

More information about Triodos Bank's Boards is available at www.triodos.com and in the biographies in the appendix of the audited, English language version of the Annual Report.

Our purpose: the conscious use of money

Triodos Bank wants to promote human dignity, environmental conservation and a focus on people's quality of life. Key to this is a genuinely responsible approach to business, transparency and using money more consciously. Triodos Bank puts values-based banking into practice. We want to connect depositors and investors with socially responsible businesses to build a movement for a sustainable, socially inclusive society, built on the conscious use of money.

Triodos Bank's mission is to:

- Help create a society that promotes people's quality of life and that has human dignity at its core.
- Enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development.
- Offer customers sustainable financial products and high-quality service.

More on our mission, vision and core values can be found on www.triodos.com/about-us.

Market and core activities

Triodos Bank aims to achieve its mission as a sustainable bank in three ways.

As a values-driven service provider

Bank customers not only want sustainable products and services, but also fair prices and a reliable service. Triodos Bank offers products and services with a purpose to promote sustainable development. And it does so in the context of meaningful, transparent relationships with its customers.

As a relationship bank

Triodos Bank's service is built on deepening and developing long-term relationships with its customers. Relationships are nurtured through various on- and offline channels, including offices where customers meet co-workers face to face and at community events. Triodos Bank aims to create a broad customer base that is closely connected to the Bank – a combination of private and corporate customers who have made a conscious decision to bank with Triodos Bank. Exactly how this happens differs in each country; its services have developed in different ways in each of the countries where it works, depending in part on the stage of development of the banking entities in question.

As a frontrunner in responsible banking

Triodos Bank wants to promote the conscious use of money, through its own organisation, but also in the financial sector as a whole. It stimulates public debate on issues such as the need to make corporate social responsibility mainstream as a frontrunner of values-based banking which can transform the economy. Stakeholders have encouraged Triodos Bank to focus on this role as a frontrunner. Triodos Bank, with 42 years of experience in values-based banking was a founder of the Global Alliance for Banking on Values, a global movement of 70 like-minded banks committed to advancing positive change in the banking sector. Triodos Bank's vision and approach has led to international recognition. Its participation in public debate, often through high-impact events that it hosts and participates in, means people can see what Triodos Bank stands for and hear its opinions about important social trends. Triodos Bank's identity is crucial for its brand and reputation.

Executive Board report

1. Executive Board report

The report in brief

This Executive Board chapter provides an overview of Triodos Bank's perspective on the wider world it operates in, its impact and activities in 2022 and its prospects for the future. To help make this chapter easier to navigate we have broken it down into the following constituent parts:

A narrative section: a high-level perspective on the world we are in and Triodos Bank's place in it can be read in 2022 – Being a frontrunner in a year of polycrisis (see page 14).

A second section gives an analysis of our key or material topics: these topics are defined by our stakeholders and Triodos Bank and reported on throughout the report and specifically in the section Our stakeholders and material topics (see page 23). Furthermore, we set out our strategic objectives, including our progress against our goals and plans for the future in Strategic objectives for 2023 (see page 40).

A third section describes our results of 2022, in terms of our financial performance, the impact we enabled through our financing activities, our activities to influence the financial sector and the benefits this has for our environmental impact (reduction in emissions). We highlight our vision on impact management and the steps we've taken to drive our corporate mission by addressing relevant social, cultural and environmental topics in our unique role as a frontrunner for sustainability (see page 42).

A fourth and final section summarises our approach and results as an organisation, our direct impact. This section includes a Co-worker report (see page 81) and an Environmental report (see page 93) as well as important governance information in Risk and compliance (see page 98).

2022 – Being a frontrunner in a year of polycrisis

The past year was characterised by a range of challenges. While the COVID-19 pandemic eased during the year, the world faced challenges on other fronts. A multitude of interconnected crises (a polycrisis) exposed the vulnerability of our economic and social systems.

When war broke out in Ukraine, instigated by Russia, it was a watershed moment in European history, gravely impacting the lives of the people in both Ukraine and Russia. The conflict also had major economic and social consequences, as supply chains were disrupted leading, to an energy and food crisis as well as millions of people being displaced from their homes. The economies of the developed countries are slowing down and could enter recession, fuelled by high inflation, trade tensions and increasing interest rates.

These dynamics hit low-income households the hardest. Inequality is on the rise, now that the COVID-19 pandemic has reinforced existing patterns of exclusion and inequality by affecting lower income groups the most. At the same time, the transgressions of our planetary boundaries are ongoing. In 2022 once again there were clear signs that climate change is already happening and accelerating, costing trillions of euros, and that the window to limit global warming is closing.

These crises are interlinked and require an integrated and holistic approach that steers towards a more resilient system, one supporting an equitable society with healthy ecological conditions. This is exactly what Triodos Bank has been working on since its foundation in 1980. It is embedded in Triodos Bank's mission and

goal: to make money work for positive social, environmental, and cultural change. In these challenging circumstances in 2022, Triodos Bank continued to focus successfully on combining its pursuit of growing positive societal impact with adequate financial performance, navigating, amongst others, rising interest rates, increasing costs associated with high inflation and growing regulatory requirements.

We could not do all this without the support of many others, which we experienced at numerous events last year. During the Made for Change Day in the Netherlands 25 changemakers opened their doors for thousands of Triodos Bank clients. Over 100 clients from the cultural sector in Belgium met to discuss how they too could reduce their carbon footprint. In Spain, we joined forces with Amnesty International and Doctors without Borders for an event about the importance of donation, while in the UK, over 600 clients came together to explore the changes needed to tackle the climate emergency and other societal challenges communally.

Net zero

Our target is to be net zero by 2035 at the latest

It is clear to us that more and more individuals and groups are ready to take action. We know this because many thousands of them are clients and/or Depository Receipt holders of Triodos Bank. These are people who are prepared to save and invest for the benefit of society. Thanks to their contributions, commitment and support, we can finance those initiatives that contribute to making society more sustainable. We would like to take this opportunity to specifically thank our clients, Depository Receipt holders and co-workers for their continued support of Triodos Bank in 2022.

Our impact strategy for a changing world

The polycrisis makes clear that an integrated and coordinated approach is needed to build a more resilient and sustainable society. Profound changes in human systems and institutions need to take place for people to live prosperous lives on a thriving planet.

Triodos Bank wants to contribute to building this society and has developed a focused vision on how it intends to continue to create positive impact. In 2022, we identified five interlinked transition themes: food, resource, energy, society and well-being.

Our mission as a financial institution is to enable and accelerate these vital transitions in order to address key societal and environmental issues, including biodiversity loss, inequality and climate change, and improve life for all through continued financing of, for instance, culture and education.

Our focus on these transitions should be seen in the context of our target to be net zero by 2035 at the latest. Our ambition is that the greenhouse gas emissions of all Triodos Bank's loans and funds' investments will be reduced, using a science-based targets approach. The remaining emissions will be balanced or 'inset' by investing considerably in nature projects that remove greenhouse gases from the air.

We announced this target in 2021 and last year we analysed our loan and investment portfolio by sector to look at how decarbonisation can be

Food transition

From a predominantly extractive food system to regenerative agriculture, fair supply chains and healthy diets, with the aim of developing sustainable food systems.

Resource transition

From a wasteful extract-use-dispose paradigm to an economy where resources – from materials to nature – are truly valued and used prudently, to create a circular economy.

Energy transition

From fossil fuel-based energy production to renewable energy generation and energy efficiency, to create a fossil-free economy.

Societal transition

From a society that incentivises competition leading to divisiveness, to one that is rooted in solidarity and collaboration, creating thriving, inclusive and cohesive communities.

Well-being transition

From a narrow focus on material satisfaction to an economy that deeply values and nurtures broader individual well-being, to have a society with prosperous and healthy people.

achieved. To reach our goal, we have set an intermediate target to reduce net emissions by 32% in 2030 across the entire loans and funds' investments portfolios. In the context of portfolio growth, Triodos Bank expects net absolute emissions to be relatively stable until 2025 and to start declining from then onwards as a result of our sequestration investments and our reduction efforts diminishing the carbon intensity of portfolios.

Acting now – finance change and change finance

The current societal challenges need action now without losing sight of the bigger picture. For Triodos Bank, that means financing change, by lending to, investing in and donating to values-based enterprises and activities. It also means

acting in the long term to change finance, as a pioneer of sustainable banking. This will always remain our focus as a values-based bank. In the current challenging times, we are convinced that our mission is more relevant than ever.

Last year, we updated our minimum standards, which form our exclusion criteria and set out the absolute minimum standards that we apply to all our loans, investments, current and saving accounts of business clients and suppliers. For example, we do not want to be involved in fossil fuel and nuclear power producers; we also exclude weapons, tobacco, industrial farming, deforestation and other harmful sectors and activities. In 2022, we updated these minimum standards by adding asbestos mining and deep-sea mining as excluded activities.

Our business model was tested last year against the strict international requirements for social and environmental performance, accountability and transparency set by the international B Corp organisation. We have been a B Corp member since 2015 and to remain one we had to undergo a periodic assessment. The outcome is expressed in a score. Our recertification resulted in a score of 131.3 (the average is 93.9). B Corp applauds our governance, how we measure the positive impact of our financing and how we support local communities. We are encouraged to increase the diversity of our own organisation to further improve our score.

Biodiversity

Biodiversity remains a key priority for us, as it was in 2022. Biodiversity loss is currently one of the most urgent and complex systemic risks we face. It can only be tackled through a serious re-assessment of our production and consumption patterns, and of the economic assumptions underlying individual and collective decision-making. We see it as our duty to preserve and restore nature and biodiversity. We published the paper 'Biodiversity - Beyond risk and return', in which we explain how the financial sector can contribute by reconsidering its practices and priorities.

We actively engaged with European lawmakers on the new deforestation regulation. Together with Triodos Investment Management and 11 other financial institutions we urged European lawmakers to include the financial sector in the proposal for a regulation on deforestation-free products to ensure that financed activities do not contribute to the loss of forests and biodiversity.

In the Netherlands, we launched the Triodos Bio-based Mortgage, allowing customers to receive a specific discount on their interest rate if they are going to live in or build a bio-based home. We are the first Dutch lender to offer this product, incentivising the housing market to become more sustainable.

Social inclusion

Social inclusion was another important topic last year. We published our vision paper 'Building open and resilient communities for an inclusive society' in November, in which we urged governments, companies, social institutions, and the financial sector to make the transition to a regenerative economy fairer and more inclusive. We have identified three courses of action: empowering people, building inclusive societies, and challenging dominant values and structures.

Promoting inclusion in society is a strategic priority for Triodos Bank: it uses loans and investments focused on making the labour market more accessible, on financial inclusion, affordable and sustainable housing, community projects and the welfare of children. This strategy is rooted in Triodos Bank's mission to create a society that promotes people's quality of life and in which human dignity is central.

A concrete example of this is the launch of the Triodos Future Generations Fund by Triodos Investment Management. This is a thematic fund aimed at improving the well-being and development of children worldwide. With its focus on child welfare and development, the fund provides a unique social thematic investment theme in support of UNICEF.

Impact of our green bond

In 2021, we successfully launched our Green Subordinated Tier 2 Bond. In our first green bond report, published in October 2022, we outlined how we have allocated the funds and the impact they are generating. Using the proceeds, 77 projects were funded in the renewable energy sector, with a combined productive capacity equivalent to the annual electricity needs of approximately 122,600 European households. Approximately 1,275 hectares of nature and conservation land and forestry in Europe were funded. This land is important for absorption (or sequestration) of greenhouse gases from the atmosphere. With this impact the green bond contributed significantly to our ambition to become net zero by 2035 at the latest.

**122,600
households**

With the proceeds from our green bond, we financed a production capacity for the annual electricity needs of 122,600 European households

Partnerships

We also seek partnerships with stakeholders to increase our impact. We announced an agreement with Alternative Bank Switzerland (ABS) to jointly finance up to EUR 300 million in the areas of renewable energy, sustainable property, organic farming and the health and educational sectors, primarily in the Netherlands, Belgium, and Germany. With this unique collaboration, we underline the crucial role of the financial sector in this transition and show what impact is possible by working together.

We also collaborated with several other financial institutions last year to actively advocate against European Commission plans to classify natural gas and nuclear energy as sustainable in the new taxonomy. On 6 July 2022, the European Parliament voted for the plans of the European Commission

to classify natural gas and nuclear energy as sustainable in the new taxonomy. Triodos Bank believes natural gas and nuclear energy are not sustainable and that including these sources of energy weakens the impact of the EU taxonomy.

An organisation in transition

To ensure we remain a frontrunner in the future, we are addressing three internal transitions simultaneously, each at its own pace. The first of these is the transition of our capital strategy. Second, there is our leadership transition, which is taking shape at the various levels of the governing bodies and senior management. And third is the transition of our business and operating model, which is a multi-year process.

Progress of our capital strategy

During 2022 we made good progress with the implementation of our decision to pursue a listing of our Depository Receipts (DRs) on a Multilateral Trading Facility (MTF) by the second quarter of 2023.

Immediately following the decision to pursue a listing on an MTF on 21 December 2021, a project team was formed and external expertise was sought. On 23 February 2022, we announced that ABN AMRO had been appointed as financial advisor for the listing process and on 18 August 2022 we announced the appointment of Captin B.V. as provider of the MTF. The Extraordinary General Meeting (EGM) approved the listing and admission of the DRs to trading on the MTF on 11 October 2022.

As of December 2022, in a series of batches, DR holders have been made able to start their registration and onboarding process with the platform provider. This is necessary to ensure that they are technically ready to start trading once the listing takes effect. Trading at the MTF is expected to commence in the second quarter of 2023.

At the EGM of 11 October 2022, we presented a change in our capital strategy, which entails that we no longer issue new shares and DRs for organic growth but will use internally generated capital to finance this growth. The internally generated

capital stems from profits of which, in principle, 50% will be paid out as dividend to DR holders and 50% retained by Triodos Bank. This new dividend policy was also set out during the EGM on 11 October and provides a new reference point and clarity for DR holders, as requested by SAAT.

During the same EGM, our shareholder SAAT also approved an extraordinary dividend payment of EUR 1.01 (before withholding tax) per DR up to the amount of EUR 14.4 million, due to the withdrawal of the formerly proposed restricted DR-buyback programme.

We believe the listing and the resumption of DR trading are in the best interests of all relevant stakeholders. We engaged with many of our DR holders during webinars held in February and during the General Meetings of March, May and October 2022. These were characterised by active participation with good, open and challenging conversations. We are committed to continue engaging with all our DR holders to ensure the best possible transfer to the new MTF.

In October 2022, Stichting Certificat houders Triodos Bank filed with the Enterprise Chamber in Amsterdam a request for an inquiry into the policy and affairs of Triodos Bank concerning DRs. Triodos Bank asked the Enterprise Chamber to reject the request in December 2022. At the point of finalising this Annual Report, the decision by the Enterprise Chamber will probably be known.

Some individual DR holders have decided to pursue legal actions leading to court cases. We refer to the Annual Accounts for more information about this.

Leadership transition

During the year we saw several changes to our Executive Board. After we announced in January 2022 that our Chief Risk Officer (CRO) Carla van der Weerd needed a recovery period from the health impacts of long COVID-19, we set out to find a temporary statutory replacement for this role on the Executive Board. In May 2022, our Chief Financial Officer (CFO) André Haag, who was also acting as CRO ad interim till that date, decided to pursue other career opportunities. In June 2022, the

Supervisory Board appointed Willem Horstmann to take on a combined, ad interim role of CRO and CFO, giving the Supervisory Board time to identify longer-term solutions for both roles.

In November 2022, we announced that the Supervisory Board intended to nominate Kees van Kalveen as CFO. In December, we announced that Marjolein Landheer is the intended CRO on an interim basis.

The Supervisory Board then notified the General Meeting of both intended appointments at the Extraordinary General Meeting on 25 January 2023, after which Kees van Kalveen took over full CFO responsibilities and Marjolein Landheer full interim CRO responsibilities from Willem Horstmann.

The Supervisory Board and the Board of SAAT saw a number of changes in their composition. Mike Nawas became Chair of the Supervisory Board in May 2022. Kristina Flügel joined the Supervisory Board in October. Alexander Rinnooy Kan joined the Board of SAAT in the same month and became Chair of the Board of SAAT per 1 January 2023.

A more efficient and effective organisation

In May, we announced our intention to further optimise resources and deliver increased impact for our customers and investors by reviewing our operating model. Whilst our mission to create positive impact remains unchanged, the financial landscape has changed and requires us to evolve with it. Also, since its inception in 1980, Triodos Bank has grown from a small organisation into a medium-sized bank.

To remain a frontrunner in sustainable finance, we must invest in ensuring our structure, processes, and ways of working continue to support our current and future ambitions. As part of this commitment, we launched a bank-wide programme to move to a new operating model. The aim of adjusting our operating model is to better leverage our scale across the various countries, enabling us to move closer to achieving our targets to improve our cost-income ratio (CIR) and return on equity (RoE). Ultimately, the adjustment of our operating model

will ensure greater efficiency in the use of our resources, greater integration and collaboration, and a strengthened commitment to continuous improvement – all of which will help to shape the future of our activities.

In 2022, the senior managers for this revised structure were appointed and continued to work on implementing the new operating model and way of working. We expect to have the new operating model fully implemented by 2024.

Financial results

The increased focus of society on sustainability and the demand for pro-actively driving the transition targets resulted in continuing strong demand for banking products which directly finance real change. Our community of loyal clients has remained stable at 744,477 customers at the end of December 2022 (2021: 747,413 customers).

Triodos Bank recorded an increase in sustainable lending in the amount of EUR 452 million in 2022 to EUR 10.6 billion at the end of December 2022 (2021: EUR 10.2 billion). The cash position decreased with EUR 1.7 billion mainly due to the early repayment of the TLTRO (targeted longer-term refinancing operations) funding by the European Central Bank (ECB). The loans-to-funds entrusted ratio increased to 76.9% in 2022 (2021: EUR 76.5%) as additional funds entrusted on the liability side were primarily used to further develop our sustainable loan portfolio.

4%

growth in sustainable lending in 2022

Our funds entrusted increased by EUR 0.5 billion in 2022, which resulted in an overall position of EUR 13.8 billion (2021: EUR 13.3 billion). The bank's equity position increased by EUR 9 million to EUR 1,259 million per December 2022 (2021: EUR 1,250 million) due to the result of 2022 minus the dividend pay-outs in May and October 2022. The underlying CET1 (Common Equity Tier 1)

capital remained strong at 17.3% (2021: 17.5%). The total capital ratio also remained strong at 21.0% (2021: 21.3%).

In 2022 the interest rate environment changed significantly and Triodos Bank therefore decided to repay its EUR 1,550 million TLTRO facility to the Dutch Central Bank (DNB). This repayment resulted in a decrease of its balance sheet in 2022. The changing interest rate environment and the ongoing uncertainty in financial markets affected the value of our assets under management. The Russian invasion of Ukraine had a significant effect on financial markets, resulting in a decline in stock prices, a lower inflow of funds under management and, in some cases, an outflow of funds. This resulted in a decrease of our total assets under management by EUR 1.6 billion (-/-7%) in 2022 to EUR 22.6 billion (2021: EUR 24.2 billion). Nevertheless, the underlying trend is positive due to our loan growth. However our balance sheet decreased by 4%, or EUR 704 million, due to the early repayment of the TLTRO facility. Our funds under management decreased by 12% to EUR 6.8 billion. This was mainly driven by a decrease in market prices of 11% compared to year-end 2021.

Based on the expected benefits from the earlier announced optimisation of the business and operating model, and in view of the return to positive interest rates, Triodos Bank increases its medium term RoE target from 4-6% to 5-7%. This will further enable Triodos Bank to combine the distribution of half of its profits to the depository receipt holders in line with the dividend policy, with the funding of its organic growth by profit retention, a strategy which is in the interest of all its stakeholders.

For 2022, Triodos Bank reports 4.0% return on equity. When excluding the expenses for the provision for the Triodos operating model (EUR 5.0 million) and the expenses related to the MTF listing and DR litigations (EUR 13.9 million) the RoE would amount to 5.1%. The bank reports a net profit of EUR 49.9 million after tax for 2022, which is EUR 0.9 million lower than the same period last year (EUR 50.8 million).

After the above-mentioned adjustments, the net profit after tax would have amounted to EUR 64.5 million for 2022, EUR 13.7 million higher than the same period last year (EUR 50.8 million). Our total income in 2022, EUR 375.3 million (2021: EUR 341.9 million), increased, thanks to lending growth and improving interest margins, notwithstanding lower funds under management. The interest result records an increase of EUR 31.6 million to EUR 253.1 million in 2022 (2021: EUR 221.5 million), supported by conscious lending growth in sustainable economic sectors and improved interest margins, especially in the second half of 2022 as a result of the changed interest rate environment. The bank's commission result improved by 4% to EUR 120.9 million in 2022 (2021: EUR 116.0 million) due to additional management fees. The margin over balance sheet amounted to 0.3% in 2022, which is the same as in 2021. The margin over risk-weighted assets (RWAs) in 2022 was 0.7% in relation to the 0.8% in 2021.

The balance sheet provision for expected credit losses increased by EUR 1.5 million to EUR 53.0 million per end of December 2022 (2021: EUR 51.5 million). The expected credit loss (ECL) expenses on loans represent 8 bps of the average loan book (2021: 0 bps). The calculation of ECL stages 1 and 2 for expected future credit losses (not yet incurred) is particularly sensitive to forward-looking macro-economic parameters (e.g. gross domestic product, unemployment rate) and remained stable across the stage 1 and stage 2 ECL provision in the amount of EUR 13.4 million (2021: EUR 13.6 million). In 2022, as government support during the COVID-19 crisis was reduced, the related management overlays in the ECL provision were also removed. This positive impact was offset by the negative change in the global economic outlook, as inflation rates spiked causing uncertainties which could lead to significant disruptions in value chains. The balance sheet stage 3 ECL provision increased by EUR 1.7 million to EUR 39.7 million as per December 2022. The changes in the balance sheet ECL provisions led to an impairment loss of EUR 8.0 million. The overall ECL provision as a percentage of total loans remained stable at 0.5%, demonstrating the good quality of our loan book.

The bank's total operating expenses (excluding loan impairments) increased by EUR 24.9 million to

EUR 300.1 million in 2022 (2021: EUR 275.2 million), mainly due to additional co-worker expenses for compliance and anti-money laundering activities, costs associated with the preparation of the MTF listing, legal advisor costs in relation to our DRs and the provision for the Triodos Operating Model (EUR 5.0 million). These expense drivers have an impact on our short-term ability to further improve our CIR. On 17 May 2022 we announced our intention to optimise our operating model to further sustain the increase of positive impact and the enhancement of delivering on a healthy financial return. The bank will continue to focus on realising cost synergies while coping with regulatory cost increases. Over 2022 the bank reports a CIR of 80% (2021: 80%). After excluding the provision for the Triodos Operating Model and the expenses related to the preparation of the MTF listing and DR litigations the CIR amounts to 75% (2021: 80%).

Resilient capital and liquidity position

Triodos Bank maintains a healthy capital position, which supports growth in our main business areas and allows us to create sustainable impact in line with our mission. Due to the suspension of DR trading on 5 January 2021, no new DRs were issued. Based on the shareholder's resolution at the Annual General Meeting (AGM) in May 2022, Triodos Bank has paid out a dividend amount of EUR 1.80 per Depository Receipt. In October 2022 the Extraordinary General Meeting (EGM) approved an extraordinary dividend of EUR 1.01 in addition to the interim dividend of EUR 0.35, which was paid in October 2022. In total, Triodos Bank paid out EUR 3.16 in dividends in 2022, which results in a capital position of EUR 1.259 billion per end of December 2022. The net asset value (NAV) of the bank increased to EUR 89 (2021: EUR 88) per DR.

The bank's capital ratios (CET1 and TCR) were strengthened with the shareholder's resolution at the AGM in May 2022 to partially retain profits. This capital has been utilised for additional lending to our customers and has in this way contributed to new impact creation. Consequently, the bank's total capital ratio (TCR) developed from 21.3% in December 2021 to 21.0% in December 2022. The minimum total capital ratio for the bank is 13.9%

based on the overall capital requirement. The CET1 ratio ended at 17.3% in December 2022 (2021: 17.5%) in line with expectations and well above internal hurdle rates. The leverage ratio of Triodos Bank as per December 2022 is 6.9% (2021: 8.1%), well above the minimum requirement of 3.0%. The decrease of the leverage ratio is mainly due to the termination of the temporary application of the Capital Requirements Regulation (CRR) exemption as per 1 April 2022 where certain central bank exposures were previously allowed to be excluded from the leverage ratio.

The bank's overall liquidity position remains robust with a liquidity coverage ratio (LCR) of 193% at the end of December 2022 (2021: 229%). The regulatory minimum LCR is 100%. Triodos Bank will continue to work on improving its profitability while maintaining solid capital ratios and a substantial liquidity surplus. Fitch Ratings announced on 9 December 2022 it has reaffirmed Triodos Bank's Long-Term Issuer Default rating at 'BBB' and Viability rating at 'bbb'. Fitch has revised the outlook from stable to negative due legal disputes with some of Triodos Bank's Depository Receipt holders. According to Fitch, Triodos Bank's ratings primarily reflect its established niche franchise and business model in the sustainable banking segment and an average yet constrained profitability. The ratings also consider Triodos Bank's solid capitalisation, which compares well with those of similarly rated peers. The bank's adequate asset quality and healthy funding and liquidity profile support the ratings.

Dividend

Considering the achieved net result for the year 2022 and considering the feedback in the AGM (May 2022) and the EGM (October 2022) around our dividend policy, Triodos Bank proposes a final dividend amount of EUR 1.76 per share. This final dividend proposal is equivalent to a pay-out ratio of 50% of the net profit of 2022.

It needs to be considered that this final dividend comes on top of the interim dividend paid in October 2022 of EUR 0.35 per share, resulting in a total dividend 2022 of EUR 2.11 per DR. The total pay-out ratio 2022 of the interim and the final dividend

together is equivalent to a one-time level of 60%, as explained in the EGM of October 2022. The dividend will be paid in cash only as a trading price for the DRs at which these new DRs would be issued can only be determined once trading resumes. The remaining profit will be attributed to the retained earnings of the bank and will be utilised to make impact with our lending activities.

Cash payments per DR represent gross amounts which are subject to Dutch dividend withholding tax and other applicable taxes for those DR holders domiciled outside the Netherlands.

Triodos Bank in 2023

Within the broader context of our capital strategy, restoring tradability of our DRs on the MTF provided by Captin will be the key strategic priority for the bank. This is of great importance to our DR holders and will also ensure potential access to CET1 capital, in case needed. We strive for restarting tradability in the second quarter of 2023. Meeting this deadline requires extraordinary effort and is only possible if there are no unforeseen setbacks. At the time of publication of this Annual Report we consider this to be achievable.

Since the ruling by the Enterprise Chamber is as yet unknown, the potential impact, if any, on the bank, cannot yet be assessed. Once the ruling has been given, Triodos Bank will study the contents and assess the potential impact, if any. In general terms, the same applies to other legal proceedings.

In 2023, we will continue the roll-out and implementation of the Triodos Bank Operating Model. We expect to experience the first benefits in terms of enhanced effectiveness and efficiency.

Next to our focus on these two key strategic projects and the wide range of business-related change initiatives to enhance our current banking and fund management activities, we will remain focused on serving our clients in the best way possible. Together with our clients, we will continue to create positive impact. We will target our activities towards the five transition themes and strengthen our reporting capabilities to substantiate the positive impact we create together with our clients.

In view of the rising interest rates, we expect to be able to leverage our competitive position and secure improved interest margins. The extent to which this will translate into further improvement of our financial results will be dependent, amongst others, on the development of our lending portfolio in view of the challenges for our business clients and the consequences for their creditworthiness of higher energy costs and inflation, as well as on the development of one-off costs related to the preparations for the MTF listing and litigation. We will continue to work on improving our cost efficiency towards meeting our target of 70-75% CIR and 5-7% RoE in the medium term. In 2023, Triodos Bank expects to receive guidance from the regulator about the new MREL capital requirements, which result from the implementation of the guidelines on capital reserves set by the European Banking Authority for banks in the eurozone.

Triodos Bank will continue to fulfil its role as frontrunner in 2023, by financing impactful initiatives on the one hand and by continuing to encourage the financial sector to structurally address the social challenges of our time on the other hand. All our stakeholders rightfully expect that of us.

We will continue our journey to be net zero by 2035 by further limiting greenhouse gas emissions together with our customers. We will work on the five transition themes so that Triodos Bank remains in the best position to tackle the polycrisis with a holistic approach.

Since its inception in 1980 Triodos Bank has enabled and accelerated the transitions it believes are necessary to enable people to live prosperous lives on a thriving planet. Notwithstanding all the challenges we face, our commitment to creating positive impact within our modest risk profile and with an adequate, gradually improving financial return remains unchanged. Our DR holders, our clients, our co-workers and society at large can rest assured that we will continue to do everything we can to fulfil that commitment, day in, day out.

1.1 Our stakeholders and material topics

Triodos Bank's stakeholders are key to determining the focus and attention of the organisation's efforts. This section identifies key stakeholder groups and highlights their most important material issues at Triodos Bank. We focus on these in our reporting.

Stakeholder dialogue: keeping us on our toes

Triodos Bank continuously seeks to connect with the world around us. This is essential if we are to remain relevant, continue to progress and lead our frontrunner ambitions. All our business and financial decisions impact our stakeholders. The societal themes they embrace impact what we do and how we do it.

We have benefited from engaging discussions with our stakeholders over many years and in varied ways. We invite NGOs, citizens and business clients to participate in debates, we conduct surveys and organise meetings for Depository Receipt holders and other stakeholders. Our co-workers at Group level and our business units regularly engage in these and other activities as well.

In addition to numerous interactions throughout the year at all levels of our organisation, we follow a formal process to analyse which issues are most important both to our stakeholders and our organisation (materiality analysis). We integrate these issues into our management objectives. Our reporting on progress of these objectives follows the Global Reporting Initiative

(GRI) Standards. For more information about how Triodos Bank engages with its stakeholders visit www.triodos.com/stakeholders.

Materiality analysis

Triodos Bank identifies three general stakeholder categories:

- Those that have economic relationships with the business.
- Those without an economic relationship but with a close interest in Triodos Bank from a societal perspective.
- Those that provide new insights and knowledge.

For each category we have identified specific stakeholder groups, including the influence they exert on Triodos Bank and the expectations they have of us.

Embedding stakeholder engagement in our strategy

Triodos Bank has created a solid foundation for our stakeholder engagement in the last few years, which is aimed at embedding stakeholder consultation in our strategy development process. In this strategy development cycle (2024-2026), we are specifically looking to engage stakeholders and obtain their perspectives on topics that are vital to the development of our longer-term direction.

During the annual international stakeholder meeting in November 2022 we gathered stakeholder input on our vision for Triodos Bank in 2030, which will lead to a strategic agenda and Group strategic plan for 2024-2026.

Part of the strategy development is also the way in which Triodos Bank realises impact, as described in our new impact narrative. We discussed the impact vision (see Our impact approach on page 56) at this year's meeting and gained valuable input for its further implementation and translation into strategy.

Current developments

There have been several relevant developments which have an exceptional impact on Triodos Bank and our stakeholders.

First, it has become increasingly clear the world is following a pathway of global temperature rise well above 2°C in 2100. At COP27, the climate conference of the United Nations, no commitment was made to strengthen the emission pledges made the year before to keep global warming limited to 1.5°C.

In the meantime, the climate crisis is increasingly affecting people's lives and impacting nature. This provides concrete proof of the need to urgently reduce greenhouse gas emissions well before 2050. Triodos Bank has set the ambition to be net zero by 2035, reaffirming our frontrunner role in the financial sector.

Secondly, addressing the strategic challenge presented by the suspension of the trade in DRs was an urgent focus in 2022 and remains a top priority for Triodos Bank.

While the COVID-19 pandemic eased during 2022, the world faced challenges on other fronts such as the devastating war in Ukraine, rising costs and inflation, climate change and inequality, exposing the vulnerability of our economic and social systems, affecting Triodos Bank and its stakeholders.

Stakeholder survey and annual meeting

The annual stakeholder survey was distributed to representatives from all the specific stakeholder groups in the countries where we have banking activities. We also asked stakeholders to identify other possible topics, which are not currently included. No material new topics were identified.

Triodos Bank's annual stakeholder meeting was organised internationally, with participants from the Netherlands, Belgium, Germany, the UK and Spain. The 25 stakeholder participants represented all stakeholder groups. Two members of the Executive Board (the CEO and CCO) participated on behalf of Triodos Bank.

The first plenary session focused on the stakeholders' vision of society in 2030 and the role Triodos Bank should play. Many participants mentioned diminishing social cohesion and rising inequality as major challenges for society in 2030 as well as the climate and biodiversity crisis. Social cohesion and social inclusion are considered potential strategic priorities for Triodos Bank by many stakeholders, for instance by supporting local community organisations, local initiatives or social housing.

A recurring topic during the first plenary session was also the expectation of many participants for Triodos Bank to be more activist and visible in the public arena on relevant societal topics. As one participant pointed out, there is a severe lack of activism in the financial sector, which is mainly driven by financial motives.

During the second plenary session we discussed our vision on impact and the five transition themes (food, resources, energy, society, well-being) Triodos Bank is working on (see Our impact approach on page 56). Since Triodos Bank was the first bank to finance a windmill in 1986 and led the way in financing sustainable energy, we asked which innovations should Triodos Bank should be financing in order to force a breakthrough. Many useful suggestions were made, for instance nature investing, community ownership of real estate, investing in the European rail network, and public-private partnerships in general. On the question of

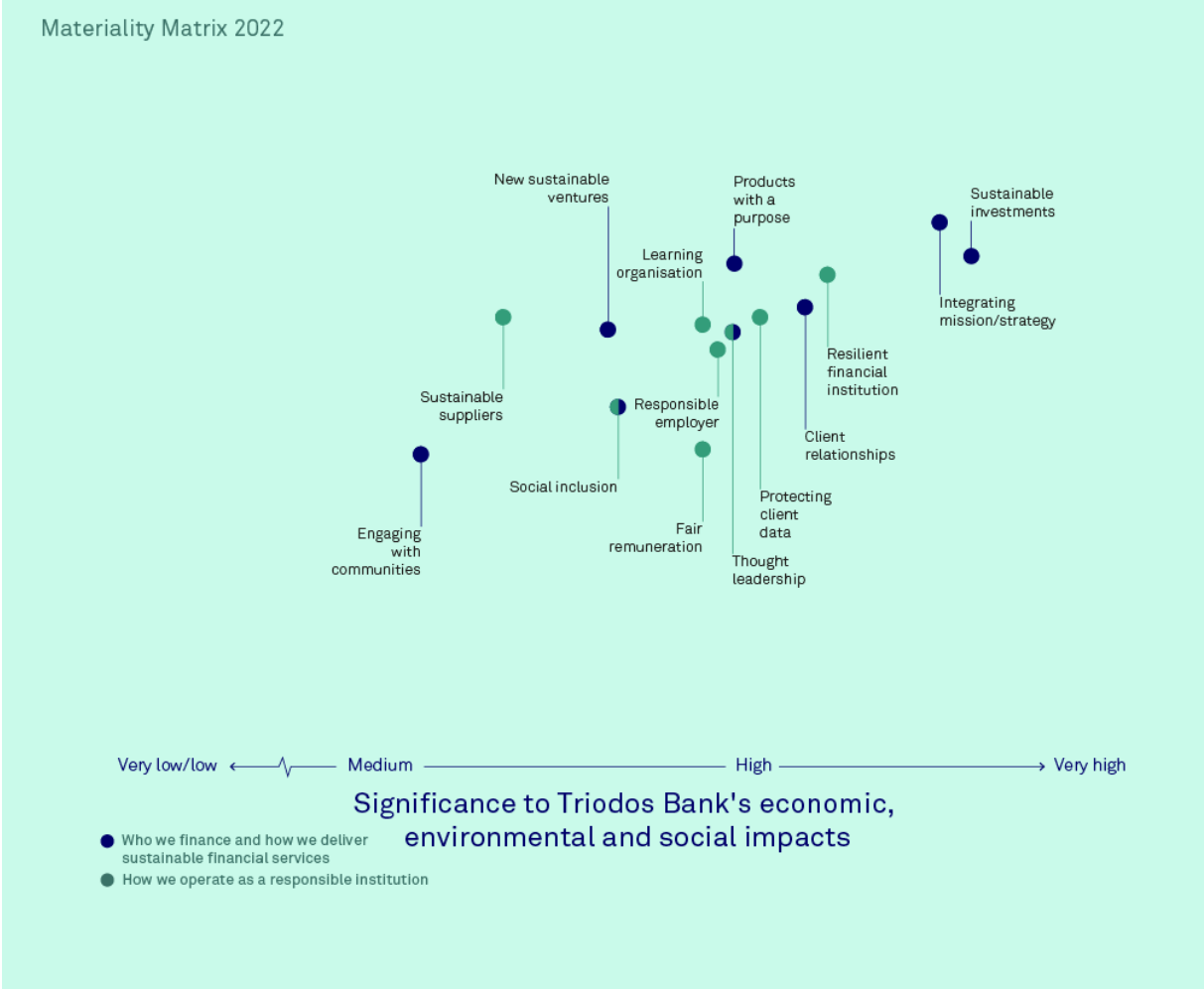
our long-term ambition for the transition themes of well-being and society, we were challenged to set ambitious targets, such as no more poverty or zero inequality.

Materiality matrix

Based on internal reflection on the current developments in 2022, the outcome of the annual stakeholder survey and the input from the stakeholder meeting, we have concluded that our 14 current material topics – as can be found in the materiality matrix below – are still all relevant and remain stable. We have applied GRI 2021 and have included the actual and potential, negative and positive impacts on the economy, environment,

and people – including human rights – across our activities and business relationships.

This has been acknowledged by the respondents to our annual stakeholder survey about our material topics. To help determine the importance of the material topics to Triodos Bank, we held an internal survey among senior leadership, responsible for setting Triodos Bank’s strategic priorities and executing them. This survey was identical to the external stakeholder survey. This is a significant qualitative process improvement compared to previous years, which helps us to better substantiate the priority setting of the Executive Board of Triodos Bank on the various material topics.



Material topics

The goal of working towards a fair and just society and finance sector has been key to Triodos Bank's vision and mission since our foundation in 1980. Supported by our values and principles, we have defined our essence as a values-based bank that deals with money in a conscious way. This applies to everything we do, both in our business operations and within the organisation.

The material topics define Triodos Bank's significant economic, environmental and social impact, or refer to issues that substantively influence the assessments and decisions of stakeholders. They are at the heart of our strategy and underpin management objectives. Responsible, sustainable business is fully integrated in Triodos Bank's vision, mission and strategy. As such, there are no dedicated separate management plans for material topics. They are explicitly and implicitly interwoven in Triodos Bank's strategic plans and goals.

All the topics identified in the materiality matrix relate directly or indirectly to Triodos Bank's purpose as an integrated sustainable bank using money to deliver positive change. Topics in blue are priorities for external stakeholders. They are defined by our business strategy and how we conduct client relationships. Material topics shown in green have a more internal focus. They are affected by how we operate as a responsible institution. We can have a direct impact on these topics; for example, by the way we select suppliers.

In line with GRI's mission to empower sustainable decisions, we engage in stakeholder dialogues to understand and incorporate their vision. We aim to integrate the outcomes of the various stakeholder engagements (including the survey and dialogue sessions) into our vision, strategy and policies, and implement them in our daily operations. As mentioned above, we embed stakeholder engagement in our corporate strategy development.

The results of the materiality matrix suggest Triodos Bank's stakeholders want and expect us to continue to be a leader in sustainable finance, with a strategy that reflects and supports that mission. Being a resilient financial institution is considered important for Triodos Bank, as are services/products with a social and/or sustainable purpose and working with sustainable suppliers. Material topics are discussed in more depth below and covered in relevant sections in the rest of the report.

Sustainable investments

Sustainable investments are at the heart of Triodos Bank's work. The organisation promotes change by financing sustainable initiatives in key sectors. Their combined impact gives Triodos Bank the credibility to change finance. By increasing our influence, we are better able to stimulate positive systemic change in the banking sector.

The boundaries of sustainable investments are determined by Triodos Bank's mission, business principles and minimum standards. These investments have a direct impact on entrepreneurs, businesses, sectors and society, which is further detailed in the Impact by transition theme chapter (see page 64). The definition of sustainable investments and the decision whether or not to finance a prospective customer are guided by Triodos Bank's lending and investment criteria and based on balanced decisions made by experts in Triodos Bank's lending and investment teams.

All of our assets are subject to positive and negative environmental and social screening. Procedures to assess and screen risks are undertaken by business managers supported and challenged by risk

managers within Triodos Bank's European network of offices. This process is described in more depth in the Risk and compliance chapter (see page 98). Triodos Bank's relationship managers interact with our borrowing customers on these issues.

New sustainable ventures

New sustainable ventures are pioneering enterprises that tackle at least one of society's key challenges. For Triodos Bank, the transition to a regenerative economy is one of the most important, and a boundary for this material topic. Triodos Regenerative Money Centre (TRMC) aims to increase the conscious use of money through donations and catalytic investments. The initiative's goal is to support a regenerative economy that serves people and is a steward of the earth's ecosystems. TRMC aims to deliver its goals by supporting initiatives that pioneer new business models with an explicit goal to regenerate society and the planet. It aims to support initiatives that can fulfil a catalytic role as potential game-changers. Every donation and catalytic investment provides new perspectives on current questions in areas where, for different reasons, traditional bank and investment products cannot yet provide an answer.

By combining these activities in one centre with a clear focus on transition thinking, Triodos Bank aims to further increase its impact.

Integrating mission and strategy

Since inception, Triodos Bank has integrated mission and strategy. Unlike many other banks, we have always focused on risk, return and impact. That makes this a material topic, the boundaries of which encompass our entire activity. This integration of mission and strategy influences everything: from our governance structure – which safeguards the mission of the bank – to our exclusive focus on sustainable investments. Two of Triodos Bank's three key strategic objectives, being a frontrunner in responsible finance and unlocking our purpose, reference our mission explicitly. The third strategic objective, to be one bank that is

redesigned, responsive and robust, links to our long-term resilience, a key principle of values-based banking.

Thought leadership

As a frontrunner in the banking sector, the bank can stimulate change in others. This is true both for the activities we finance in specific sectors and for the debate about how the banking system can better serve society and meet the challenges we face.

As a frontrunner, Triodos Bank aims to be a catalyst for change in the banking sector, beyond its immediate activities of financing sustainable sectors. Changing the financial system so that it is better able to serve people while taking care of the environment we depend on is fundamental to our mission, hence its inclusion as a material topic. To do this, we need to be not just banking experts, but specialists in financing specific sustainable sectors. That's why we include sector-specific knowledge, as well as being an expert in sustainable finance, within the boundary of this topic.

In 2022, we published our social inclusion vision paper in which we urged governments, companies, social institutions and the financial sector to make the transition to a regenerative economy fairer and more inclusive. The paper argues that the current reality is that certain groups and individuals are excluded and marginalised, with their rights being violated. The COVID-19 pandemic has reinforced existing patterns of exclusion and inequality, with discrimination still deeply rooted in our society. We present three areas of change in favour of a more inclusive society: empowering people, building inclusive societies and challenging dominant values and structures.

We also addressed the issue of biodiversity loss with the publication of a white paper in May 2022 and an open letter to include the financial sector in new deforestation legislation. Biodiversity loss is currently one of the most urgent and complex systemic risks we face. It is a challenge that can only be tackled through a serious re-assessment of our production and consumption patterns, and of the economic assumptions underlying individual

and collective decision-making. We see it as our duty, as a financial institution and as individuals, to preserve and restore nature and biodiversity. And we see the preservation of biodiversity as one of the major responsibilities of the financial sector.

At a European level, we are following the developments of the EU's (sustainable) finance regulation. We advocated against gas and nuclear being included in the EU Taxonomy and are disappointed that by their inclusion as it undermines the science-based approach we favour. We support a Corporate Sustainability Due Diligence Directive that includes a due diligence obligation for the full value chain and alignment with international standards on due diligence, such as the UNGPs and OECD Guidelines. Furthermore, we provided our input on the new banking package and the Alternative Investment Fund Managers Directive.

Products with a purpose

This topic refers to all our products because they all contribute to the development of sustainable sectors. Products with a purpose are an important part of our strategic effort to 'unlock our purpose'. They increase our relevance to clients and society. The products we offer serve to prompt or stimulate actions from our clients. For example, private mortgages are available in Triodos Bank Netherlands, Spain and Belgium, which incentivise clients to improve energy efficiency by offering a discount on their mortgage rate as the environmental performance of their home improves.

Products are developed and managed at a business unit level by specialists in relevant fields. Platforms at Group level also provide a space to agree significant new products, share best practice and evaluate their performance across business units. This ensures that we can respond to local demand with appropriate, mission-linked products and services.

The bio-based mortgage, launched in 2022, is a concrete example of a product with a purpose. This encourages more sustainable housing stock by linking the interest rate to the choice of

(sustainable) materials used to build a house. Triodos Bank is the first Dutch lender to launch this type of mortgage.

Client relationships

Client relationships are a material topic, not least because strong relationships limit the chances of loans and investments going wrong and make working through challenges with clients easier when problems do occur. This is especially true of, and important to, values-based banks, who engage closely with the people they finance and the sectors they work in.

As a bank with a focus on all stakeholders rather than a focus exclusively on shareholders, our impact on this topic applies to different types of personal client relationships. As part of this approach, we focus on improving the customer experience. Deepening our relationships has been a key strategic objective and is an integral part of Triodos Bank's model. A grievance mechanism is in place for clients of all types.

Social inclusion

Sustainability is not only about environmental issues, but also about social inclusion – and social inequality, which is increasingly dividing society. Triodos Bank aims to support a society that protects and promotes quality of life for all, with human dignity at its core.

We support those that contribute to a thriving, mutually supportive community and society, within the boundaries of this planet. The social and environmental transitions we face are inextricably connected and this makes social inclusion a key strategic theme. Triodos Bank is stepping up efforts to put social inclusion into practice for our clients, stakeholders and within the organisation (see also Impact by transition theme on page 64). Our internal activities are discussed in more detail in Responsible employer below and in the Co-worker report.

25

external stakeholders
from 5 countries
attended our annual
stakeholder meeting

In 2022, we published our social inclusion paper, which we discuss in more detail in Strategic objectives on page 32.

Resilient financial institution

Being a resilient financial institution is important for all banks and an explicit principle of values-based banking. It forms the bedrock on which values-based banks can deliver positive impact. An effective approach to risk management is a key element ensuring the long-term resilience of Triodos Bank. The boundaries of this topic include our institution and our clients.

The importance of being a resilient financial institution continued to be prominent in 2022, because of the challenges surrounding the DRs of Triodos Bank.

Trading in Triodos Bank Depository Receipts (DRs) has been closed since 5 January 2021 due to the imbalance in supply and demand in the DRs caused by the heightened uncertainty in the economy as a whole, including the financial sector, as a result of the COVID-19 pandemic. In December 2021, we announced we will take all necessary steps to prepare for a listing on a Multilateral Trading Facility (MTF). This intended listing was approved by SAAT (Stichting Administratiekantoor Aandelen Triodos Bank) during the Extraordinary General Meeting on 11 October 2022.

In 2022, Triodos Bank expanded its retained residential mortgage-backed securitisation (RMBS) Sinopel 2019 to increase liquidity resilience. This allows the bank to use more of its funds entrusted for sustainable loans, creating additional positive impact. We also published our Green Bond Allocation and Impact Report 2021. This report provides an overview of the allocation

of net proceeds and the environmental impact of the EUR 250 million Green Bond, which was issued in November 2021. Bond proceeds fund lending in renewable energy, green buildings and environmentally sustainable management of living natural resources and land use.

Financial resilience is a topic highlighted in many places throughout the Annual Report. This includes the Impact and financial results, Risk and compliance, and Financial accounts sections.

Protecting client data

Privacy of client data is important to both Triodos Bank and our stakeholders. Triodos Bank believes money can help change the world and that data can have an impact as well. Data can be used to better understand both the world and people. This understanding can prevent waste, reduce costs and create benefits for society. Data helps Triodos Bank become a better bank by improving our service offerings and operations. It helps us to enhance the reliability of our services and discover or predict risks and fraud. The personal data Triodos Bank processes can be sensitive and may impact the privacy of clients and employees. We are committed to respecting privacy and ensuring data protection.

When it comes to privacy and data protection, Triodos Bank believes:

- Data is an abstraction, reduction of reality and an interpretation of behaviour. The world cannot be captured in abstractions. People should not be reduced to the data collected about them. Since data relates to past experience it is not always a reliable predictor of future events.
- Every individual has the right to be different in different situations, in other roles or at different times.
- Each individual should maintain power and control over their own life, including personal data. This calls for freedom of choice, fairness and transparency on data collection, processing and usage.
- Data is valuable and Triodos Bank has an obligation to ensure the data it holds is accurate, secure and confidential.

In addition to the issues we highlight here, we also publish an extensive data protection policy: 'Respecting privacy and protecting personal data' is available at www.triodos.com/download-centre.

Fair remuneration

Remuneration within Triodos Bank is based on the principle that the bank's results are the joint accomplishment of all co-workers. Triodos Bank aims to have neutral remuneration for all co-workers, without regard to gender, ethnic background, age, sexual orientation or distance from the labour market. Triodos Bank does not offer bonuses and has a relatively low differential between its median and highest salaries. For more details of our remuneration policy and our performance as a responsible employer, please see the Remuneration Report 2022 on page 117.

Responsible employer

We are committed to creating a society that protects and promotes the quality of life of all its members, with human dignity at its core. We model the equitable society we support by being a diverse organisation that reflects the communities we touch, that is innovative, courageous and transparent about its journey. We aim to nurture an inclusive environment for all our co-workers, clients, partners and others we meet along the way.

We aim to practise what we preach and continue to work on how we can become better by listening and learning from differences. Under the umbrella of our From Green to Colourful programme we organised courageous dialogue sessions 'being and doing' in every entity and founded an ambassadors' network for equity, diversity and inclusion (EDI) across the group. We celebrated diversity on International Women's Day and International Coming Out Day by organising events to create understanding and a safe environment to share experiences.

Diversity as a theme is incorporated in our Triodos Bank competencies and leadership programmes. Regular blogs on various diversity themes are published by co-workers on the intranet sharing personal stories and experiences. Internal

networks such as Young Triodos, initiated and led by co-workers, are fully supported by Triodos Bank. In 2022, gender targets were reset for the Supervisory Board, and set for the Executive Board and senior management.

Triodos Bank will continue its EDI learning journey over the coming years to become more inclusive and diverse and embed EDI further in policies and processes.

The COVID-19 experience has reinforced the importance of our personal health and well-being, and that of our friends, family and colleagues. Triodos Bank takes the health and safety of co-workers seriously. We have paid considerable attention over the past year to supporting co-workers in this area.

Triodos Bank's role as a responsible employer is governed by the Director of Human Resources at Head Office and specialists in its business units who have primary responsibility and resources to ensure the organisation delivers as a responsible employer, including the vitality and development of co-workers and a culture which supports our ambitions and mission. Their efforts are underpinned by policies, including on remuneration, and grievance mechanisms. Goals and targets are defined at Group level in the Annual Report and in local plans in the business units.

Engaging with communities

Engaging with communities is a material topic, whose boundaries are defined by Triodos Bank's positive lending criteria. These criteria and our broader business model ensure that a very high percentage of our operations involves engagement with communities. Potential borrowers and investees are subject to a social and environmental assessment.

Triodos Bank discloses the results of its own social, environmental and cultural assessments in its Annual Report and other reports. This work is supported by a stakeholder engagement plan that's underpinned by a detailed description of our stakeholder groups, as set out in Materiality analysis.

Triodos Bank's grievance process makes it accountable to third parties.

Learning organisation

Being a learning organisation is a strategic priority for Triodos Bank. Our mission states that people have the freedom to develop themselves. We strongly believe this also applies for our co-workers. It is of great importance to continue to develop individually and collectively, especially in times of change.

Learning and developing brings positive energy, drives innovation, enhances our efficiency and our capacity to develop and change. Learning and development are relevant for all co-workers, regardless of their role or seniority. We reinforce learning by fostering a learning culture in which every co-worker feels challenged and equipped to develop themselves, both professionally and personally. We enable this by continuously improving our learning offer and providing what is needed in line with the current circumstances. As an example, we have developed Transformation Journey, in response to the perceived need to develop skills and capabilities for both managers and co-workers in times of change.

Sustainable suppliers

Working with sustainable suppliers is an important material topic for Triodos Bank. These relationships allow us to extend our positive impact. We consider our role to be about creating awareness on impact improvement among suppliers. For this to succeed, we also need to build internal awareness on the interconnectedness of procurement and sustainability when selecting and maintaining relationships with our suppliers. We seek to maintain good relationships with our suppliers and business partners. We strive to build connections between suppliers to help them share best practices and gain insights that contribute to positive impact.

1.2 Strategic objectives

In this section, we reflect on the progress made during 2022 in realising our strategic objectives, encapsulated by our three strategic themes: *One Bank*, *Unlocking our Purpose*, and *Frontrunner in Responsible Finance*.

Our strategic themes and corresponding objectives follow our goal to finance change and change finance, our vision, and the input we obtain from internal and external stakeholders. Ultimately, Triodos Bank wants to enable individuals, institutions, and businesses to use money more consciously in ways that benefit people, the environment and promote sustainable development. This is what sets us apart and defines our distinctive position in the financial industry.

Progress made in the implementation of strategic themes, 2019-2022

The strategic objectives are derived from our original 2019-2021 Group Strategic Plan (GSP), which we have extended until end of 2023. Our intention is to transform and make progress through the relationships and interactions with our clients and stakeholders and use our influence to create positive impact in society. In 2022, we continued with the execution of the strategic objectives we defined, while simultaneously working on our direction for the coming years. Our intention is to transform and develop our organisation through the relationships and interactions with our clients and stakeholders and by extending our influence beyond the organisation to create positive impact in society.

The table that follows provides an overview of Triodos Bank's key objectives in 2022 and reviews progress made. The progress-at-a-glance column gives a summary assessment of 2022 for each objective, based on our internal monitoring and progress reports. The results in 2022 show that, despite the continued impact of the COVID-19 pandemic and adverse effects of geopolitical instability, the energy crisis and record inflation, we steered the business towards stable results and realised important milestones.

Our strategic themes in 2022-2023

1. One Bank

Redesigned, responsive and robust.

We strive to improve our operating model to become a more integrated and aligned bank with an adjusted operating model to meet the risk-return-impact requirements. For this, we work to realise better customer experience and responsiveness to customer needs via unified, digitally supported processes. In addition, we strive to embed for our organisation a step-change in efficiency and being in-control.

2. Unlocking our purpose

Enabling customer engagement; activating our communities.

We strive to ensure in our customer propositions, explicitly connecting them to the impact we wish to create in the world. For this, we seek to enable customers and communities to take action in realising impact and to become a reference sustainable finance platform, offering products with a purpose and impact investment solutions.

3. Frontrunner in responsible finance

Leading by example; innovating finance for impact.

We aim to take a leading role in the transition of the financial system by adopting a frontrunner position. For this, we not only aim to change finance by advocating for sustainability and human dignity in banking but also endeavour to finance change by addressing major sustainability challenges through finance.

Progress on strategic theme 'One bank'

Our key objectives in 2022	How we performed	Progress at a glance
1. Business model enhancement: safeguarding our long-term sustainable business model.		
Keep focus on profitable business lending growth and close monitoring of the portfolio	Growth of our business lending portfolio in 2022 was determined by balancing the maximisation of positive impact with the need to meet a minimum profitability hurdle, which in 2022 we increased to 6% on average. Despite the challenging environment, leading to modest loan production in the first half of the year, close monitoring of the portfolio combined with the increasing interest rate environment resulted in solid returns by year-end.	●●○
Further enlarge our assets under management and related fee income and leverage the bank investment distribution strategy	Together with the lingering effects of the COVID-19 pandemic, the geopolitical crisis in Ukraine and energy price-induced inflation have adversely affected stock markets and asset valuations across the globe. This was no different for Triodos Bank. We experienced a significant decrease in funds under management inflow, leaving growth levels below desired levels. Nonetheless, we made progress in the realisation of this objective by further implementing our distribution strategy and by launching the Triodos Future Generations Fund, aimed at improving the well-being and development of children worldwide.	○○○

●●● Met ●●○ Mostly met ●○○ Partially met ○○○ Not met

Our key objectives in 2022	How we performed	Progress at a glance
Pursue balanced growth in mortgages, carefully considering impact, risk and return	Overall, our mortgages portfolio developed according to expectations, with average yields surpassing the targets we set for 2022. As a key milestone, we launched the first-ever bio-based mortgage proposition in the Netherlands, stimulating homeowners to use ecological building materials and offering a reduced interest rate for bio-based homes.	● ● ○
Take measures to ensure balance between rates and fees	As has been the case for many financial institutions, the historic change in interest rates by the ECB as of July 2022 required close monitoring of developments to ensure the best course of action in bringing rates and fees more in line with economic reality. We reacted appropriately to rising short-term interest rates in the second half of the year, which allowed for us to maintain balanced pricing power and realise our volume targets.	● ● ●
2. Operational optimisation: building the cultural foundations for optimisation and improving operational processes.		
Achieve the change roadmap business cases of: <ul style="list-style-type: none"> • digitalising the banking operating model, • protecting our licence to operate, • improving customer experience, • reducing costs. 	We implement projects in our change portfolio that allow us to remain compliant, while improving customer experience and organisational efficiency through digitalisation and process optimisation. Last year, we made important progress in all these areas. Financial and non-financial value was notably delivered through our Mobile, Investments and Customer Experience initiatives. We realised step-ups in our digital onboarding and the digitalisation of our investment proposition in the United Kingdom.	● ● ○
Create efficiency by implementing our Triodos Operating Model	In 2021, we developed cases to structurally harmonise processes across our organisation. These aim to strengthen our organisation so that we can live up to our mission and respond to client needs more effectively in the long term. In 2022, the necessary preparations for implementation of these initiatives were made and we successfully deployed the first process harmonisation and governance-related changes in the organisation.	● ● ○

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives in 2022	How we performed	Progress at a glance
3. Risk management optimisation: safeguarding our licence to operate and managing inherent banking business risks to stay within our modest risk appetite.		
Living up to our responsibility by strengthening our control environment	Our focus continues in 2022 on strengthening our control environment through investments in our co-workers and the implementation of process and technology. Overall, we remained on track with our KYC and FC maturity improvement plan. We developed and deployed standards related to policy, data, portfolio risk and client due diligence reporting across the Group. Further, we have improved risk management across the organisation with the launch of a new governance and risk control tool. This new tool will allow for improving risk controls and system-embedded process flows to enhance collaboration across the organisation, thereby living up to our ambition to further strengthen our control environment.	●●○
4. Financial management optimisation: managing our balance sheet and profitability effectively and efficiently.		
Execute the capital strategy as decided upon end-year 2021	In 2021, we announced the decision to work towards listing our Depository Receipts (DR) on a Multilateral Trading Facility (MTF). In 2022, we developed and communicated a detailed roadmap which was implemented according to plan. At the end of last year, we reached a critical milestone in this process and invited Dutch DR holders to access the MTF platform operated by Captin for the first time. This allows DR holders to experience first-hand that we are making tangible progress towards listing of the Depository Receipts on the platform and restoring tradability. Lastly, we expanded the retained residential mortgage-backed securitisation (RMBS) Sinopel 2019 in November 2022. This supports us in increasing our liquidity resilience and allows for using more of the funds entrusted to us to create additional positive impact.	●●○

●●● Met ●●○ Mostly met ●○○ Partially met ○○○ Not met

Progress on strategic theme 'Unlocking our Purpose'

Our key objectives for 2022	How we performed	Progress at a glance
<p>5. Reference sustainable finance platform: connecting with people and communities and supporting their desire to make a difference by dealing consciously with their money.</p>		
<p>Growing the movement with the reference sustainable finance portal and investigating more diverse partnerships</p>	<p>In 2022, we have reached important milestones when it comes to unlocking impactful functionalities for our clients. Since March, the Triodos banking app provides investing and saving clients with insight into the impact contribution of their money. It shows up to 10 metrics, e.g. avoidance of CO₂ emissions, water waste, number of microfinance loans, organic meals. Later in the year, we also transformed the community tab of the impact app into a more extensive impact feed. Via this tab, inspiring content is shared on topics such as food, charities, sustainable living, culture, mobility, clothing and housing. All these functional changes give our customers a powerful tool to assess the positive effects of their savings and investments on a daily basis.</p>	<p>● ● ●</p>
<p>6. Unlocking our purpose via products: focusing on purpose-driven propositions that actualise our impact themes; developing strategies of transition per impact theme and building business lending and impact investment propositions onto them.</p>		
<p>Identify inspiring ways to live up to and engage with our communities on our three impact themes</p>	<p>Our business units incorporated our three impact themes (environment, culture and social) into their commercial activities and engaged with our communities on them. In 2022, we created an internal structure that improves coordination of impact-related projects and initiatives across the Group. This will accelerate our efforts to realise our AsOneToZero (AOTZ) commitment. Offline, we organised client events in the Netherlands, Belgium, Germany and Spain to engage with our communities on our three impact themes. Examples include a workshop organised by Triodos Bank in Belgium on funding audio-visual projects in the Flemish cultural sector and a cinema afternoon for children co-hosted by Triodos Bank in Germany and the cinema distributor Telepool in cooperation with the City of Düsseldorf.</p>	<p>● ● ●</p>

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives for 2022	How we performed	Progress at a glance
Increase our distinctiveness by expressing and implementing our strategy of measuring, managing and unlocking impact information	Our new internal structure has improved coordination of impact-related projects and initiatives across the Group. We have developed a new impact vision with a focus on five transitions and delivered the first case studies on our new impact approach. In 2023 we will deepen the impact strategy on the five transitions, which enables Triodos Bank to make better choices on where to realise the best impact-risk-return. We have given priority to further improving our client engagement tool. For this, we decided to let go of our objective of covering 95% of non-standardised loans and instead focused on introducing a client-approved scorecard. Further development of this tool will increase our ability to steer on impact and increase the value we add to our client engagement on all transition themes.	● ● ○
7. Resilient and vibrant co-worker community: embedding consistent practices in local offices; fostering a leadership culture at all levels that enhances change effectiveness.		
Create a culture of excellence that attracts talent and adapts to a changing world	2022 was a year of significant change for the world, the financial sector and also for Triodos Bank. Engaging our co-workers during this time of change was and is a top priority. We conducted regular surveys of co-workers to obtain feedback about what it is like to work at Triodos Bank and areas that need greater attention. This data steered improved performance in vital areas such as talent management, team cohesion and leadership. Improving awareness and engagement around equity, diversity and inclusion was another critical element of this objective. To further embed these topics, we developed an approach that combined dialogue sessions, lectures and co-worker initiatives.	● ● ●

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Progress on strategic theme 'Frontrunner in Responsible Finance'

Our key objectives for 2022	How we performed	Progress at a glance
<p>8. Participate in global debate: influencing the public's perception of the role of money by leveraging our networks and partnerships and participating in public debate on topics that relate to our mission; not just financing change but changing finance.</p> <p>Putting our Change Finance agenda to work for the business in our three strategic themes</p>	<p>In the past year, we strengthened our Change Finance agenda on several levels. In the first half of the year, we published a white paper, which sheds light on the role we envisage for finance in preserving biodiversity. Furthermore we launched the first bio-based mortgage in the Netherlands. Our strong position in the sustainable mortgage market enables us to advocate for better guidelines on energy efficiency in the sector. In the second half of the year, we published our vision paper on social inclusion, setting out concrete actions on how to work towards a more inclusive society. Concretely, the vision paper presents three areas of change in favour of a more inclusive society: (1) improving inclusion and empowerment of communities and individuals; (2) building inclusive markets, services and social spaces; and (3) challenging dominant values and the current social paradigm.</p> <p>At a European level, we followed the developments of the EU's (sustainable) finance regulation and advocated against the inclusion of gas and nuclear in the EU Taxonomy. As stated, we support a Corporate Sustainability Due Diligence Directive that includes a due diligence obligation for the full value chain and alignment with international standards, such as the UNGPs and OECD Guidelines. Furthermore, we provided our input on the new banking package and the Alternative Investment Fund Managers Directive.</p>	<p>● ● ○</p>

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives for 2022	How we performed	Progress at a glance
9. Triodos Regenerative Money Centre (TRMC): leveraging impact through TRMC, positioned alongside Triodos Bank and Triodos Investment Management.		
Increase and leverage our impact via transformative, innovative or strategic investments by TRMC	<p>In 2022, TRMC successfully continued on its path to further refine and increase its investment focus by actively engaging clients and the Triodos community on the role of donations and catalytic investments in regenerating nature and society. In this context, TRMC donated to and invested in transformational initiatives that are enabling, scalable or replicable. One of the TRMC funds became a shareholder of the Amsterdam-based social enterprise Impact Institute. With this investment, Impact Institute will empower organisations to realise the impact economy by creating a common language for impact and providing the tools and training to measure, manage and value impact. In addition to this, TRMC supported Wilder Land with a loan. Wilder Land is a Dutch start-up that produces tea which supports biodiversity and creates an extra revenue stream for farmers. By creating a revenue model around Dutch herbs that are often regarded as weeds, Wilder Land ensures continued investment in biodiversity by farmers.</p>	

Met
 Mostly met
 Partially met
 Not met

Strategic objectives for 2023

In 2023, we will build on our achievements in 2022 and continue to refine our strategic direction for the mid- and long-term as part of our strong joint effort to change finance and finance change, supported by a sustainable cost-income ratio (CIR) and return on equity (RoE).

For 2023, we have therefore refined our key objectives across the three strategic themes as follows:

1. One Bank

Redesigned, responsive and robust.

This first objective encapsulates all three transitions (capital strategy, leadership transition and transition of business) as mentioned on page 15.

We strive to improve our operating model to become a more integrated and aligned bank with an adjusted operating model to meet the risk-return-impact requirements we strive to achieve. For this, we work to realise better customer experience and responsiveness to customer needs via unified, digitally supported processes. In addition, we strive to embed a step-change in efficiency and in-control for our organisation.

Key objectives in 2023:

1. Profitable business lending
2. Profitable funds under management growth
3. Profitable mortgage growth
4. Effectively manage cost and revenues
5. Implementation of Triodos Operating Model
6. Restore DR tradability via Multilateral Trading Facility platform
7. Realise further step-up in compliance

2. Unlocking our purpose

Enabling customer engagement; activating our communities.

We strive to ensure purpose in our customer propositions, explicitly connecting them to the impact we wish to create in the world. For this, we seek to enable customers and communities to take action in realising impact and to become a reference sustainable finance platform, offering products with a purpose and impact investment solution.

Key objectives in 2023:

1. Strong co-worker community
2. Enhanced client satisfaction

3. Frontrunner in responsible finance

Leading by example; innovating finance for impact.

We aim to take a leading role in the transition of the financial system by adopting a frontrunner position. For this, we not only aim to change finance by advocating for sustainability and human dignity in banking but also endeavour to finance change by addressing major sustainability challenges through finance.

Triodos Bank has developed a focused vision on how we strive to continue to create positive impact. The five interlinked transition themes we have identified to address key societal and environmental issues will serve as a starting point and will shape our direction in the coming years. For more information, please refer to Our impact approach (see page 56).

Key objectives in 2023:

1. Decrease the GHG emission intensity of our lending and investment portfolio (Scope 3 - category 15)
2. Increase the GHG sequestration or absorbance of CO₂e of our lending and investment portfolio

Scope of our AsOneToZero ambition

Our target to be net zero by 2035 at the latest encompasses both our own operational emissions as a company, as well as emissions in our value chain, including all our loans and investments. In carbon accounting terms, this is also referred to as Scope 1, 2 and 3 emissions.

Scope 1 covers direct GHG emissions that occur from sources that Triodos Bank owns or controls directly, such as through the use of natural gas for heating and fossil fuel for company and lease cars.

Scope 2 covers indirect GHG emissions from the generation of purchased and consumed electricity, steam, heating and cooling by Triodos Bank, such as electricity for its office buildings or electric fleet vehicles.

Scope 3 encompasses all other indirect GHG emissions that occur up and down Triodos Bank's value chain. Business travel and employee commuting are examples of the upstream emissions. The downstream emissions category 15 is especially relevant for Triodos Bank and all financial institutions because these are the financed emissions, the emissions of all our loans and investments.

For more information about the emissions resulting from our own operations, please refer to the Environmental report (see page 93). For more information about emissions generated, sequestered and avoided by our financed activities, please refer to Climate impact of our loans and investments (see page 69).

1.3 Impact and financial results

This section describes the main results achieved in 2022 at Group level as well as by Triodos Bank division. It describes its products and services, their broader impact and the prospects for the coming years. Because Triodos Bank integrates its values-based mission and strategy, these results combine both financial and non-financial performance. They provide insight into how our mission and strategic objectives performed in 2022.

First, we present consolidated financial results. This is then broken down into results by division, including an overview of our loan and investment portfolio. Loans and investments are then linked to their impact, which includes positive impact and any negative impact from additional emissions generated by financed activities.

Key points for the financial year 2022 at a glance

- Strong focus on accelerated climate measures supported by Triodos Bank to finance the investments needed for the transition to a low-carbon economy
 - 611 projects co-financed in the sustainable energy sector (an increase of 25 projects in 2022), with total generating capacity of 9100 MW producing the equivalent of the electricity needs of 7.4 million households worldwide
 - 0.8 million tonnes of CO₂ emissions avoided as a result of sustainable energy projects financed by Triodos Bank
- In a year of optimising our resources and preparation for the DR listing, Triodos Bank reports a net profit of EUR 49.9 million after tax for 2022 (FY 2021: EUR 50.8 million)
- Our sound performance in 2022 was supported by higher income of EUR 375.3 million, and a marked cost growth to EUR 300.1 million, despite higher impairments of EUR 8.1 million and ongoing margin pressure
- Overall loan business remains resilient, benefitting from high credit quality and a diversified loan portfolio with presence across Europe
- Triodos Bank's total assets under management decreased by EUR 1.6 billion in 2022 to EUR 22.6 billion per end of December 2022 (FY 2021: EUR 24.2 billion), driven by the repayment of the TLTRO facility to the DNB and a decrease in funds under management due to a decline in stock prices and a lower inflow or, in some cases, even an outflow of funds
- Triodos Bank reports a return on equity (ROE) of 4.0% (FY 2021: 4.1%) and a stable cost-income ratio (CIR) of 80% per end of December 2022 (FY 2021: 80%)
- Dividend over 2022 amounts to EUR 2.11 per Depository Receipt (DR) (2021: EUR 1.80) excluding the extraordinary dividend of EUR 1.01 per DR. This includes the earlier paid interim dividend of EUR 0.35 and a final dividend amount of EUR 1.76 per DR that Triodos Bank will propose at the Annual General Meeting in May 2023.
- Triodos Bank's capital ratios remain resilient with CET1 ratio of 17.3% and TCR of 21.0% in 2022

1.3.1 Consolidated financial results

Assets under management

Triodos Bank's total assets under management decreased by EUR 1.6 billion in 2022 to EUR 22.6 billion, driven by a decrease of the total balance sheet by EUR 0.7 billion to EUR 15.8 billion (2021: 16.5 billion) caused by the repayment of the TLTRO III funding of EUR 1.6 billion. Our funds under management decreased by EUR 0.9 billion to EUR 6.8 billion per end of December 2022 (2021: EUR 7.7 billion) which was mainly due to a decline stock prices and a lower inflow or, in some cases, even an outflow of funds.

Balance sheet

Triodos Bank recorded an increase of sustainable loans by EUR 452 million in 2022 to EUR 10.6 billion at the end of December 2022 (2021: EUR 10.2 billion). The cash position decreased by EUR 1.7 billion, mainly due to the repayment of the TLTRO funding. The loans-to-funds-entrusted ratio has increased to 76.9% in 2022 (2021: EUR 76.5%) as additional funds entrusted on the liability side, were primarily used to further develop our sustainable loan portfolio. Our funds entrusted increased by EUR 0.5 billion in 2022, which resulted in an overall position of EUR 13.8 billion (2021: EUR 13.3 billion).

The bank's equity position was overall stable and marginally increased by EUR 9 million to EUR 1.259 billion per December 2022 (2021: EUR 1.250 billion) due to the net profit of 2022 minus the dividend pay-outs in May and October 2022.

The balance sheet provision for expected credit losses (ECL) shows a limited increase of EUR 1.5 million to EUR 53.0 million per end of December 2022. The calculation of ECL stages 1 and 2 for potential future credit losses (not

yet incurred) are particularly sensitive to forward-looking macro-economic parameters (e.g. gross domestic product, unemployment rate). In 2022, the global economic outlook remained uncertain due to the Russian invasion in Ukraine, the increased inflation, and energy price increases. The bank is closely monitoring the development of forward-looking macro-economic parameters and applies, if needed, adjustments to its internal ECL model at least monthly. The provision of ECL stages 1 and 2 decreased by EUR 0.2 million over the last 12 months to EUR 13.4 million per end of December 2022. However, the releases/decreases recorded in stages 1 and 2 were offset by increases in stage 3. The ECL stage 3 provision increased by EUR 1.7 million to EUR 39.7 million in 2022.

Triodos Bank benefits from high credit quality and a geographically well diversified loan portfolio. The risk profile of our loan portfolio implies that if there is an improvement in the forward-looking macro-economic parameters, perhaps because of better-than-expected post-inflation economic conditions, might result in a reduction of the bank's overall ECL provision. Further details can be found in the following paragraphs on our financial results and in the Financials.

EUR 10.6 billion

Loans to projects across Europe benefitting people and planet

Profit or loss account

Triodos Bank reports a net profit of EUR 49.9 million after tax for 2022, which is EUR 0.9 million lower than the same period last year (EUR 50.8 million) caused by the provision for the restructuring (EUR 5.0 million) and the expenses related to the MTF listing and DR litigations (EUR 13.9 million). When these expenses are adjusted the net profit amounts to EUR 64.5 million after tax for 2022, which is EUR 13.7 million higher than the same period last year (EUR 50.8 million).

Based on the expected benefits from the earlier announced optimisation of the business and operating model, and in view of the return to positive interest rates, Triodos Bank increases its medium term return on equity (RoE) target from 4-6% to 5-7%. This will further enable Triodos Bank to combine the distribution of half of its profits to the depository receipt holders in line with the dividend policy, with the funding of its organic growth by profit retention, a strategy which is in the interest of all its stakeholders. For 2022, the bank reports a RoE of 4.0% (2021: 4.1%). After adjusting the above-mentioned expenses, the RoE in 2022 amounts to 5.1%.

Our total income, EUR 375.3 million in 2022 (2021: EUR 341.9 million) increased, driven by lending growth and improving interest margins, notwithstanding lower funds under management. The underlying interest result records an increase of EUR 31.6 million to EUR 253.1 million in 2022 (2021: EUR 221.5 million), supported by conscious lending growth in sustainable economic sectors in Europe driving our ambitious net-zero target in 2035, and improved interest rate margins.

The bank's commission result improved by 4.2% to EUR 120.9 million in 2022 (2021: EUR 116.0 million) due to additional management fees and fees for payment transactions. The margin over balance sheet amounts to 0.3% for 2022 (2021: 0.3%). The margin over RWA in 2022 was 0.7% (2021: 0.8%).

The bank continues to focus on realising healthy interest margins and improving fee income from investment fund and payment solutions.

The bank's total operating expenses (excluding loan impairments) increased by EUR 24.9 million to EUR 300.1 million in 2022 (2021: EUR 275.2 million), mainly due to additional employee expenses for compliance and anti-money laundering (AML) topics, costs associated with the preparation of the MTF listing and legal advisor costs in relation to our DRs and the restructuring provision (EUR 5.0 million). These expense drivers have an impact on our short-term ability to further improve our cost-income ratio (CIR). In May 2022, we announced the optimisation of our operating model to further sustain the increase of positive impact and the enhancement of our financial performance.

Assets committed to the triple bottom line (TBL) and the real economy

Triodos Bank is a values-based bank and applies the Global Alliance for Banking on Values (GABV) scorecard using indicators like 'assets committed to TBL' and 'assets committed to real economy' to monitor and qualify impact.

Real-economy assets in a values-based bank should be relatively high. Financial exposures can be classified as 'real economy' (as opposed to financial economy) if it is directly linked to a real-economy asset or activity. This means that the exposure is aimed at directly supporting the production of goods and services, as opposed to focusing primarily on buying and selling in the financial markets.

In 2022, Triodos Bank's real economy to total assets ratio was 77% (2021: 70%). We lend and invest in the real economy because that is where we can have a positive impact on people's lives and safeguard the environment.

Triodos Bank has 77% (2021: 70%) of its total assets committed to triple bottom line. This figure provides the best indication of a bank's commitment to sustainability. Triple bottom line assets refer to assets not only focused on economic benefits, but also on positive social and environmental benefits: people, planet and prosperity.

For more information and the complete GABV scorecard see section Our impact approach and Appendix IV – Global Alliance for Banking on Values scorecard – quantitative evidence of our impact (see page 410).

Over 2022 the bank reports a cost-income ratio of 80% (2021: 80%). When excluding the provision for the restructuring and the expenses related to the preparation of the MTF listing and DR legal advisor costs the CIR amounts to 75% (2021: 80%). In future periods the bank will continue to focus on realising cost synergies while coping with regulatory cost increases.

Our loan business remains resilient. The cumulated ECL expenses increased over the last 12 months and resulted in a net increase of EUR 8.5 million in 2022. In 2022, the global economic outlook significantly changed, and inflation rates spiked, causing uncertainties which could lead to significant disruptions in value chains. In particular, the volatile macro-economic forward-looking parameters led to a release in ECL stages 1 and 2 of EUR 0.2 million. Further, and due to the worsening of the economy, we saw an increase in ECL stage 3 provisioning covering defaulted loans in the amount of EUR 1.7 million. Total ECL expenses on loans in 2022 compared to the average loan book over 2022 resulted in clearly normalised risk cost ratio (2022: 8 bps; 2021: 0 bps; 2020: 27 bps). The annual incurred loss rate in ECL stage 3 amounts to 8 bps for 2022 (2021: 6 bps; 2020: 12 bps). Both factors still underpin the high credit quality in Triodos Bank's loan portfolio, which focuses on balancing impact, risk and return for each single loan engagement.

Dividend

Considering the achieved net result for the year 2022 and taking into account the discussions in the AGM (May 2022) and the EGM (October 2022) around our dividend policy, Triodos Bank proposes a dividend over 2022 amounts to EUR 2.11 per Depository Receipt (DR) (2021: EUR 1.80) excluding the extraordinary dividend of EUR 1.01 per DR. This includes the earlier paid interim dividend of EUR 0.35 and a final dividend amount of EUR 1.76 per DR that Triodos Bank will propose at the Annual General Meeting in May 2023.

It needs to be considered that this final dividend comes on top of the interim dividend paid in October 2022 of EUR 0.35 per share, taking the total pay-out ratio 2022 of the interim and the final dividend together to a one-time level of 60%, as explained in the EGM of October 2022. The dividend will only be paid in cash as an economic price for the DRs at which these new DRs would be issued can only be determined once trading has resumed. The remaining profit will be attributed to the retained earnings of the bank and will be utilised to make impact with our lending activities.

In addition, an extraordinary dividend was paid in October 2022 of EUR 1.01 per share.

Cash payments per DR represent gross amounts which are subject to Dutch dividend withholding tax and other applicable taxes for those domiciled outside of the Netherlands.

Prudential capital and liquidity

The prudential capital of Triodos Bank consists of Common Equity Tier 1 (CET1) and subordinated debt capital (Tier 2). The bank's capital ratios (CET1 and TCR) were strengthened with the shareholder's resolution at the AGM in May 2022 to partially retain profits. This capital has been utilised for additional lending to our customers and has in this way contributed to new impact creation. Due to this growth of the lending portfolio, the bank's total capital ratio (TCR) decreased from 21.3% in December 2021 to 21.0% in December 2022. The minimum total capital ratio (TCR) for Triodos Bank is 13.9% in 2022 based on the overall capital requirements. The CET1 capital increased by 1.8% over the last 12 months to EUR 1.165 million per end of December 2022 (2021: EUR 1.144 million). This increase was mainly driven by retained earnings after the AGM profit resolution in May 2022. Triodos Bank's mid-term strategy aims for a CET1 ratio of at least 15.0% in the current regulatory context. The CET1 ratio ended at 17.3% in December 2022 (2021: 17.5%) in line with expectations and well above internal hurdle rates. Tier 2 capital remained stable at EUR 255 million per end of December 2022 (2021: EUR 255 million) mainly consisting of the subordinated green bond issued in November 2021. The leverage ratio of Triodos Bank as per December 2022 is 6.9% (2021: 8.1%), well above the minimum requirement of 3.0%. The decrease of the leverage ratio is mainly due to the termination of the temporary application of the Capital Requirements Regulation (CRR) exemption as per 1 April 2022 where certain central bank exposures were previously allowed to be excluded from the leverage ratio.

The bank's overall liquidity position remains robust with an LCR of 193% per end of December 2022 (2021: 229%). The regulatory minimum LCR is

100%. The decrease relates to the repayment of EUR 1,550 million TLTRO funding with the ECB.

Triodos Bank will continue to work on improving its profitability while maintaining a solid equity base, capital ratios and a substantial liquidity surplus. The bank recognises that this modest risk strategy has implications for its target return on equity.

Depository Receipts

The number of individual Depository Receipt holders remained stable at 43,545 in 2022. Due to legal reporting requirements applicable to Dutch financial institutions, the economic value, or fair value, of Triodos Bank Depository Receipts (DRs) must be determined as per 1 January 2023. As there is currently no trading in Triodos Bank DRs, the economic value can only be determined on the basis of an estimate. The estimated economic value of a Triodos Bank DRs as per 1 January 2023 has been determined to be EUR 60. This was communicated on 21 December 2022. To assist with the determination of the estimate, Triodos Bank engaged valuation specialists from an international accounting and consultancy firm. It should be noted that this valuation is for fiscal reporting requirements only and does not represent an indication about the price of the DRs for the future listing on an MTF.

Multilateral Trading Facility

On 21 December 2021, Triodos Bank announced the decision to pursue a listing of our Depository Receipts (DRs) on a Multilateral Trading Facility (MTF). Triodos Bank is taking all necessary steps to prepare for an MTF listing, including obtaining all relevant approvals. A listing on an MTF provides a route to improving tradability for our investors based on variable pricing, instead of pricing based on net asset value. An MTF listing will enable Triodos Bank to pursue its mission in line with its values and retain its identity. The MTF listing also provides Triodos Bank with potential access to the capital markets in the future.

In 2022, Triodos announced the choice of Captin as the MTF provider. Together with Captin, we have continued the preparations for the listing and

we have successfully enrolled the first Depository Receipt holders to the Captin platform in order to be able to trade in DRs as per listing, which is expected in Q2 of 2023.

Public rating from Fitch

Fitch Ratings announced on 9 December 2022 it has reaffirmed Triodos Bank's Long-Term Issuer Default rating at 'BBB' and Viability rating at 'bbb'. Fitch has revised the outlook from stable to negative as it reasons that legal disputes with some of Triodos Bank's Depository Receipt holders regarding the suspension of trade of its Depository Receipts may create a certain level of uncertainty. According to Fitch, Triodos Bank's ratings primarily reflect its established niche franchise and business model in the sustainable banking segment and an average – yet constrained – profitability. The ratings also consider Triodos Bank's solid capitalisation, which compares well with those of similarly rated peers. The bank's adequate asset quality and healthy funding and liquidity profile support the ratings. Fitch's rating analysis was done as part of the regular annual review process. The independent rating report for Triodos was issued by Fitch Ratings on 9 December 2022 (see website Triodos Bank rating 'BBB', revises outlook | Triodos Bank).

Commercial offices in Spain

In 2022 Triodos Bank executed a modernisation program in relation to our local footprint in Spain. Based on an in-depth analysis of the Spanish central and commercial offices, we adapted towards the changing customer needs, and we improved our service offerings, including a more integrated and efficient organisational set-up. This has not led to a decrease of FTE in the local organisation. All of our co-workers could be reassigned with jobs in relation to KYC and anti money laundering at the central office in Spain.

1.3.2 Triodos Bank divisions and results

Triodos Bank's activity is split between three core divisions: Triodos Bank Retail and Business Banking; Triodos Investment Management; and Triodos Regenerative Money Centre (see Triodos Bank Group structure, page 8).

The following section provides an overview of each division in 2022, including a short description of their work, how they performed during the year and prospects for the future. The last part zooms in on our loans and investments by transition theme.

In short:

- Retail and Business Banking, including Private Banking, was responsible for 83% of Triodos Bank's net profit in 2022 (2021: 88%).
- Triodos Investment Management makes up 17% (2021: 12%) of Triodos Bank's overall net profit.

Triodos Regenerative Money Centre sets out to manage non-consolidated entities that lend, invest or donate money with an impact-first perspective and a main goal of making pioneering, transformative initiatives possible.

Products and services are offered to investors and savers enabling Triodos Bank to finance new and existing companies that contribute to the improvement of the environment or create social or cultural added value.

Retail and Business Banking

Triodos Bank provides values-based financial services that reach hundreds of thousands of business and personal customers across Europe, growing sustainable banking's impact and scale. While Triodos Bank's values bind customers and co-workers, there are important differences between countries. Regulations, tax incentives and government approaches to sustainability are sometimes markedly different. Local culture, within and between countries, also affects how Triodos Bank approaches its work.

Developments in 2022

Framework agreement with ABS

In 2022, we signed a participation framework agreement with fellow GABV member Alternative Bank Switzerland (ABS) with the aim of jointly financing sustainable businesses. Triodos Bank will originate lending opportunities to build up a shared portfolio of up to EUR 300 million, with a focus on renewable energy, sustainable property, organic farming, health and education. This enables Triodos Bank to increase our positive societal and environmental impact as we can realise larger projects in our lending activities.

InvestEU agreement for social enterprises

At the end of 2022 Triodos Bank signed an agreement with the European Investment Fund for a guarantee instrument to apply on financing opportunities to social enterprises. This guarantee is part of the InvestEU programme of the European Union, allowing us to offer improved financing conditions to social initiatives in Belgium, Germany, Spain and the Netherlands with a total volume up to EUR 67 million. This is the third agreement in our cooperation with the European Investment Fund, next to existing portfolios for guaranteed lending to social enterprises (EUR 130 million) and for clients active in the cultural and creative sectors (EUR 200 million).

Bio-based Mortgage

Triodos Bank specialises in sustainable mortgages. The more energy-efficient a house, the lower the mortgage interest rate. As the next step in sustainability Triodos Bank launched the Bio-based

Mortgage in June 2022. This is a mortgage in which the interest rate is linked to the choice of materials for the home: those who use the money to buy or build a bio-based home receive an extra low interest rate. With this Bio-based Mortgage, a first in the Netherlands, the bank is taking a new step in making the housing market more sustainable by reducing the carbon footprint.

Adjustment to national lending standards

Triodos Bank is involved in the public debate about the Dutch lending standards of the housing market. We have been advocating for years now for an integration of monthly mortgage and energy costs. On an individual basis we have set the limit to 90% financing if the house is not energy efficient. Important elements of our vision will be implemented in the Dutch national lending standard as of January 2024 for the mortgage sector in the Netherlands.

Upgraded Sinopel

Triodos Bank is expanding the retained residential mortgage-backed securitisation (RMBS) Sinopel 2019 to increase its liquidity resilience. This supports the bank to use more of its funds entrusted for sustainable loans, creating additional positive impact.

The first RMBS was launched in 2019 to gain additional access to potential central bank liquidity and has a current volume of EUR 799 million, collateralised by Dutch residential mortgages. This is now increased to EUR 1.6 billion. DBRS Ratings GmbH (DBRS Morningstar) confirmed its AAA (sf) rating on the Class A notes issued by Sinopel 2019 B.V. (the issuer), following this amendment.

The RMBS is a retained transaction, with Triodos Bank maintaining full ownership of the notes. The mortgages remain on the balance sheet of Triodos Bank and all economic benefits of the underlying mortgage loans remain with Triodos Bank. Clients with a mortgage loan will continue to be served by Triodos Bank.

Total lending

The overall growth of the loan portfolio amounted to EUR 452 million (or 4%) in 2022. This includes

the growth of the residential mortgage portfolio by EUR 826 million (or 23%). The largest growth in business loans was in the production and environmental technology sectors. Overall however, business loans decreased 6% (2021: 2% increase).

The low interest rate environment during a part of 2022 encouraged customers to refinance at lower rates and to pay back their credit facilities earlier than planned during the first part of 2022. This had a downward effect on the volume of the business loans and interest margins.

The graphs in the section Loans and funds' investments by transition theme (see page 53) show the relative volume of our lending and investment portfolio.

Funds entrusted

More people want to use their money consciously to deliver positive change by depositing and investing with Triodos Bank. This reflects a wider trend in society and increasing interest in sustainability in general and sustainable finance in particular. Funds entrusted, including savings, enable Triodos Bank to finance companies and organisations that benefit people, the environment and culture. The overall growth of the funds entrusted amounted to EUR 531 million (or 4%) in 2022, which was mainly driven by a growth in funds entrusted by business clients (EUR 405 million).

Triodos Bank's banking entities offer a variety of sustainable financial products and services as part of its key strategic objective of offering services that allow customers to participate in the transition to sustainable finance.

Continuing growth in all the countries where Triodos Bank operates is due in part to more efficient and customer-friendly account opening processes, and a receptive market keen to use their money more consciously.

Prospects for Retail and Business Banking

Triodos Bank expects to grow its bank balance sheet modestly, maintaining a stable loan-to-deposit

ratio and total capital ratio. It aims to grow its fee income.

The bank will focus on the impact, profitability and diversification of its loan portfolio. We will put extra effort into identifying loans to frontrunners in their fields, the entrepreneurs developing the sustainable industries of the future. There are significant opportunities for Triodos Bank as a frontrunner in responsible finance. With a controlled growth strategy, we aim to generate maximum impact and stable profit levels.

Triodos Investment Management

Investments take place through investment funds or investment institutions which are managed by Triodos Investment Management, a 100% subsidiary of Triodos Bank.

Triodos Investment Management is responsible for 20 funds, for both retail and professional investors. The funds invest in sustainable themes, such as inclusive finance, food and agriculture, energy and climate, as well as in listed companies that materially contribute to the transition toward a sustainable society. The investment funds publish separate annual reports and most of them have their own Annual General Meeting.

EUR 5.5 billion

Funds under management by
Triodos Investment Management
as per the end of 2022

Developments in 2022

After having just recovered from a period that was dominated by the global COVID-19 pandemic, 2022 turned out to be yet another year filled with challenges. The horrific war in Ukraine has resulted in uncertainties in financial and energy markets worldwide. In addition, both Western and emerging

economies have been hit by higher than expected inflation and central banks have responded by (in general) increasing base interest rates at an aggressive pace. This has led to a unique situation in 2022, where both stocks and bonds showed a decline in value due to, respectively, downward moving stock markets and rising capital rates.

The combination of these developments has also clearly impacted investor sentiment. Investors are more reluctant to invest than usual, which was reflected in a more limited inflow of new capital throughout the wider investment market in 2022, or even outflow. At the same time, we see that there continues to be a difference in investment appetite between sustainable investing and mainstream investing. While Article 6 and Article 8 funds in general experienced outflow in 2022, this wasn't necessarily the case for Article 9 funds.

Triodos Investment Management only manages Article 9 funds, and although the majority of these funds continued to see inflow in 2022, the overall funds under management decreased by 13% to EUR 5.5 billion compared to year-end 2021 (EUR 6.4 billion). This was mainly the result of negative market movements impacting the value of the underlying investments despite the high quality of the funds' portfolios. The investment funds overall lost 11% of their value following market developments in 2022.

Amidst these challenging circumstances Triodos Investment Management retained its focus on strategy execution, more specifically on implementing the strategic goal to be the asset manager of choice for investors seeking solutions for building impact investment portfolios.

In 2022, Triodos Investment Management launched Triodos Future Generations Fund, a thematic fund aimed at improving the well-being and development of children worldwide. The fund invests in companies that contribute to the basic needs of children around the world as well as their development, to help them reach their full potential as adults.

In addition, Triodos Investment Management launched the Triodos Impact Strategy Funds (TISF) in 2022. The TISF are four funds-of-funds that

invest in eight Triodos funds and across all of Triodos Investment Management's impact themes. As such, the funds invest, both in Europe and in emerging markets, in the energy transition, food transition and sustainable agriculture, financial inclusion and in listed equity and bonds. The funds have replaced Triodos Bank's managed account solution and have been created to make it easier and more efficient for clients to manage a diversified investment portfolio across different impact themes.

In 2022, Triodos Investment Management continued to work on preparing for the implementation of level 2 of the EU Sustainable Finance Disclosure Regulation (SFDR), which came into force on 1 January 2023. All Triodos Investment Management funds available for investors have sustainable investments as their objective as set out in article 9 of SFDR and have as such been designated as Article 9 investment products. Article 9 investment products are products that focus specifically on achieving a sustainability goal.

Hadewych Kuiper was appointed as Managing Director per 1 February 2022, to further strengthen the Management Board alongside Dick van Ommeren and Kor Bosscher after the transfer of Jacco Minnaar to the Executive Board of Triodos Bank in October 2021.

Prospects for Triodos Investment Management

If the past years have made one thing clear, it is that many of our global economic systems are vulnerable and not resilient enough. Both the COVID-19 pandemic and the energy crisis resulting from the war in Ukraine have shown us that there is an urgent need for sustainable transitions on multiple levels: energy transition, food transition and well-being transition – to name a few. Investors have an important role to play in redirecting capital towards these sustainable transitions.

Within this context Triodos Investment Management will continue to build on over 30 years' experience of bringing together values, vision and financial returns on investment, helping to meet the European demand for values-based investment

solutions that are key in the transition to a more sustainable society. Through its funds, Triodos Investment Management aims to further increase its impact in key areas related to its mission and the Sustainable Development Goals (SDGs).

In 2023, Triodos Investment Management's strategic focus will continue to be on retail investors through distributors, high net worth individuals, family offices and (semi-) institutional investors.

Although market conditions will likely remain challenging in 2023, Triodos Investment Management will continue to pursue development and growth, through expansion and further development of existing funds and by creating new impact investment products.

To ensure robustness for future growth, Triodos Investment Management is implementing changes to its operating model in 2023. By doing so, Triodos Investment Management will improve its efficiency levels and increase cost efficiency, making the organisation more future-proof and better equipped to respond to external developments.

Triodos Regenerative Money Centre

Triodos Regenerative Money Centre (TRMC) complements Triodos Bank and Triodos Investment Management by extending beyond the boundaries of our current banking and investment system. The funds managed by TRMC are not consolidated by Triodos Bank. The financial instruments TRMC uses are catalytic investments and donations.

Developments in 2022

What started with a positive outlook, with COVID-19-related restrictions fading more into the background, changed overnight with the news of

the Russian invasion of Ukraine on 24 February last year.

Besides the enormous impact it still has on the local population, the war led to high inflation, rising interest rates, high energy prices and overall economic uncertainty felt by people across Europe and beyond. In addition, the climate crisis continues to greatly affect people worldwide, while more locally the agricultural crisis came to a head.

Navigating these crises highlighted the inherent imbalance in the current system. There is a growing awareness of the need to restore the balance between give and take, and an awakened sense of urgency. To tackle today's most challenging problems, and transform our economy, we need a radically different approach. We need to pioneer and find (new) financial instruments that can serve the innovative businesses and models that offer solutions for these crises.

TRMC has developed a healthy pipeline of projects by joining forces and building partnerships with like-minded parties. This was a big part of our work in 2022, leading to a number of new investments and donations. At the core of our work lies the continuous exploration of finding the appropriate financial instrument for certain initiatives. We actively look for partnerships that enable blended finance solutions for this.

We have articulated a theory of change to structure and focus our decision-making for donations. This commits us to the transition to a healthy ecosystem, in which people and nature live together in balance. We believe that the challenges we face require an inclusive approach, tapping into a wide range of perspectives and talents.

Aiming for a healthy ecosystem for the generations to come, we made a donation to De Nationale DenkTank. This annual thinktank consists of a multidisciplinary team of 20 highly talented PhD or master's students. In 2022 they worked on visionary and practical solutions for biodiversity loss.

We supported Wilder Land, a tea-producing Dutch start-up with a loan. Wilder Land's business model shows how economics and nature can work hand in hand. Wilder Land is ensuring continued

investment in biodiversity by farmers by creating a revenue model around Dutch herbs that had often been seen as weeds.

TRMC reached its 2022 targets in terms of number of investments and donations as well as in terms of the innovative nature of the initiatives supported. The inflow of donation money exceeded expectations last year. Besides our continuous investment and donation activities we were able to formulate more clearly how regenerative money can contribute to today's challenges, and how it fits with our common understanding of the role of money in today's society. We started working on the simplification of our organisational set-up last year. This will allow us to work more efficiently and make even more impact.

On a final note, we have become more visible, both within the wider Triodos community and beyond through content and events. TRMC has become a permanent partner in activities organised by the bank. This increased visibility contributed to the growth in funded projects and an increase in the number of donations.

Prospects for Triodos Regenerative Money Centre

Stepping into 2023, Triodos Regenerative Money Centre will continue to invest in, donate to and build partnerships with potential game-changers like the parties referred to under developments.

In 2023 we will work on developing initiatives in co-creation with like-minded partners and we will actively seek collaboration with frontrunners in positive change. Being part of the global movement towards a net-zero future, TRMC will also focus on investing in and donating to initiatives that can contribute to achieving this urgent goal.

We aim to put the theme of donations on the agenda and mobilise donations around specific themes via so-called 'theme funds'. We will also draw more attention to the quality and potential of regenerative money through events.

In 2023 we will restructure our organisational set-up and further work on becoming one team in a

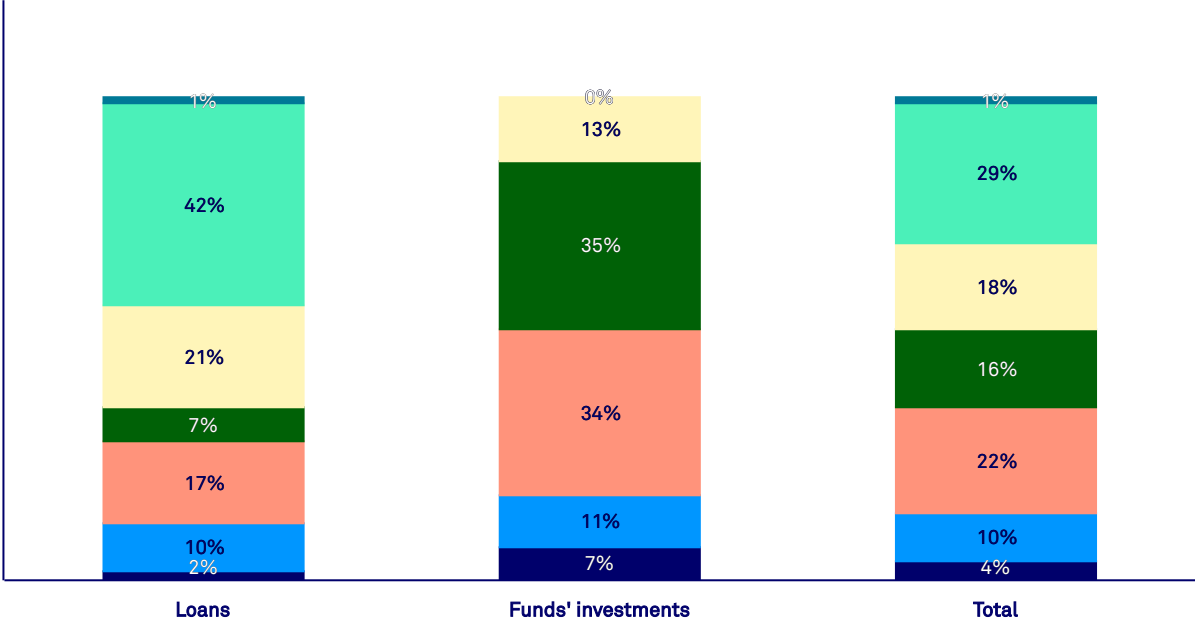
way that serves our mission and our stakeholders best. Meanwhile, we will continue to safeguard the independence of our funds by placing natural and societal return above anything else.

We will continue to inform and involve people within the Triodos community and society at large on the potential of regenerative money by further increasing our outward focus and actively communicating about the role of money in regenerating nature and society.

Loans and funds' investments by transition theme

The improved quality and growing size of the loan and investment portfolio are important indicators of the contribution Triodos Bank makes towards a more sustainable economy. All the themes it works in qualify as sustainable: the companies and projects it finances contribute to delivering Triodos Bank's mission.

Total outstanding loans and funds' investments by transition theme 2022



To make sure that Triodos Bank only finances sustainable enterprises and enterprises transitioning to sustainable approaches, potential borrowers are first assessed on the added value they create in these areas. The commercial feasibility of a prospective loan is only then

evaluated, and a decision made about whether it is a responsible banking option. The criteria or guidelines Triodos Bank uses to analyse companies can be viewed at www.triodos.com and www.triodos-im.com for investment management.

Triodos Bank's focus is on transition themes where it has already developed considerable expertise and where it considers more growth, diversification and innovation are possible.

Impact, risk and return

Traditionally, banks have focused primarily on risk and return, to avoid negative outcomes and to enable investors to understand the performance of the institution. But when an institution sees its main goal as maximising returns to shareholders, risk and return are often viewed in a short-term context. This neglects the company's wider relationship with – and effect on – society and the environment. Triodos Bank uses three parameters – impact, risk and return – to understand its overall development and place in the world. This promotes a long-term perspective. The focus on delivering sustainable social, environmental and cultural impact as well as risk and return implies a positive, holistic outlook and a horizon that is inherently longer term.

Food 4% (2021: 5%)

The Food transition theme includes organic agriculture and projects across the entire agricultural value chain in Europe and emerging markets – from farms, processors, wholesale companies and sustainable trade to natural-food shops.

Resources 10% (2021: 10%)

The Resources transition theme consists of: the sustainable property sector, in which we finance new buildings and renovation projects to reach high sustainability standards; the sector nature development and forestry, which is important to remove greenhouse gases from the atmosphere; and retail, production and professional services sectors that contribute to reduced resource waste or stimulate circular production and consumption and circularity-related services.

Energy 22% (2021: 23%)

The Energy transition theme consists of renewable energy projects – such as wind and solar power,

Impact

We want to deliver sustainable impact. When we talk about 'impact', we are concerned with what our actions, in particular financing and investing, mean to people in concrete terms. Impact means delivering positive outcomes, not only at a transactional level but also at a social and ecological system level.

Risk

Because our starting point is to deliver greater impact over the long term, it is essential that we are financially resilient. We therefore focus on maintaining a consistently high-quality loan portfolio. Triodos Bank's modest risk appetite is an important building block for this resilience.

Return

We have been able to deliver stable, fair returns over a sustained period. For us, financial performance is important because being a resilient financial institution is essential for the delivery of lasting, sustainable change.

hydro-electric, heat and cold storage – and energy-saving and storage projects. It also includes environmental technology projects, for instance through recycling companies and optical fibre projects.

Society 16% (2021: 16%)

This theme contains loans and funds' investments to businesses and (non-profit) organisations with clear social objectives, such as social housing, community and social-inclusion projects. It also covers the inclusive finance and fair-trade businesses sector.

Well-being 18% (2021: 20%)

The Well-being transition theme covers loans and funds' investments to organisations working

in education, child care, retreat centres, religious groups, recreation, cultural centres and organisations, and artists. It also covers the health and elderly care sector.

Residential sustainable mortgages 29% (2021: 24%)

The retail sector of the loan book is primarily comprised of residential sustainable mortgages, including a small amount of other private loans and overdrafts on current accounts.

Although not included under specific transition themes in the chart, the residential mortgage portfolio contributes to Resources (by innovating new forms of mortgages such as the bio-based mortgage), to Energy (by taking energy certificates into account for the interest rate of mortgage products), and to Society (by advocating and enabling co-housing and social housing).

Municipalities 1% (2021: 2%)

Under municipalities we include sustainable loans and funds' investments to local authorities without a specific sector classification and some limited short-term loans to municipalities. These investment-type loans in the public sector are included in the loan portfolio in accordance with regulations related to financial reporting.

1.3.3 Our impact approach

Impact: our tradition and our mission

We strive to constantly remind ourselves and our partners of what money really is for and what it can do. From that very first wind turbine we financed in 1986 to experimenting with the role that catalytic money and gift money play in reimagining finance models today, we find ways to fund initiatives that seem at first impossible and eventually find their way into the mainstream.

Our foundations: principles, standards and transparency

We believe money should serve people, and not the other way round. We have a simple business model: we only lend the money entrusted to us by savers and investors to entrepreneurs we know well. We focus our work on the real economy and we don't invest in complex financial instruments. All the loans and investments we make are designed to improve social and environmental sustainability and the quality of life for communities. We aim to deliver as much positive impact as possible by only lending to and investing in enterprises with strong sustainability criteria.

Business Principles

How we at Triodos Bank direct, administer and control our work says a lot about our identity. We have developed processes and policies, and supported the implementation of laws, to both meet our obligations and reflect our mission. In addition to the broad vision and key values that underpin our business, we have principles that guide and support our day-to-day decision-making.

Triodos Bank has a continuing commitment to:

- Promote sustainable development and consider the social, environmental and financial impact of everything we do.
- Respect and obey the law in every country where we do business.
- Respect human rights of individuals and within different societies and cultures; supporting the aims of the United Nation's Universal Declaration of Human Rights.
- Respect the environment and do all we can to create and encourage positive environmental impact.
- Be accountable to all our stakeholders for our actions.
- Continuous improvement: we are always looking for better ways of doing things in every area of our business.

Minimum Standards

Sustainable finance requires choices. As a sustainable financial institution, we make very deliberate choices on a daily basis about what Triodos Bank finances and invests in. Defining what really contributes to a sustainable future requires clear boundaries on what we do and do not finance.

We have therefore established strict lending and investment criteria and minimum standards to safeguard our mission. For instance, we do not finance the fossil and nuclear power sectors; we also exclude weapons, tobacco, industrial farming, deforestation and other harmful sectors and activities.

Transparency and accountability

We believe that sustainable finance depends on trust and transparency, so we publish details of all the organisations we lend to and invest in. Our savers and investors can see how we're using their money. Explore this online at <https://www.triodos.com/en/know-where-your-money-goes>.

We are committed to showing not only how and where the money is used, but what its impact is. Impact reporting for a financial institution doesn't only mean reporting on the organisation's own

activities, for example on how we use renewable energy to power our buildings. It means reporting in depth on the impact of our financing activities in the widest sense – from the greenhouse gas emissions of our loans and investments to qualitative and quantitative evidence of the impact of our financed activities by transition theme (see Impact by transition theme on page 64).

Our approach to impact management

We have been managing impact consciously since long before much of today’s terminology existed. Our structured approach to impact management is to focus on positive impact first and minimising negative impact second, directing money in a way that benefits people and the environment over the long term.

Our approach is centred on our mission of making money work for positive social, environmental and cultural change and is based on the impact management cycle. This starts with establishing a clear vision of the impact we want to make as a financial institution. We then develop a strategy on how to implement this vision from a business perspective; design our activities and products in line with the strategy; monitor results and analyse challenges and successes; translate these into learnings; and adapt our strategy and activities based on these findings.

We strive to be accountable towards all stakeholders, through transparent communication and by reporting and engaging with clients and partners to gather information and check on our collective performance. Importantly, the approach holds both for our business propositions and product development, as well as for our advocacy



Triodos Bank impact management cycle

activities to change finance (see Change finance report on page 62).

Our approach to impact stems from understanding that metrics and targets do not tell the whole story. In practice, that means that we try and find qualitative evidence of the impact first and foremost, and back it up with numbers when it is relevant to do so. Where we do lean on data, we measure in order to manage. We use data to anchor the conversation with our stakeholders on how we lead the transition to an even more inclusive and sustainable world. For more information on our approach to stakeholder engagement, see Our stakeholders and material topics on page 23. While meaningful indicators are included in, for example, Impact by transition theme on page 64, we limit the use of 'hard metrics' in our impact measurement.

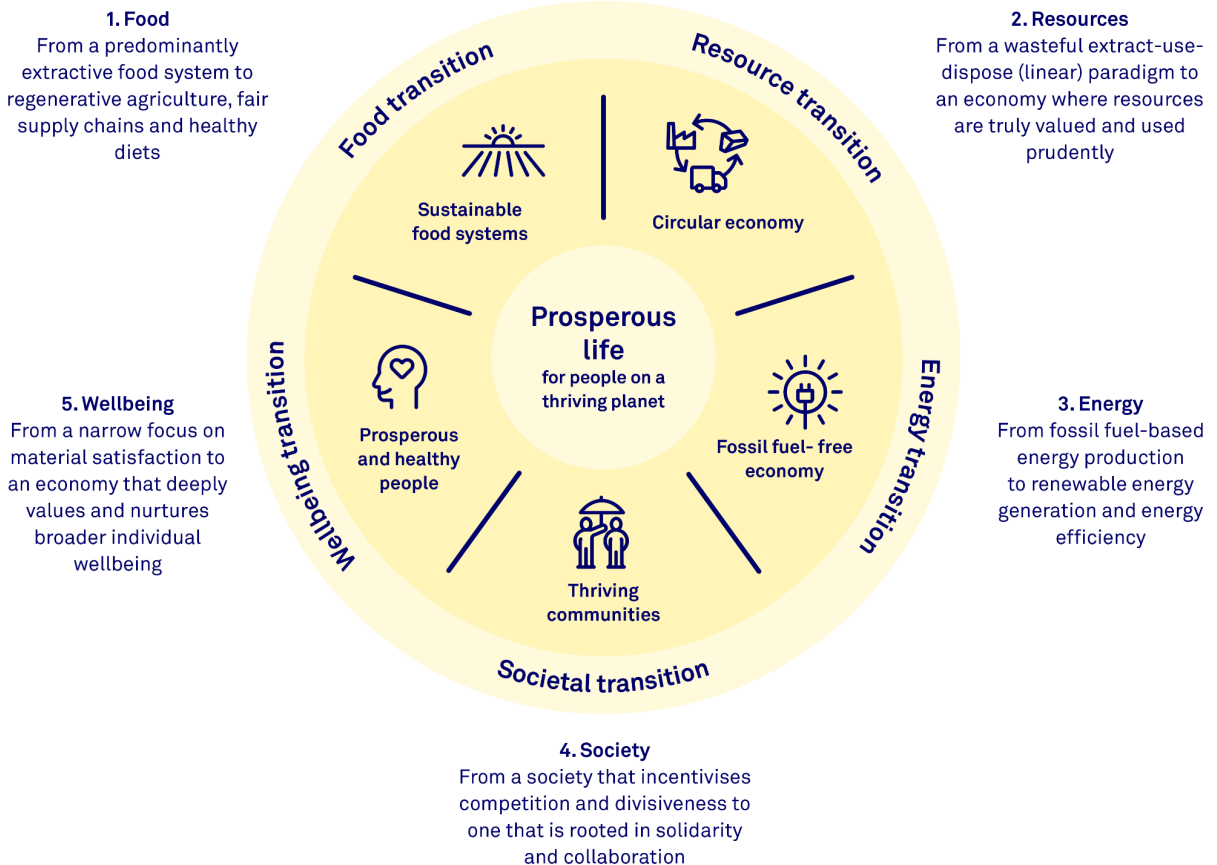
2022 highlights: follow-up on initiatives and aspirations

In 2021, we started an impact strategy and management project to embed impact management more explicitly in our governance across all Triodos Bank's entities and business units. In our previous Annual Report we indicated a set of aspirations for our work in 2022. We follow up here on our stated ambitions, reporting on progress and initiatives of 2022.

Impact vision, strategy and coordination

In recent years, we identified a strong need to increase internal synergies and coordination on impact themes to further leverage our collective strength. In 2022, we initiated a process to develop

Focus on five interlinked transitions



Triodos Bank's redefined transition themes are common to all Triodos entities.

a concrete, Group-wide impact strategy to ensure alignment and coordination across subsidiaries and business units. The impact strategy is an integral part of our corporate strategy.

In line with the impact management cycle, we first developed a Group-wide impact vision, a shared and coherent approach for the entire organisation and common language around impact. We defined five transition themes that represent our impact focus areas: sustainable food systems (Food transition); circular economy (Resources transition); fossil fuel-free economy (Energy transition); thriving communities (Societal transition); and prosperous and healthy people (Well-being transition).

These five themes are deeply interlinked. Fundamentally, they are all about social change. Where they connect with environmental change, there is even greater urgency. The reference to transitions affirms our intention to add a forward-looking lens to our financing activities, actively seeking to accelerate these transitions towards an all-round sustainable society and economy.

Sustainable food systems – Food transition

The preservation of ecosystems and the future well-being of the human population are all dependent on a structural transformation of the food system. This transition theme focuses on the goals surrounding this challenge - on ensuring a transition towards a sustainable, resilient and equitable food system, producing healthy, safe, and nutritious food for all.

Circular economy – Resource transition

Efforts need to be made to establish circular management of all resources and materials, fundamentally halting the environmental degradation caused by our production and consumption systems and pushing for change in the way and the extent to which we extract, produce, use, and dispose of goods and raw materials. Transforming our current model of linear resource use through circular products and circularity-enabling processes, technologies, business models and business practices is at the core of this transition theme.

Fossil fuel-free economy – Energy transition

Mitigating and adapting to climate change are key challenges of the 21st century, putting focus on our overall energy consumption and our dependence on fossil fuels. The world needs nothing short of a complete transformation of the energy system that is the foundation of our economies for future sustainable development. This transition theme focuses on fostering clean energy sources that reach all corners of society and the economy, and on the mechanisms to ensure a just transition.

Thriving communities – Societal transition

A sustainable economy is an economy that works for all, leaving no one behind or at the margins of society, and that values collaboration and fosters cohesion among groups and individuals. This is only possible by pursuing a true spirit of solidarity and collaboration. In this theme we focus on activities and services that contribute to this journey towards increasing cohesion and social empowerment.

Prosperous and healthy people – Well-being transition

The quest for well-being is central to the human experience, and our society can only thrive when its members are physically and mentally healthy. A shift needs to be made to ensure that we deeply value and nurture individual well-being, for all. This transition theme focuses on activities that foster individuals' physical and mental health, as well as self-development, self-expression, and healthy relations with others.

In 2023, we will work to define in more detail our ambitions and concrete business strategy to tackle these challenges.

Impact governance

Governance on impact-related matters has been evolving in the past years, with the creation of the Triodos Group Impact Committee in 2020 and of the Impact Management and Measurement domain at Triodos Investment Management in 2021. In Spring 2022, this experience was extended to Triodos Group, by setting up a Group-wide Impact Hub and replacing the Triodos Group Impact Committee with the Group Impact Board, which oversees the work of the Impact Hub and informs and advises

the Executive Board on strategic impact-related topics. These strategic issues are among others the minimum standards, impact strategy, vision and targets. The primary goal of the Impact Board is to understand, align, monitor and equip the business to steer our impact activities and develop strategic ambitions from a Group-wide perspective in line with our mission and our corporate identity.

Engaging with clients and partners: impact monitoring, steering and reporting

For impact monitoring, steering and reporting, direct engagement with clients and partners is key.

Impact Prism: further development of a client engagement tool

To support our holistic approach to impact, the Triodos Impact Prism was developed in 2018 and 2019 to understand, monitor and equip businesses to steer on impact in service of their goals. Thirty-five questions identify the broader impact and purpose of each loan of our banking activities, ranging from questions on social justice to its exemplary role in sustainability. The main goal is to use the results to discuss opportunities during the relationship to increase the impact of the customers and projects we finance.

During 2022, Triodos Bank redefined its impact vision and brought more focus to its impact strategy and management. This required a re-evaluation and further development of the Triodos Impact Prism as a tool to support this impact strategy. Based on a range of interviews with clients and relationship managers alike, we identified ways to improve on this concept to serve our client engagement strategy. Clients confirmed the value of a tool like the Impact Prism to gain insight into their own impact profile and as a way to identify opportunities for improvement with our relationship managers. This exchange on a broad set of impact themes is valued as a unique element of the relationship between clients and relationship managers, as it leads to a different conversation than one might normally have with a bank. At the same time, it became clear that we needed to make adjustments in order to deliver optimal value to client and relationship manager alike.

Our impact vision, transition themes and strategic themes

With our impact vision we contribute to the three strategic themes described in the Strategic objectives chapter on page 32:

1. We show that different qualities of money, provided by different business units of the bank, contribute to the same transitions in different phases (One bank).
2. It reinstates the purpose of Triodos Bank and renews the story on the purpose we have. By defining five transition themes, it enables us to better align our activities with necessary impact in the outside world (Unlocking our purpose).
3. The five themes and impact vision highlight the importance of a forward-looking lens to impact, actively seeking to accelerate these transitions towards an all-round sustainable society and economy. This is the next step for sustainable finance (Frontrunner in responsible finance).

Concretely, we have now integrated the Impact Prism into the client's banking system, to make it accessible to clients at all times. Data is fed directly into Triodos' production system for further analysis, leading to a report that is made available for clients and discussed with relationship managers. Along with other adjustments in usability and methodology, the Impact Prism is now a more client-friendly tool that is oriented first and foremost on inspiring to action.

The new Impact Prism portal has been made available to Dutch business banking clients in January 2023, with other branches following during 2023. Also, we aim to integrate other impact-related data-exchange in the portal to support our ability to steer on our main impact themes. In the Netherlands, we aim to inspire our clients to '1000 actions' registered in the Impact Prism during 2023 that can be followed up by the relationship manager, which may vary from very small and

operational (e.g. deciding to only serve organic food in the company cafeteria) to large and strategic (e.g. making sustainability a more explicit part in the client's strategy). This is how our client engagement leads to actual change in very real ways.

Other developments

On the investment side, in 2022 all funds at Triodos IM completed a process to design or update their impact management and measurement frameworks. Each fund follows the logic of the Triodos Bank impact management cycle as presented on page 58. This includes the development of a theory of change and sustainable objectives per fund, the logic that links vision and strategy to implementation and monitoring of impact. These are monitored and improved upon in a continuous cycle at various levels and frequencies in the organisation. The theory of change and relevant outcomes are presented in the Fund Impact Reports during the spring of 2023.

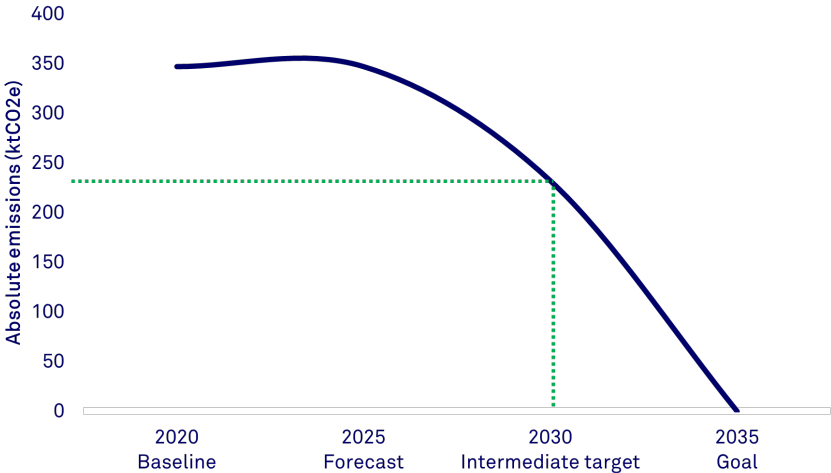
Specifically on climate impact, since 2015 we have been working to measure and report our own (direct and indirect) and financed (indirect) emissions, and in 2018 reported on them for the first time. Our financed emissions are measured through the PCAF methodology and reported in Climate impact of our loans and investments, page 69.

Overall, we monitor and report our own performance as a values-based bank by compiling the Global Alliance for Banking on Values (GABV) scorecard, which provides insights into our overall financial viability and, importantly, on our overall focus on triple bottom line (people, planet and prosperity) and on the real economy (see Appendix IV – Global Alliance for Banking on Values scorecard – quantitative evidence of our impact, page 410).

AsOneToZero

In April 2021, Triodos Bank was one of the first banks to join the Net-Zero Banking Alliance (NZBA) and in November 2021 we set a target to become a net-zero financial institution by 2035, covering 100% of our loan and investment portfolios. In 2022, we have been developing an action plan to progress our net-zero ambition. We have set an intermediate target to reduce net emissions by 32% to 232 ktonne CO₂e in 2030 across our entire loans and funds' investments portfolios. The graph below illustrates our intermediate target and forecasted emissions. In the context of portfolio growth, Triodos Bank expects net absolute emissions to be relatively stable until 2025 and to start declining from then onwards as a result of our sequestration investments and our reduction efforts diminishing the carbon intensity of portfolios.

Absolute Net Emission Forecast



Triodos Bank already excludes fossil fuels from financing activities, and refrains from financing and investing in highly polluting sectors and activities. Our AsOneToZero commitment focuses on investing in nature-based solutions and reducing the emission intensity of our financed activities. For more on this, see Climate impact of our loans and investments on page 69.

1.3.4 Change finance report

As well as financing progressive entrepreneurs, we aim to influence the financial sector and the shape of the economic system at a national and global level to help deliver our mission. We believe that the more sustainable, diverse and transparent are financial industry operations, the more money will be used consciously, and the greater the improvement in people's quality of life. This is a cornerstone of a regenerative and inclusive economy that enables people and communities to prosper with respect to ecological limits.

We change finance in different ways. We publish vision papers, write opinions, support letters to government bodies and join calls for action. We share our knowledge and expertise on sustainable finance with policymakers, politicians and supervisors in meetings or through feedback in public consultations. We encourage other financial institutions to make different choices and commit to sustainable finance. We work together with like-minded organisations and create formal and informal partnerships to strengthen each other. This is done locally in the countries in which we operate as Triodos Bank, but also at European and international levels.

In 2022, we actively contributed to different consultations, including the Basel Committee's consultation on principles for the effective management and supervision of climate-related financial risks and the European Commission's consultation on the ESG ratings market in the European Union and on the consideration of ESG factors in credit ratings. Furthermore, Triodos Bank published a position paper and initiated a petition on the revision of the Alternative Investment Fund Managers Directive (AIFMD) to counter a flaw in the European Commission's proposal. Triodos Bank also initiated an open letter with 11 other financial institutions to call for the inclusion of obligations to the financial sector in the Commission's proposal

for a regulation on deforestation-free products so as to ensure that financed activities do not contribute to the loss of forests and biodiversity. Among other topics we have been discussing with (European) policymakers, politicians and other stakeholders are the Sustainable Finance Disclosure Regulation (SFDR), climate risk in Pillar 1 in the new Banking Package and the Corporate Sustainability Due Diligence Directive (CSDDD).

Climate and biodiversity are major societal topics in the financial sector. The yearly gathering of the Conference of the Parties (COP) 27 in Sharm-El-Sheik on climate change ended in disappointment with meagre progress on the five key areas. Existing commitments to keep global warming limited to 1.5°C were not strengthened with, for example, firm commitments to phase out gas and coal. On the other hand, the 15th UN Biodiversity Conference of the Parties (COP15) was more promising. A historic deal was reached to halt biodiversity loss by 2030. In the run-up to COP15, Triodos Bank signed the Business open letter of Stop Ecocide, calling on governments to support the recognition of ecocide at the International Criminal Court and to positively engage in the growing global conversation to make this a reality, for which there is currently an opportunity in the EU Environmental Crime Directive. We also supported Business for Nature's call to adopt ambitious mandatory requirements for all large businesses and financial institutions to assess and disclose their impacts and dependencies on biodiversity by 2030.

Triodos Bank is not only active in European and international debates, but also works at a national level to change finance. Triodos Bank Belgium supported research about the status of impact finance in Belgium, which led to the launch of Impact Finance Belgium (IFB), which aims to increase the share of impact capital in Belgium. In the UK, Triodos Bank UK has worked with the government and financial sector partners to influence the new UK Green Finance Strategy. Triodos Bank Netherlands is pleased that the Dutch Government now intends to link the energy use of a home by 2024 to the maximum mortgage a buyer can obtain, after advocating for this since 2016 and introducing this in its own lending standards for mortgages in 2020. The Managing

Director of Triodos Bank Germany was reappointed as member of the sustainable finance council of the new German Government. He represents other sustainable banks in Germany and leads the working group that works on more transparency of financial products. For several years, Triodos Bank Spain has been advocating with partners the legal recognition of purpose-driven businesses. In 2022, the Crea y Crece Law was approved to promote an entrepreneurial ecosystem that generates a new economy. During 2022, Triodos Investment Management has been advocating for more transparency for non-sustainable funds. These are all specific examples of how we try to

change finance in the broadest sense. In all our public appearances, opinion pieces, publications or interviews we highlight the transformational power of money and the role of the financial sector in society.

Our view on EU developments in regulations and directives

Since the EU's Sustainable Finance Action Plan (SFAP) was presented in May 2018, many new regulations and directives have been drafted, discussed and are now being implemented. We fully support and recognise the importance of many of these regulations and directives, although we are disappointed by some of the outcomes this year.

Deforestation Regulation

Triodos Bank is pleased that the EU has reached an agreement on regulation on deforestation-free supply chains, no longer allowing products on the EU market that contribute to deforestation. We believe this is an important step against deforestation and for the restoration of biodiversity. Triodos Bank would have liked other wooded lands to have been included in the regulation, because we strongly believe the EU should not limit its ambition to protect forests but should also seek to prevent conversion of other wooded ecosystems. We are disappointed the financial sector is not included at this time, but at the same time consider it an important step the EU will reassess this at a later date.

Corporate Sustainability Due Diligence Directive (CSDDD)

Triodos Bank believes financial institutions have a responsibility to understand the impact of their loans and investments, including of the value chain of the financed activity. That is why we support a strong EU-wide Corporate Sustainability Due Diligence Directive for all financial institutions, which will require financial institutions to know the impact of their clients and their value chains and create a level playing field for the EU's financial sector. We are disappointed with the position of the Council on the CSDDD, which does not include an obligation for all EU financial institutions to perform due diligence on the activities and value chains of their clients.

EU Taxonomy

The green taxonomy, the EU list of sustainable economic activities, was introduced in 2021 to establish unambiguously what is and what is not a green investment. Triodos Bank welcomed such a list, because it potentially equipped European investors with a better understanding of sustainable investment. That would drive the sustainable transition and combat greenwashing. In 2022, the European Parliament voted for the plans of the European Commission to classify natural gas and nuclear energy as sustainable in the new taxonomy. Triodos Bank is very disappointed by the outcome of this vote. We believe natural gas and nuclear energy are not sustainable and do not belong in a green taxonomy.

1.3.5 Impact by transition theme

Our vision on measuring impact reflects a focus on delivering our mission. We aim to find qualitative evidence of impact and back that up with numbers when relevant. Our more qualitative impact can be found in the case studies online (www.annual-report-triodos.com). This section summarises the positive impact in numbers that our loans and investments generate within our five key transition themes (food, resources, energy, society and well-being).

Impact information is mostly collected through the interaction of investment and relationship managers and their clients and projects.

Our main guidelines for impact by transition theme are:

- Our calculations only measure projects with a direct relationship to our finance or investment activities unless otherwise stated.
- For the impact indicators, we use the contribution approach, unless otherwise stated. This means that we include 100% of the impact when we co-finance a project except when this represents the results unfairly.
- If it is not possible to record 100% of the data required, we use conservative estimates.
- Because most impact numbers are based on manually collected data from our lending customers and investees, and despite strict definitions, this data can be subject to different

interpretations. That is why we round off all impact data conservatively in this report.

- The impact data included in the Executive Board report is in scope of the review procedures performed by the independent external auditor. Subjecting our impact performance to the audit process (limited assurance) is a logical step for an integrated business with sustainability at the core of its financial activity.

For more detailed information on the measurements per theme, see www.triodos.com/impact-themes.

Food (4% of total portfolio)

Organic farming



Our relationship with the soil and the earth requires a systemic perspective. A world view that sees agricultural land as the starting point for a limitless process of extraction is unsustainable. Instead, agriculture needs to be seen within the context of a natural system. This system includes nutrients, water, biodiversity, animal welfare and social conditions.

The organically managed land on the farms which Triodos Bank and Triodos Investment Management financed in 2022 could produce the equivalent of approximately 29.5 million meals in 2022, enough food to provide a sustainable diet for approximately 27,000 people (2021: 31,100). Together they financed approximately 32,600 hectares of organic farmland across Europe. This equates to farmland the size of a football pitch for every 13 customers, each one producing enough for 543 meals per year.

Sustainable trade

In 2022, approximately 42,800 smallholder farmers (2021: 38,900) in nine emerging market countries worldwide were paid directly and fairly upon delivery of their harvests as a result of the trade finance that Hivos-Triodos Fund provides to farmers' cooperatives and agribusiness. The increase in the number of farmers is due to new investees and existing cooperatives expanding

their farmer base.

The farmers had 57,100 hectares of certified organic farmland under cultivation in 2022 (2021: 49,600). An additional approximately 6,000 (2021: 5,800) hectares was in conversion. The farmers harvests brought 11 different fair-trade and organic products to international markets, including coffee, cocoa, rice, fruit juices and superfoods.

Resources, including residential mortgages (39% of total portfolio)

Sustainable property and residential mortgages



As well as offering green mortgages that incentivise households to reduce their carbon footprint, Triodos Bank and Triodos Investment Management finance new building developments and renovation projects for properties to reach high sustainability standards.

In 2022, Triodos Bank and Triodos Investment Management financed directly via retail banking and via sustainable property approximately 24,800 homes and apartments (2021: 21,700), an increase of 14% mainly due to growth in the residential mortgage portfolio. Of the properties in the residential mortgage portfolio, about 56% have an energy label of A or higher, 27% have an energy label between B and G, and the energy label of 17% has not yet been reported.

We also financed about 470 commercial property buildings (2021: 480, buildings only) comprising approximately 871,000 m² for office and other commercial space (2021: 957,000m²).

Nature development and Forestry

In 2022, we financed approximately 33,900 hectares of nature and conservation land and sustainable forestry (2021: 33,400 hectares), representing around 450m² of land per customer.

This land is important for the sequestration or absorption of CO₂ from the atmosphere.

Energy (22% of total portfolio)

Renewable energy



A fundamental transition is needed to decarbonise our economy. By lending and investing in solar, wind and hydro energy, Triodos Bank stimulates this transition. We also finance and co-finance projects that increase the use of renewable resources, reduce the demand for energy and promote energy efficiency.

By the end of 2022, Triodos Bank and its climate and energy investment funds were financing 611 projects (2021: 586) in the energy sector. These included:

- 522 sustainable power-generating projects related to wind (199), solar (287), hydro (35), or a combination (1);
- 43 sustainable power projects in a construction phase;
- 46 energy-efficiency projects including 24 heat and cold storage projects, 6 battery storage projects, 1 greenhouse gas-neutral biomass project and a diverse range of energy-efficiency initiatives.

Through our share in these renewable energy projects, over 1.0 million tonnes of CO₂ equivalent emissions were avoided (2021: 0.8 million tonnes).

The total capacity of the power-generating projects was 9,100 MW (2021: 6,000 MW), producing the equivalent of annual electricity needs of 7.4 million households worldwide or approximately 865,000 based on an attribution approach (2021: 698,000).

Society (16% of total portfolio)

Social housing



Helping to achieve social inclusion is a strategic theme for Triodos Bank. We finance the development of disadvantaged individuals through businesses that address specific social objectives; for example, in not-for-profit employment programmes, youth help centres, integration programmes and other community projects. We also lend to organisations that provide affordable housing for the people most in need.

In 2022, Triodos Bank and Triodos Investment Management financed 238 social housing projects, which directly and indirectly provide accommodation for approximately 22,000 people (2021: 59,700). This figure is lower than last year because in 2022 we only included our financed share for the larger projects that we co-finance.

Financial inclusion



We believe that social inclusion improves with financial inclusion. We fund values-based organisations working for inclusive finance across the world, because they provide access to fair and transparent financial services for people and small businesses. Bringing people into the financial system spurs social and economic development and contributes to achieving multiple SDGs.

At year-end 2022, Triodos Investment Management's financial inclusion funds financed 113 financial service providers (2021: 111) in 47 countries. These values-based institutions vary from small NGOs working in underdeveloped markets to digital lending platforms and fully fledged banks that offer access to a range of fair and transparent financial services for people and small businesses.

Together, these financial service providers reached approximately 19.9 million individuals in 2022,

saving for unexpected expenses and their future (2021: 18.6 million).

Some 20.3 million borrowers were reached who used the funding to start or expand their business, generate income and better manage their daily lives (2021: 17.8 million). Two-thirds of them live in rural areas.

The increased number of savers and borrowers is coming from new investments and recovery and reactivation from COVID-19 and is related to highly qualified professionals and business from Russia, Ukraine and Belarus who have shifted their finance to financial service providers in neighbouring countries in which we invest.

Of the loan clients, 80% are female. Women in developing countries and emerging economies are often in a disadvantaged position. Giving women the freedom to manage their income and to support their families empowers their position and has been shown to have a greater economic impact overall.

Well-being (18% of total portfolio)

Healthcare



Triodos Bank believes good physical and mental health and well-being are fundamental to a better quality of life. That's why we finance medical centres that offer complementary health services and care for the elderly and terminally ill people.

As a result of its finance across Europe around 45,600 individuals (2021: 45,900) were residents at 652 elderly care homes financed by Triodos Bank and Triodos Investment Management in 2022, representing the equivalent of 16 days of care per Triodos Bank customer.

Arts and culture



Arts and culture play an important role in the personal development of individuals and in social cohesion. They reveal new perspectives and inspire and connect people.

Based on its long-standing commitment to art and culture, Triodos Bank has a leading position in the sector. It develops innovative finance instruments such as guarantee funds. To do this we work together with governments, industry associations and consultants.

In 2022, Triodos Bank financed 1,513 relations active in the cultural sector (2021: 1,450), from individual artists to large cultural institutions. Approximately 36% of the portfolio relates to cultural centres. Based on historic data we have estimated that our finance in 2022 helped make it possible for approximately 25.8 million visitors (2021: 9.9 million) to enjoy events at cultural institutions such as cinemas, theatres and museums. The number equates to approximately 34 cultural experiences enabled per Triodos Bank customer. The 2021 figure was considerably lower due to the lockdowns during the pandemic.

Education



Triodos Bank believes that education brings huge benefits to the individual in terms of personal development and well-being, and to society in terms of economic development and social cohesion. The organisations we finance in this sector include schools, training institutions and conference centres.

In 2022, Triodos Bank financed over EUR 309 million in education initiatives from 506 loan agreements (2021: 519). Based on historic data we have estimated that approximately 738,000 individuals benefitted from the work of these education initiatives in 2022 (2021: 786,000). This means that each Triodos Bank customer has made it possible for approximately one person to receive education.

Funding creative, cultural and social initiatives

Triodos Bank and the European Investment Fund (EIF) have signed several guarantee agreements for the social and creative and cultural sector. Since the start of the guarantee facility for the creative and cultural sector in 2021 we have been able to finance EUR 88 million to 260 initiatives in the creative and cultural sectors. Through the Social Entrepreneurship guarantee agreement provided under the EU Programme for Employment and Social Innovation (EaSI), Triodos Bank has until the end of 2022 been able to finance EUR 130 million to 500 social enterprises in the Netherlands, Belgium, France and Spain, exceeding our original EUR 65 million target. At the end of 2022 Triodos Bank signed a new agreement with the EIF that enables us to have new lending with a volume of EUR 67 million available to finance social entrepreneurs in the Netherlands, Belgium, France and Spain.

Impact equities and bonds

Triodos Investment Management wants to make impact the new standard in investing. For us, money is not a means to an end but a powerful way of making a difference. This is fully embedded in the activities and approach of our Impact Equities and Bond funds that are all classified as SFDR Article 9 funds.

The Impact Equities and Bond (IEB) funds invest for positive change in listed companies from across the globe. The objective of these funds is to maximise positive impact by investing exclusively in companies that contribute to one or more of our transition themes, which are anchored in the United Nations' Sustainable Development Goals (SDGs). Of the funds' investments by Triodos Investment Management and TRMC, 57% relates to IEB. The contribution of the Impact Equities and Bonds portfolio to the five transition themes in 2022 is as follows:

Food: 7%, Resources: 15%, Energy: 31%, Society: 26% and Wellbeing: 21%.

In 2022, the footprint benchmark¹ results for the Triodos' Impact Equities and Bonds funds were on average:

- GHG emissions: 52% lower than the benchmark
- Water use: 82% lower than the benchmark
- Landfill waste production: 2% higher than the benchmark

These footprint and benchmark figures, received from external data providers, give an indication of the funds' sustainability performance as an outcome of the funds' strict impact selection and exclusion criteria.

The carbon and water footprints of the IEB funds showed lower environmental impacts of the portfolio companies' activities compared to those of the benchmark.

The higher than benchmark landfill waste footprint is mainly related to the investment in a number of paper (packaging) companies promoting the transition from plastic to paper packaging. Since landfill waste is defined as all waste eligible to be disposed of via landfills, it includes paper and plastic packaging, which in many instances can be recycled so they do not end up in landfill. We consciously accept that a handful of investments with positive overall impact results in the funds have a larger waste footprint than the reference index, as we firmly believe these companies deliver a positive impact on problems like plastics pollution in our oceans.

For more details on these footprints, we refer to the impact reports of our IEB funds online: www.triodos-im.com.

In our AsOneToZero ambition we have also set targets on reducing the emission intensity of our IEB funds. In this, Triodos Bank commits that 82% of its listed equities and corporate bonds portfolio will have set science-based targets by 2035. Targets adopted by companies to reduce greenhouse gas emissions are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Climate Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

At the end of 2022, 45% of the IEB total funds' portfolio by net asset value, were aligned with or committed to science-based targets (2021: 51%). The decline in percentage compared to last year is mainly due to lower market values in 2022. The data has been retrieved from the science-based targets initiative (SBTi)'s public database of aligned and committed companies.

¹ The benchmark with which the IEB funds compare differs per fund and type of footprint. These are: MSCI World, MSCI World MidSmall Cap, MSCI Child Health, iBoxx 60-40 and customized benchmarks for the Triodos Mixed and Sterling Bond Impact Funds.

1.3.6 Climate impact of our loans and investments

Triodos Bank supports the sustainable and inclusive transition of our economies and society in line with the Paris Agreement target of limiting the temperature increase to – at most –1.5 degrees Celsius above pre-industrial levels. Our ambition is to be net zero on greenhouse gas emissions in 2035 at the latest.

In this context, in 2015, at the landmark Paris Climate Conference, Triodos Bank co-signed the Dutch Carbon Pledge to measure and disclose its greenhouse gas, or carbon emissions, and to ensure these emissions remained in line with the ambitions of the Paris Agreement. The initiative launched the Partnership for Carbon Accounting Financials (PCAF), a collaboration between Dutch financial institutions which has evolved into the Global GHG Accounting and Reporting Standard for the Financial Industry, allowing stakeholders to compare the GHG emissions of banks and other financial institutions.

**1,048
ktonnes**

CO₂ emissions avoided as a result of sustainable energy projects financed by Triodos Bank

The PCAF Standard in practice

As our main impact in the economy and society stems from our loans and investments, PCAF's harmonised approach focuses on measuring the carbon footprint of these asset classes. Triodos Bank implemented and reported on the PCAF methodology for the first time in 2018 and has disclosed the carbon accounting of 100% of our loans and funds' investments since 2019. In 2022 we have also included the financed emissions of other loans and investments, for example those related to our Treasury activities. By mapping emissions per sector, we can identify current hotspots within our portfolio.

Guided by PCAF's Global GHG Accounting and Reporting Standard for the Financial Industry and in collaboration with the PCAF consulting team from Guidehouse, we defined our reporting and measurement principles as follows:

- While GHG emissions include other gases besides just carbon, we use the latter as shorthand for GHG emissions in our reporting.
- GHG emissions are measured in tonnes CO₂ equivalent (CO₂e) and categorised as three main types:
 - *Generated emissions*: GHG emissions arising from various economic activities. This refers to carbon that is emitted into the atmosphere.
 - *Sequestered, or absorbed, emissions*: GHG emissions stored in carbon sinks, such as trees, plants and soil etc. This refers to the actual removal of carbon from the atmosphere.
 - *Avoided emissions*: GHG emissions that are avoided from fossil-fuel power generation due to renewable energy. While avoided emissions play a very positive role, they do not remove existing carbon from the atmosphere. That is why we present these avoided emissions in our graphs and tables beneath actual emissions. And it is important to note that our avoided emissions figures will, eventually, start to decline, even as the amount of energy generated by the renewable energy projects we finance increases. This is because the wider energy system is in the process of becoming less carbon-intensive overall. Energy from fossil-fuel sources will continue to


decline while energy from renewable sources is increasing, creating a more sustainable energy system.

- In the calculation of our financed emissions we have applied the attribution approach. This means that we calculate the emissions as they relate to the proportion of our finance in a project or on a customer's balance sheet. For example, if we are responsible for half of a project's finance, we report half of the emissions generated or avoided by that project. This attribution approach is a more accurate reflection of Triodos Bank's responsibility for the GHG emissions it finances and is consistent with the PCAF methodology.
- We aim to improve the overall data quality level of our carbon footprint measurements each year to improve our insights and better steer on targets. The data quality levels are defined in the 'data quality' table below.
This year, overall data quality stayed stable on 3.2 (restated, was: 3.5) on a five-point scale, with 1 being considered the highest score. The main cause of the increased data quality score in 2022 and the restated figure in 2021, is the application of the GHG emissions lookup table for residential real estate in the Netherlands for both years. This emission factor table is developed by the PCAF NL working group and

uses public energy consumption data from the Central Bureau of Statistics (CBS), together with energy label and house types. As a result, the data quality scoring for the Dutch part of the residential mortgage portfolio improved from 4.0 to 3.0. In other sectors there were some modest improvements in collecting better data to estimate the GHG emissions.

For readers with a more detailed interest, a separate GHG accounting methodology report on how the PCAF standard was applied to our portfolio is available on our website.

Data quality levels

<p>Certain (5-10% error margin in estimations)</p>  <p>(40-50% error margin in estimations)</p>	Score 1	Audited GHG emissions data or actual primary energy data
	Score 2	Non-audited GHG emissions data, or other primary data
	Score 3	Averaged data that is peer/(sub)sector-specific
	Score 4	Proxy data on the basis of region or country
	Score 5	Estimated data with very limited support

Our financed emissions

The GHG emissions that can be attributed to Triodos Bank's loans and investments in 2022 are presented in two graphs and a more detailed table in this chapter.

The first graph shows our portfolio's emissions in ktonne CO₂e. The second graph shows the intensity of Triodos Bank's GHG emissions per billion euro lent and invested. It provides stakeholders with an indication of the impact of our finance on generated, sequestered and avoided emissions that could be compared across financial institutions.

In 2022, approximately 324 ktonne CO₂e in emissions were generated by loans and investments in this climate impact measurement (2021: 379 ktonne CO₂e). This amount has been netted with 3 ktonne CO₂e sequestered emissions from the organic farming sector. The decline in generated emissions compared to last year is mainly due to lower investment volumes in the Impact Equities and Bonds funds (IEB funds). Other sectors also faced a decline in lending and investment volumes, or a lower share in the projects financed. The high emission intensity for the sector environmental other is mainly caused by the lack of good emission factors for recycling companies and

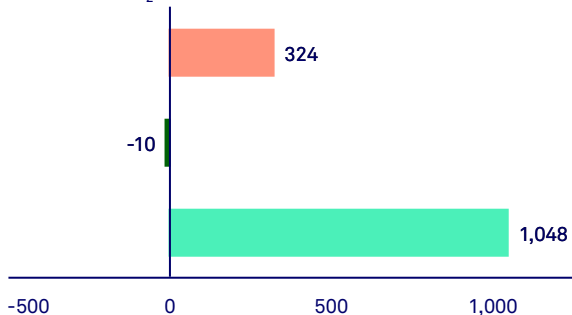
other technology projects. We expect the emission intensity to decrease as we collect more activity data from these projects. Changes per sector, both up and downwards, can furthermore be explained by the annual update of the emission factors.

Triodos Bank also finances forestry and nature development projects. This resulted in the sequestration of approximately 10 ktonne CO₂e (2021: 15 ktonne CO₂e), equal to at least 231,000 mature trees and enough to compensate the emissions from the farming sector. The decline in this sector is mainly due to annual redemptions in some larger projects we finance. Working on the AsOneToZero ambition, Triodos Bank is analysing and implementing opportunities for new natural capital, nature-focused finance and regenerative organic agriculture, sequestering carbon and supporting biodiversity.

The renewable energy and energy saving projects that we finance avoided over 1,048 ktonne of CO₂e emissions as compared to fossil-fuel power generation (2021: 851 ktonne CO₂e). This is equal to the avoidance of emissions of approximately 7.2 billion kilometres travelled by car. The number of power-generating projects we finance in Europe and in emerging markets increased by 28 to 522 in 2022. The total electricity production of our financed projects also increased, both due to new investments and due

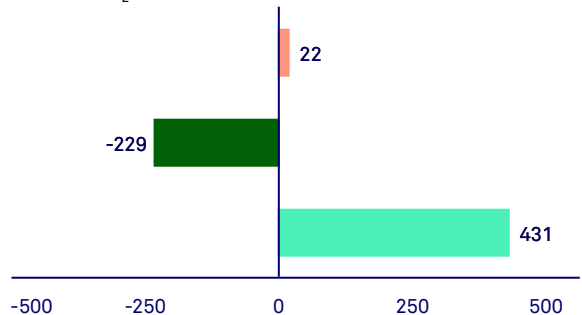
Climate impact of our loans and investments 2022

in ktonne CO₂e



Climate impact in emission intensity 2022

ktonne CO₂e/billion EUR financed



to the operationalisation of existing projects. This resulted in a 23% increase of the total attributed avoided emissions compared to last year.

Overall, the results clearly indicate that financing a sustainable economy for many years has resulted in substantial avoided emissions relative to our generated and sequestered emissions.

The next table provides the GHG emission data of our finance per sector, in both absolute and

relative (emission intensity) terms and shows the data quality score for each item.

We will continue to report the climate impact of our own operations and of our loans and investments in the future. We hope to further improve the quality of this data, the methodology that underpins it and, therefore, the accuracy and relevance of our reporting.

Triodos Bank's Science Based Targets – scope 3 portfolio targets

Triodos has committed itself to the Science Based Targets initiative. Together with SBTi, in 2022 we worked on a validated set of (intermediate) targets. These targets were approved by SBTi on 10 March 2023, and include the following targets for our financed emissions. For our targets related to our own operations as a company, please refer to the Environmental report (see page 93).

Headline target:

Triodos Bank portfolio targets cover 43% of its total investment and lending by total assets under management as of 2020. As of 2020, required activities made up 38% of Triodos' total investment and lending while optional activities made up 31% and out of scope activities made up 31%.¹

Scope 3 asset class level targets

- Electricity generation project finance (Sector Decarbonization Approach (SDA) method): Triodos Bank commits to continue only financing renewable electricity projects through 2030.
- Commercial real estate (SDA method): Triodos Bank commits to reduce its scope 3 GHG emissions from commercial real estate within its private debt and equity portfolio 70% per square meter by 2035 from a 2020 base year.
- Corporate loans (Portfolio coverage method): Triodos Bank commits to 27% of all other corporate lending, by gross carrying amount, setting SBTi validated targets by 2025, and 82% by 2035.
- Listed equity, private equity and corporate bonds (SDA + portfolio coverage method):
 - Triodos Bank commits to reduce its scope 3 GHG emissions from the pulp & paper sector within its listed equity and corporate bond portfolio 45% per ton paper and board produced by 2035 from a 2020 base year.
 - Triodos Bank commits to reduce its scope 3 GHG emissions from the transport - vehicle manufacturing (PLDV) sector within its listed equity and corporate bond portfolio 44% per vehicle km by 2035 from a 2020 base year.
 - For all other sectors, Triodos Bank commits to 51% of its listed equity, private equity and corporate bond portfolio by net asset value setting SBTi validated targets by 2025, and 82% by 2035.

¹ These targets and coverage % do not include third-party asset management activities. Third-party asset management activities made up 4% of total investment, lending, and asset management activities by total assets under management.

Climate impact of our loans and investments

2022					
Emission type / Transition theme	Impact sector	Gross amount (million EUR) ¹	Attributed emissions (ktonne CO2e)	Emission intensity (ktonne CO2e / billion EUR)	Data quality score high quality = 1 low quality = 5
Generated emissions					
Food	Organic farming	309	9	30	2.8
	Organic food	157	8	49	4.4
Resources	Sustainable property	1,084	26	24	3.0
	Residential mortgages	4,450	21	5	3.2
	Resources - other	135	5	38	4.6
Energy	Environmental - other	206	24	115	5.0
Society	Social housing	590	21	35	3.9
	Society other and municipalities	233	7	32	4.9
	Inclusive finance and development	946	12	13	5.0
Wellbeing	Care for the elderly	742	14	19	3.3
	Healthcare - other	471	11	24	4.8
	Education	321	9	28	4.0
	Arts and culture	523	18	35	4.3
	Wellbeing- other	278	9	31	4.9
IEB funds	Corporate equities and bonds	2,180	112	51	2.0
	(Sub-)Sovereign bonds	449	10	22	3.8
Other	Other loans and investments	1,872	8	4	4.4
		14,946	324	22	3.5
Sequestered emissions					
Resources	Nature development and Forestry	45	-10	-229	3.0
Net emissions		14,991	314	21	3.5
Avoided emissions					
Energy	Renewable energy	2,429	1,048	431	1.5
Total²		17,420			3.2

¹ Assets managed for third parties, such as our private banking customers, are not included.

² Avoided emissions should not be summarised because their absolute emission is zero.

2021 ¹		Gross amount (million EUR) ²	Attributed emissions (ktonne CO2e)	Emission intensity (ktonne CO2e / billion EUR)	Data quality score high quality = 1 low quality = 5
Emission type / Transition theme	Impact sector				
Generated emissions					
Food	Organic farming	314	11	36	2.9
	Organic food	150	3	19	5.0
Resources	Sustainable property	1,043	29	27	3.4
	Residential mortgages	3,620	20	5	3.2
	Resources - other	116	4	35	5.0
Energy	Environmental - other	155	15	96	5.0
Society	Social housing	585	20	35	4.0
	Society other and municipalities	353	10	29	5.0
	Inclusive finance and development	997	13	13	5.0
Wellbeing	Care for the elderly	805	20	25	3.8
	Healthcare - other	483	21	43	5.0
	Education	329	11	34	3.8
	Arts and culture	535	35	66	4.5
	Wellbeing - other	304	19	61	5.0
IEB funds	Corporate equities and bonds	2,422	137	56	2.4
	(Sub-)Sovereign bonds	494	12	23	3.8
		12,705	379	30	3.6
Sequestered emissions					
Resources	Nature development and Forestry	53	-15	-273	2.9
Net emissions		12,758	364	29	3.6
Avoided emissions					
Energy	Renewable energy	2,483	851	343	1.5
Total³		15,241			3.2

¹ The 2021 figures for residential mortgages and IEB funds have been restated to correct for calculation differences, improved PCAF data and applying the PCAF NL approach for residential mortgages. Also, the 2021 format has been updated to match with the transition themes.

² Assets managed for third parties, such as our private banking customers, are not included.

³ Avoided emissions should not be summarised because their absolute emission is zero.

1.3.7

Taxonomy reporting

What is the EU Taxonomy?

The EU Taxonomy is the EU's dictionary of sustainable economic activities. The Taxonomy describes which investments are considered green. This promotes transparency, counters greenwashing and drives the shift of capital towards the sustainable economy of the future; a development that Triodos wholeheartedly supports. However, Triodos Bank is against the classification of natural gas and nuclear power as 'green transition techniques'. This puts the added value of the Taxonomy at risk, evolving it from a science-based dictionary to a controversial tool that actually encourages greenwashing. In addition, Triodos Bank strongly supports the development of a taxonomy of harmful activities, which is crucial to reliably identify risky sectors and accelerate their transition.

Six environmental objectives have been identified within the EU Taxonomy. The Taxonomy Delegated Acts contain technical screening criteria to further describe which economic activities fall under these objectives. A distinction is made between Taxonomy-eligible and Taxonomy-aligned (see the figure on the next page).

What does Triodos Bank need to disclose?

As a credit institution, Triodos needs to report Taxonomy-alignment in the form of the green asset ratio (GAR). The GAR shows the proportion of a credit institution's assets that are Taxonomy-aligned economic activities (the numerator) as a proportion of total covered assets (the denominator). As a bank we rely on client information on the EU Taxonomy to determine our GAR.

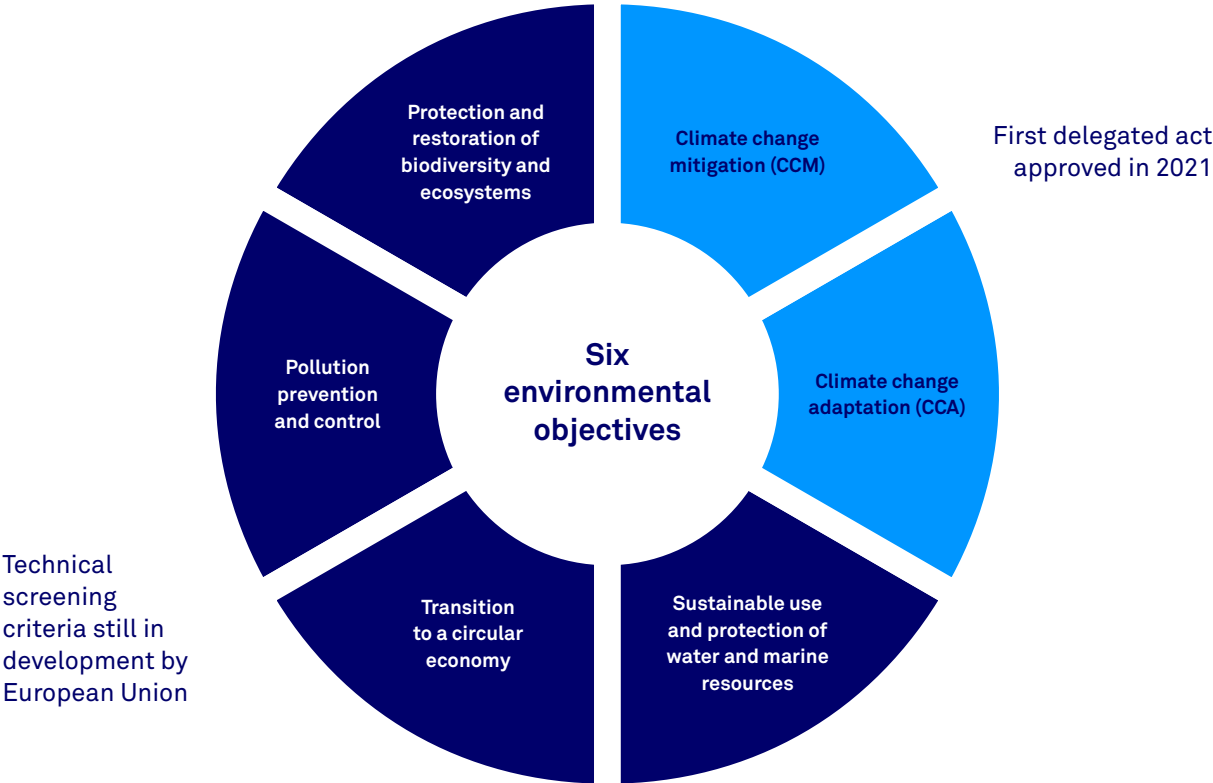
For reporting year 2022, Triodos Bank will only report on Taxonomy-eligibility for climate change mitigation (CCM) and climate change adaptation (CCA) as we use information provided by clients over reporting year 2021. The criteria for the remaining four environmental objectives under the Taxonomy will likely be finalised only in 2023. Triodos Bank will be required to report on Taxonomy-alignment for CCM and CCA as of reporting year 2023.

Guidance provided by the EU has introduced a distinction between mandatory and voluntary reporting on the EU Taxonomy. For the mandatory reporting, eligibility-related disclosures of financial undertakings are to be based on actual information obtained bilaterally from counterparties. We include the GAR for our Triodos Investment Management activities on a voluntary basis.

Scoping considerations: most of our sustainable lending portfolio falls outside the EU Taxonomy scope

We acknowledge the positive development of the EU Taxonomy but also strongly recognise that in the first years of the phased-in approach, a significant part of our portfolio falls outside the scope of the EU Taxonomy even though we believe our entire portfolio reflects our mission and frontrunner position as a values-based bank. The sustainable objectives currently only cover two out of six environmental objectives for banks in reporting year 2022. Triodos Bank has significant exposures in sectors such as healthcare, education and arts and culture, which are currently out of scope for determining Taxonomy-eligibility within these two objectives. Additionally, Triodos Bank has a high exposure to SMEs within its banking activities, but also in the alternative investment funds which mainly consist of unlisted SMEs. These are significant exposures not covered under the current Taxonomy mandatory reporting which only include large corporations subject to the Non-Financial Reporting Directive (NFRD).

Taxonomy-eligible: an economic activity that is described in the Delegated Acts adopted under the Taxonomy Regulation, irrespective of whether that activity complies with the technical screening criteria.



Taxonomy-aligned: An economic activity should meet the following four conditions to be Taxonomy-aligned:

- Substantially contribute to one or more of the environmental objectives of the EU Taxonomy.
- Do no significant harm (DNSH) to any of the other environmental objectives.
- Comply with minimum social safeguards.
- Comply with the technical screening criteria (TSC).

The six environmental objectives of EU Taxonomy and four conditions that need to be met to be Taxonomy-aligned

Triodos Bank N.V. 2022 Taxonomy-eligibility figures

39.6% of Triodos Bank’s covered assets can be considered Taxonomy-eligible (according to mandatory disclosure).

The first table shows the assets excluded for the GAR calculation and the assets covered for the GAR calculation. Per 31 December 2022, the gross

carrying amount of total assets is EUR 16.1 billion. Of these total assets, EUR 12.0 billion (74.5%) is included in the denominator (our covered assets). Of the covered assets, EUR 4.8 billion, or 39.6% is Taxonomy-eligible according to our mandatory disclosure. EUR 4.1 billion, or 25.5% of total assets, are excluded from the GAR calculation. The excluded assets relate to cash exposures to central banks and exposures to sovereigns.

This eligibility percentage seems low when considering our mission. This mainly results

from the high exposure to SMEs that are not obliged to disclose Taxonomy-related information. EUR 5.5 billion of the EUR 6.2 billion assets in the denominator (45.4% of the covered assets and 33.8% of total assets) refer to exposures to non-financial counterparties that are not subject to the NFRD disclosure obligations and are therefore not obliged to report on the EU Taxonomy. This is mainly driven by SMEs and UK exposures which fall outside the scope of the EU Taxonomy.

The main driver of our Taxonomy-eligibility score is our exposure to mortgages which relate to real-estate activities and are eligible for climate change mitigation. EUR 137 million (59.1%) of

the non-financial corporations subject to NFRD disclosure obligations are Taxonomy-eligible. These companies are mainly active in renewable energy, engineering activities and real estate. Other eligible activities are driven by specialised lending to local governments and green bonds. The final category of eligible assets relates to residential and commercial immovable property that was obtained through possession. These assets are linked to real estate and are therefore considered Taxonomy-eligible. We expect the Taxonomy-eligibility ratio to increase significantly over the coming years when the scope of the EU Taxonomy expands to other environmental objectives and clients increase their disclosures on the EU Taxonomy.

Balance sheet items in millions of EUR	2022 ¹			2021 ¹		
	Gross carrying Amount	Of which: Taxonomy- eligible	Taxonomy- eligibility %	Gross carrying Amount	Of which: Taxonomy- eligible	Taxonomy- eligibility %
Total assets²	16,142	4,770	29.6%	16,554	3,815	23.0%
Of which: Assets excluded for GAR calculation	4,111			5,682		
Sovereigns ³	1,480			1,354		
Central banks exposure	2,631			4,328		
Of which: Assets covered for GAR Calculation	12,031	4,770	39.6%	10,872	3,815	35.1%

¹ Empty highlighted sections are intentionally left blank. No information is displayed as excluded assets by their definition are not tested for eligibility.

² Gross carrying amount excludes 1) impairments on loans and advances and 2) fair-value changes of the hedged items in portfolio hedge of interest rate risk. Therefore the total assets in this table are EUR 342 million higher than reported in the FinRep F01.01 or IFRS Total Assets in which deductions for impairments or fair-value changes of hedged items are included (carrying amount).

³ Exposures to regional and central governments and regular lending to local governments.

In 2021, Triodos Bank disclosed eligible GAR on a voluntary basis as no counterparty information was yet available. In 2022, we report on the eligibility of our counterparties that are in scope by collecting information that is either publicly disclosed or collected from our clients bilaterally. We therefore do not have a separate voluntary disclosure for our on-balance exposures. Triodos Bank does however disclose the eligibility of the funds under management within Triodos Investment Management on a voluntary basis. EUR 236 million funds under management (excluding Private Banking and Stichting Hivos Triodos) are Taxonomy-eligible under our voluntary

disclosure, which amounts to 24.8% of the corporates subject to NFRD disclosure within the funds under management and 4.8% of total funds under management.

The 2022 eligibility ratio is mainly driven by holdings in the energy and utility industries. Only 19.4% of funds under management are exposures to corporates subject to NFRD disclosure obligations as a significant part of the portfolio is located outside the EU. Variations in the eligibility percentage compared to 2021 can be explained by a change in data provider of EU Taxonomy information and in shifting from using estimates to

Assets covered for GAR Calculation in millions of EUR	2022 ¹			2021 ¹		
	Gross carrying Amount	Of which: Taxonomy-eligible	Taxonomy-eligibility %	Gross carrying Amount	Of which: Taxonomy-eligible	Taxonomy-eligibility %
Total assets covered for GAR Calculation	12,031	4,770	39.6%	10,872	3,815	35.1%
Of which: GAR - assets in numerator	5,848	4,770	81.6%	4,987	3,815	76.5%
Financial corporations	877	55	6.3%	758	30	4.0%
Non-financial corporations subject to NFRD disclosure obligations	232	137	59.1%	239	18	7.5%
Households	4,601	4,460	96.9%	3,811	3,636	95.4%
Specialised lending to local governments	132	114	86.4%	172	123	71.5%
Collateral obtained by taking possession	5	5	100.0%	7	7	100.0%
Of which: Assets excluded from the numerator for GAR calculation (covered in the denominator)	6,183			5,885		

¹ Empty highlighted sections are intentionally left blank. No information is displayed as assets only included in the denominator by their definition are not tested for eligibility.

determine Taxonomy-eligibility to an increased use of data provided by investees. Actual EU Taxonomy figures may be lower than the estimated figures from last year. Nonetheless, all investments of Triodos Investment Management are sustainable investments as defined by Article 2(17) of the EU SFDR. A subset of these investments has EU Taxonomy-related objectives as core focus of the funds. Other investments have non-EU Taxonomy environmental objectives or social objectives.

More information on how we applied the EU Taxonomy reporting, the assumptions we made and the limitations that we experience are disclosed in Appendix VII, which also contains the full reporting table.

Compliance with the Taxonomy regulation: how the Taxonomy fits into Triodos Bank

This section elaborates on the compliance with the EU Taxonomy within our business strategy, product design processes and engagement with clients.

Sustainability is a core value of Triodos Bank and is integrated into nearly all our activities. Since its founding, Triodos Bank has been aware of the impact that its investment and finance decisions have on society, both positive and negative. There is no such thing as a neutral financial exposure, allocating capital (by investing or lending) should be done consciously considering both the environmental and social impact. We will therefore actively comply with and follow applicable sustainable finance regulations.

Triodos Investment Management voluntary disclosure in millions of EUR	2022			2021		
	Net asset value	Of which: Taxonomy-eligible	Taxonomy-eligibility %	Net asset value	Of which: Taxonomy-eligible	Taxonomy-eligibility %
Total funds under management¹	4,901	236	4.8%	5,401	289	5.3%
Of which: debt securities	2,243	72	3.2%	2,531	59	2.3%
Of which: equity instruments	2,594	152	5.9%	2,530	229	9.1%
Total funds under management - Corporates subject to NFRD disclosure obligations	953	236	24.8%	810	289	35.6%
Of which: debt securities	278	72	25.7%	179	59	33.0%
Of which: equity instruments	638	152	23.8%	632	229	36.2%

¹ The total funds under management reported in this table deviates from total assets under management reported at segment reporting. Funds under management activities that do not meet the UCITS/AIF qualification (such as Private Banking and Stichting Hivos Triodos) are excluded in FY2022. Additionally, values here are reported at NAV (Net Asset Value) while the segment reporting is reported at TNA (Total Net Asset value).

However, we also recognise that at least in the implementation phase, these regulations still have their serious limitations: only two out of the six objectives are in place and there is no social taxonomy. The political decision to include nuclear and gas as sustainable activities has introduced uncertainty. As they stand, these regulations are not leading our business strategy.

The following procedures are in place at Triodos Bank to determine whether underlying activities (of financial products, loans, etc.) qualify as sustainable. Within our business activities, our Lending criteria and Transition Theme criteria screen for positive social, environmental, and cultural impact. Our Minimum Standards set out the absolute minimum requirements of any economic activity we lend to or invest in. The Engagement and Stewardship policy explains how Triodos Investment Management engages with their counterparties to improve the positive impact

made and reduce the negative impact, whether that be environmental or social. These policies have been created from a Triodos Bank perspective and do not necessarily follow the technical screening and do no significant harm (DNSH) criteria as set by the EU Taxonomy in this stage.

As sustainability is embedded in the DNA of Triodos Bank, each department is responsible for ensuring sustainability is incorporated within the design and functioning of our products. An interdisciplinary team within Group Finance performs the EU Taxonomy analysis and reporting for Triodos Bank N.V. under the responsibility of the Group Director Finance and in strong collaboration with the Legal team and other teams implementing sustainable finance regulations. We maintain a dynamic methodology document explaining our reporting decisions and how underlying activities qualify as environmentally sustainable. A condensed

version is published on the website of our 2022 annual report.

In the second year of EU Taxonomy reporting we have collected EU Taxonomy-related information from our counterparties or their parent companies that were obliged to report under the NFRD. Triodos Bank periodically collects information from clients on impact data to inform our stakeholders about what happens with their money. As a result of the EU Taxonomy, the requests for information to our clients have increased and will continue to do so in the future. Triodos Bank will remain in discussion regarding the feasibility of the data collection among SMEs (which are currently not yet in scope for Taxonomy reporting). In the future, we will need to review our pre-contractual documents and periodic reports to collect information relevant for the EU Taxonomy.

Data collection will have to be integrated in relevant processes such as the loan origination process for general and project-specific lending, and loans and mortgages documentations for household mortgages or building renovation loans. Currently, relevant EU Taxonomy information for existing and new counterparties is collected manually due to the small number of business clients in scope.

We recognise the disclosures are mainly created from a Triodos Bank perspective. In the future, our business strategy, product design processes and engagement with clients and counterparties may need to be more clearly linked to the EU Taxonomy when we have both more clarity and guidance on the EU Taxonomy from regulatory bodies and when we have increased insights from the market and stakeholders on how the EU Taxonomy is applied.

1.4 Co-worker report

2022 was a year of change. Together with the co-workers involved, we began implementing a new organisational structure to optimise the bank's resources and create efficiencies, which, when completed, will help to support the delivery of impact for the bank's customers and investors.

For our more than 1,800 co-workers, it is generally not the job or the salary, but the values that Triodos Bank upholds that are most appealing. Having sustainable development as our first and foremost concern casts a different light on our relationship with customers, suppliers, other co-workers, and on their own development as well. For all the achievements in this section, creating a positive impact and further developing the bank, themselves, and each has been the underlying driver for our co-workers.

For the first time Triodos Bank has designed and started to implement the Triodos Operating Model (TOM) causing organisational changes. At the same time a social plan for Netherlands-based co-workers was negotiated with the trade unions for the first time. Arrangements are also underway for similar social plans arrangements in other countries. We provide support to our co-workers and managers through a Transformation Journey empowering all co-workers to be part of the change. The Transformation Journey supports co-workers in developing the change capabilities needed to successfully realise the envisioned transformation of Triodos Group. At the same time, we closely monitor and further stimulate our co-worker engagement by adding two pulse surveys to our regular engagement survey. To further improve our co-workers' mid- and long-term personal

development opportunities a talent management strategy was developed.

Leadership changes

During the year we saw a number of changes to our Executive Board. After we announced in January 2022 that our CRO, Carla van der Weerd, needed a recovery period from the health impact of long COVID-19, we set out to find a temporary statutory replacement for this role in the Executive Board. In May 2022, our CFO, André Haag, announced his decision to leave Triodos Bank to pursue other career opportunities. Willem Horstmann was willing to take on a combined, ad interim role of CFO and CRO until the Supervisory Board has had time to identify longer-term solutions for both roles.

We announced in November 2022 that the Supervisory Board intends to nominate Kees van Kalveen as Chief Financial Officer (CFO). Most recently, in December, we announced that Marjolein Landheer is the intended Chief Risk Officer (CRO) ad interim. The Supervisory Board then notified the General Meeting of both intended appointments at the Extraordinary General Meeting on 25 January 2023, after which Kees van Kalveen took over full CFO responsibilities and Marjolein Landheer full CRO responsibilities from Willem Horstmann, who

had held the role of Chief Financial and Risk Officer (CFRO) ad interim since June 2022.

The Supervisory Board and the Board of SAAT saw a number of changes in their composition; amongst others both welcomed new Chairs. Alexander Rinnooy Kan joined SAAT in October and became Chair per 1 January 2023; Mike Nawas became Chair of the Supervisory Board in May 2022. Kristina Flügel joined the Supervisory Board in October.

More senior leadership changes occurred.

On 1 February 2022, the Executive Board appointed Hadewych Kuiper as Managing Director of Triodos Investment Management and member of the Management Board of Triodos Investment Management B.V.. Furthermore, the implementation of the new Triodos Operating Model (TOM) started, resulting first in a new top structure (EB+1) with mostly internal appointments enhancing our commitment to supporting the talented co-workers we have in Triodos Bank. The new top structure was implemented during December 2022 and the last appointments took place on 1 January 2023. The implementation of this new top structure is an important step to moving forward with TOM and progressing with its implementation for the rest of the organisation in 2023.

Working efficiently and effectively

In May 2022, the Executive Board announced its intention to implement a new organisational structure, to maximise the bank's resources, create efficiencies and, when fully implemented, help to support the delivery of impact for the bank's customers and investors.

The overarching remit of the TOM is to ensure greater alignment of the whole banking group, avoiding duplication of tasks and responsibilities and to support the bank's mission by operating as 'One Bank'. The programme is being delivered in phases:

- Phase one (now completed) focused on the overarching approach to implementing the model, changes to the top structure of the bank (direct reports of the EB) and HR.

- Phase two (in progress) sees Triodos IM and all remaining functional areas go through the TOM process in 'waves'.
- Phase three focuses on implementing and embedding the changes and starting a cycle of continuous improvement.

For the first time, to design and implement TOM, a social plan for Netherlands based co-workers was negotiated with the trade unions. Arrangements are also underway for similar social plans in other countries. Based on the social plan agreements, the HR processes to support the design and implementation of the restructuring have been developed and are being executed per functional area.

The first phase of TOM was completed according to schedule with the new EB+1 structure finalised, and the HR TOM live per 1 December 2022. Other TOM waves, in 2023, have experienced some delay due to being larger and more complex functional areas and having an all-countries impact for the bank. Working with Requests for Advice across countries and applying the appropriate HR processes cross border is a complex matter that needs to be carried out with due care and process. The new HR structure is enabling the department to further strengthen the breadth of its expertise, harmonise processes across the Group and broaden the department's services for co-workers and managers.

Next to TOM:

- A programme in Spain, promoting structural changes focused on being more commercial, more digital and more in control was successfully concluded. It also leads to efficiencies from the digitalisation of workstreams (e.g. digital onboarding of new customers).
- A new Financial Crime and Payment Operations department was created (including a new card operations team) by moving Customer Operations to Retail Banking per 1 July.
- We introduced a LEAN way of working on objectives/KPIs. This will increase clarity, priority setting and efficiency.
- Our ongoing initiative to drive change and deliver value via the temporary Group-wide collaborations called domains entered its fourth year. These multidisciplinary teams are

working together in eight domains (community engagement and communication, onboarding and servicing, business lending, investments, payments and savings, KYC and financial crime, data and reporting, and mobile), impacting our customer experience, cost-income ratio and control framework.

was well above the financial services benchmark of 74.4%.

The results were presented in local Community Meetings with all co-workers and the results were discussed in team meetings followed up by action plans, which were reviewed in team meetings during the year.

Following the survey feedback, Triodos Bank improved internal communication about ongoing changes, such as the TOM restructuring and the intended listing of our Depository Receipts on the MTF. We organised several group wide townhall sessions about current developments, with the participation of the Executive Board.

Engagement and continuous listening

Using a new platform, we launched the first of a total of three Group-wide co-worker surveys in the first half of February. The 82.9% response rate



One Bank.
One Team.
One Mission.



The vision of the Triodos Operating Model programme

Members of the Board also regularly write a column published internally.

The two pulse surveys focused on various topics of both Group and local interest, such as work pressure, client focus, efficiency and internal communication. The high response rate and large number of open comments show our co-workers' great commitment and willingness to share feedback.

Hybrid working

With our teams increasingly made up of international colleagues based in the various Triodos business units, hybrid working becomes even more important.

Physical meetings remain essential for team cohesion. Following the end of the COVID-19 lockdown in January and February we actively invited co-workers to return to the office more often to strengthen the connection with each other and to provide space for innovation and learning.

Hybrid working is now fully implemented Group-wide and all business units have adopted their own local hybrid working policy. Rather than prescribing a minimum or maximum number of days in the office most business units adopted a principles-based approach balancing business needs with individual preferences and enabling all co-workers to be their best at work. In many cases teams have adopted their own weekly rhythm in planning their presence at the office.

To increase flexibility where possible, various business units have made arrangements to enable hybrid working from abroad for a limited number of days per year.

An extensive hybrid-working learning channel was made available Group-wide. In Belgium, a 'happy hybrid team charter' has been introduced to discuss and optimise our co-workers' hybrid working experience. In the UK, the co-worker pulse surveys asked for co-worker feedback on the principles of the Be Your Best At Work flexible working approach.

Talent management

A comprehensive talent management framework has been established. We started to implement diverse elements of this framework for specific target groups (Executive Board and EB+1, EB+2 and all co-workers).

We launched and rolled out the Triodos Competencies Wheel in the Executive Board and EB+1 leadership teams and performed individual leadership development assessments (outsourced to a respected executive firm) for the Executive Board and EB+1.

We performed the talent review for the EB+1 and EB+2, including one-on-one talent conversations with the manager and co-worker. For our EB+2 managers this is still ongoing.

A Talent Board was established. This discusses, monitors and challenges talent identification, talent development, succession planning and retention for leadership levels (including our EDI goals).

In the UK, we rolled out Triodos Competencies and Behaviours to all co-workers and the e-learning on this topic now forms part of the onboarding for new co-workers. To further embed these behaviours, Triodos UK built them into the FLOW dialogue forms and linked them to the UK recognition scheme, Celebrate Us.

In the UK, the senior management team (SMT) completed a comprehensive leadership development programme and a strategic forum of senior leaders from across the business was established, named Leadership Link. The objectives of this group include support and diversity of thought to the SMT in strategically steering the business and navigating challenges, as well as supporting members' development as leaders via experiential and group learning.

Using Leadership Link as a pilot group we launched a Leader-as-Coach programme, developing our senior leaders' coaching skills - encouraging ask-not-tell, adult-to-adult relationships and curiosity in order to support our people's development,

unlock their potential and, ultimately, drive organisational performance.

In Spain, the local transformational journey includes a leadership chapter to improve management skills and leader-coach approach for managers.

Learning organisation

Our mission states that people have the freedom to develop themselves. We reinforce learning by fostering a culture in which all co-workers feel challenged and equipped to develop themselves, both professionally and personally. We enable this by continuously improving our learning offer and providing what is needed in line with the current circumstances.

As an example, the success of the new Triodos Operating Model requires enhanced organisational capabilities in change management. That is why we created an integrated transformational change programme: The Transformation Journey focuses on empowering co-workers to make (and so 'be') this change, with support for both managers and co-workers. Leading Change sessions have been developed and are being delivered to all people managers by facilitators and change ambassadors.

These sessions are followed by Make Change Work Together workshops designed to support newly established teams in accelerating team development and cohesion. Additional interventions included the launch of the learning channel on Change and Transformation in Q3 2022, and training to enhance English language (Q3, Q4 2022 and 2023); change management and storytelling skills will follow in 2023 for all co-workers.

Considering all the ongoing changes, we continued to deepen our co-workers' personal connectivity to our identity through participation in our various mission, vision and essence initiatives. We also launched a Group-wide Impact Management e-learning to introduce the new vision on impact. Almost 1,000 co-workers undertook this e-learning in 2022.

Local learning initiatives included:

- A pilot of Insights Discovery® training for change agents attending the local transformation journey programme.
- An MS Teams ambassadors network supporting digital skills improvement.
- Communities of practice developed in Spain in the context of the local transformation journey.
- The first local Value seminars facilitated by our local Value ambassadors were held.
- Insights Discovery® was embedded to help teams understand how to apply and leverage insights within their team. We have also introduced an Insights-based 360 feedback tool which we hope to roll out more widely in 2023.
- We have continued to support individual co-workers through individual formal coaching and self-study qualifications which enhance technical/functional knowledge and skills.
- With our online mandatory training organised in-house there is greater focus on Triodos priorities. In the UK, we have supported technical development within functions such as credit risk training for Business Banking and retail and digital banking certificates for the Customer Contact team.

In the risk and compliance general awareness curriculum, we have Group-wide 97-99% e-learning completion rates.

In Q4 2022, a new Conflict of Interest e-learning went live for all co-workers. Besides general awareness, this e-learning includes topics such as ancillary positions and personal investments.

As from 2022 we no longer publish training days per co-worker in the co-worker statistics. The method of data gathering used did not do justice to all training our co-workers received, including internal training. Instead, we monitor co-workers receiving regular performance and development reviews. In 2021, we introduced a new performance management methodology called FLOW (feedback, learning, objectives and well-being), which encourages co-workers to take more ownership of their own development and employability. We monitor and publish the percentage of co-workers receiving performance and development reviews using the FLOW methodology.

During 2022, 76% of co-workers eligible for a performance review received a performance and development review. All internal co-workers in service for at least six months prior to the start of 2022 were eligible. All co-workers without demonstrable evidence of having a performance review are counted in the 24% that did not receive a review. This includes co-workers on leave or long-term absence (sick leave, maternity/paternity leave, vitality leave).

Equity, diversity and inclusion

In 2022, the EDI year plan From Green to Colourful was rolled out. Dialogue sessions were held in all countries. An EDI ambassadors network having been established, the ambassadors co-facilitated these workshops. The aim was to increase awareness on the topic of EDI.

Through the Talent Review process, performed for the EB+1 and EB+2 in 2022, we have established a gender view on talent and succession candidates. To strengthen our diversity on the Supervisory Board, Executive Board and for directors, the Executive Board and Supervisory Board have set the following gender targets as explained in the table below.

In accordance with the Gender Balance Act for a more balanced ratio between men and women on management and supervisory boards, we will

report on our progress in meeting these targets to the Social and Economic Council (Sociaal-Economische Raad, SER).

Succession planning opportunities, including diversity balance, required skills and capabilities, are discussed in the new established Talent Board.

In Belgium, an internal platform of EDI ambassadors started focusing on the topic of ethnic diversity with an external consultant and worked out an action plan. The target of 15% of ethnically diverse recruitment was achieved this year.

In Spain, we held several co-worker dialogues around EDI and appointed a local equality agent.

In Germany, a group of seven co-workers focused on EDI and identified several topics to share with the local team in 2023.

In the UK, we continued to deepen our work on EDI, publishing the local gender pay gap and action plan, and continued our signatory status with the Women in Finance and Bristol Women in Business Charters. We achieved our UK targets for female representation at senior levels a year earlier than anticipated. With the support of the Triodos Inclusion Forum, we've been able to focus on key areas of inclusion, including Black History Month, mental health and stress awareness, menopause, and International Men's Day.

Targets Gender balance Triodos Bank

Targets Gender balance Triodos Bank (m/f)				
	2023	2024	2025	2026
Supervisory Board	At least 33% under represented gender	At least 33% under represented gender	At least 33% under represented gender	50/50
Executive Board	80/20	80/20	At least 33% under represented gender	At least 33% under represented gender
Senior Leadership	60/40	To be determined*	To be determined*	To be determined ¹

¹ In the course of 2023, the overarching part of the TOM implementation will be executed, including the restructuring of the top structure of Triodos. Consequently, with this change the definition of our senior leadership will change. Once the new definition based on the new top structure and governance is finalised, we will define the ambition gender targets as of 2024 and beyond.

In line with our core values, Triodos Bank supports the principles of equal pay for work of equal value. Our Group remuneration policy is set up to be neutral for all co-workers, regardless of aspects such as gender, ethnic background, age, sexual orientation or distance to the labour market. In 2022, we engaged with an external party, AnalitiQs, to carry out an in-depth gender pay gap analysis. The scope included all internal co-workers for the Netherlands, UK, Belgium, Spain and Germany.

This resulted in a nominal outcome for the UK, Belgium, Spain and Germany. For the Netherlands, the total number of co-workers allowed for a correction for pay gaps that are caused by differences in age, job level, job family, contract type, service years and FTE. Both the corrected outcomes and the nominal outcomes for other countries showed a gender pay gap below or close to the Statistics Netherlands (CBS) or Eurostat benchmark. The outcomes lead to the conclusion that an overall correction is not needed. Where we identify an unexplainable gap, we will adjust this if needed as part of our regular compensation process.

Triodos Bank will further intensify this EDI learning journey over the coming years to become more inclusive and diverse and to embed EDI into policies and processes.

Well-being

The well-being of our co-workers is a primary concern.

To alleviate the impact of the unprecedented inflation we offered a one-off payment to those co-workers most affected.

In the Dutch business units, we dedicated one of the pulse surveys to ask about work-related mental strain. Although we performed better than the financial services benchmark we have identified areas for improvement.

We have appointed an Absence and Employability Coordinator as well as a FLOW and Co-worker Experience Lead. Well-being is a priority for both.

Other local initiatives included:

- A psychosocial risk evaluation followed by a well-being plan in Spain.
- The training of guardian angels, able to support the organisation as first-line help on mental health issues, and the introduction of a well-being policy in Belgium.

The following table provides a summary of progress against our key co-worker objectives for 2022, published in the 2021 annual report.

Our key objectives for 2022

How we did

Talent management and learning organisation

A differentiated framework for talent identification, development and talent retention for various groups of co-workers will be developed. We will create the infrastructure for talent and succession management of our leadership roles. In doing this, we will further define the required leadership qualities and behaviours. This will allow us to articulate expectations, define future skill sets and adapt our leadership development programmes.

A comprehensive talent management framework has been established. We started to implement diverse elements of this framework for the specific target groups. The following target groups are identified:

- Executive Board
- The management level reporting to the Executive Board, (EB+1)
- The management level reporting to the EB+1 level, (EB+2)
- All co-workers.

● ● ●

We launched and rolled out a new Triodos Competency framework in the Executive Board and EB+1 leadership teams.

We performed individual leadership development assessments (outsourced to a respected executive firm) for the Executive Board and EB+1.

We performed a talent review for the EB+1 and EB+2, including one-on-one talent conversations with the manager and co-worker (for EB+2 this is still ongoing).

We established the Talent Board, where talent identification, talent development, succession planning and retention for leadership levels (including our equity, diversity and inclusion goals) are discussed, monitored and challenged.

The Compliance and Risk and general Group awareness curriculum will continue to grow in 2022.

In the compliance and risk general awareness curriculum, we have Group-wide 97-99% e-learning completion rates.

● ● ●

In Q4 2022 a new Conflict of Interest e-learning went live for all co-workers of Triodos Bank. Besides general awareness, this e-learning includes topics such as ancillary positions and personal investments.

A group-wide Impact Management e-learning was launched to introduce our new vision on impact. Almost 1,000 co-workers familiarised themselves with this e-learning in 2022.

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives for 2022	How we did	Progress at a glance
Equity, diversity and inclusion (EDI)		
Review our succession planning for the realisation of our mid-term EDI targets for the Supervisory Board, Executive Board, and the management level reporting to the Executive Board.	<p>In 2022 we started with our differentiated talent management approach. Through the talent review process, performed for the EB+1 and EB+2 in 2022, we have established a gender-view on talent and succession candidates.</p> <p>To strengthen our diversity in the Executive Board and EB+1 layer the Executive Board and Supervisory Board have set gender targets.</p> <p>Succession planning opportunities including the diversity balance, needed skills and capabilities are discussed in the newly established Talent Board. Although our key objective is met, given the current diversity in Triodos Bank's leadership team, this objective requires long-term attention and actions.</p>	● ● ○
The Group-wide EDI year plan, From Green to Colourful will be further rolled out with dialogue sessions and the activation of self driven initiatives.	The EDI year plan of 2022 has been rolled out. The From Green to Colourful dialogue sessions were held in all countries. An EDI ambassadors network has been established and these ambassadors co-facilitated the workshops.	● ● ○
We will perform an in-depth gender pay gap analysis in 2022, conforming to European Banking Association guidelines.	In 2022, we engaged an external party, AnalitiQs, to carry out an in-depth analysis to test the assumption that we adhere to the principles of equal pay.	● ● ●

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives for 2022	How we did	Progress at a glance
Engagement and continuous listening		
<p>We will train Value ambassadors to share our Triodos Bank mission and vision in their own words and to make their story our story. The Value ambassadors will engage in dialogues about the essence of Triodos Bank in our values-based programmes for co-workers and/or in conversations and meetings with other stakeholders.</p>	<p>We organised three Value ambassador trainings, which resulted in 45 active values ambassadors who will dedicate time and effort to bring the mission, essence, and values further in their networks, both within and beyond Triodos Bank.</p> <p>Three Value seminars took place, offering recent joiners a perfect opportunity to learn more about the history, clients, values and strategy of Triodos Bank.</p>	● ● ●
<p>Beginning in 2022, we will implement a Group-wide continuous listening platform. This will conduct an annual co-worker engagement survey along with two shorter pulse surveys to follow up on key areas. With this new digital platform, we aim to mobilise co-worker voices with a community-based approach.</p>	<p>Using a new platform, we launched the first of a total of three Group-wide co-worker surveys in the first half of February. The 82.9% response rate was well above the financial services benchmark of 74.4%. The subsequent smaller pulse surveys were held in June and November.</p> <p>The results were presented in local Triodos Community Meetings and the results were discussed in team meetings followed up by action plans, again discussed in team meetings during the year.</p> <p>Following the survey feedback, we improved the internal communication about ongoing changes, such as the Triodos Operating Model and the multilateral trading facility (MTF).</p>	● ● ●
<p>We will implement a hybrid way of working without government measures requiring us to work from home as much as possible.</p>	<p>Following the end of the COVID-19 lockdown in January and February we actively invited co-workers to return to the office more often to strengthen the connection with each other and to provide space for innovation and learning from each other.</p> <p>Hybrid working is now fully implemented. The various business units have adopted their own local working from home policies. Teams have organised their presence in the office.</p> <p>An extensive hybrid working learning channel was made available Group-wide.</p>	● ● ●

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Our key objectives for 2022	How we did	Progress at a glance
<p>Maintain wide-ranging dialogue with our Works Council and benefit from insights shared by co-workers.</p>	<p>On many topics the Works Council has an important role as a sounding board for organisational change and co-worker affairs such as working conditions and the first ever Triodos Bank social plan. They actively contributed to the Triodos Operating Model (TOM) through their involvement in the Requests for Advice process.</p> <p>Insights shared at the OR-Cafés¹ such as on flexible working hours and the Triodos Operating Model were much appreciated.</p>	<p>●●●</p>
<p>One Bank Strategy</p>		
<p>Review our Triodos Operating Model (TOM) to achieve further efficiencies and cost savings.</p>	<p>In May 2022, the Executive Board announced its intention to implement a new organisational structure. The Triodos Operating Model (TOM) aims to maximise resources and deliver increased impact for the bank's customers and investors.</p> <p>A first-ever social plan was negotiated, and related HR processes were developed.</p> <p>The first phase of TOM was completed according to schedule with the new EB+1² structure finalised, and the new HR structure live per 1 December 2022. Other TOM phases, scheduled for 2023, are experiencing some delays, as these waves are the first that have an all-countries impact for Triodos Bank. Working with Requests for Advice across countries, and applying the appropriate HR processes cross-border is a complex matter that we want to do with due care and process.</p>	<p>●●○</p>
<p>Prepare the organisation to be technically and organisationally ready for the implications on ways of working for our MTF listing.</p>	<p>Triodos Bank is largely on track with undertaking preparations to restore the trade in Depository Receipts in Q2 2023. Triodos commenced the roll-out of the solution by inviting DR holders to register on the Captin trading platform in December 2022.</p>	<p>●●○</p>

●●● Met ●●○ Mostly met ●○● Partially met ○○○ Not met

¹ Walk-in sessions for co-workers organised by the Works Council to discuss relevant topics.

² Definition at the top of this table.

Prospects for 2023

2023 will again be a challenging year. It will be a year where the new HR organisation will lead to a more integrated way of working to create a more uniform co-worker experience across the Group.

We will continue to work on our first-ever major change initiative, the TOM project. The Group-wide technical HR process and implementation aspects and facilitating change via our Transformation Journey are priorities for HR.

We aim to complete the implementation of new designs for the functional domains KYC, Risk and IT, and commence design and implementation in all other functional areas.

Based on our initial learnings, we will optimise collaboration between design, implementation and continuous improvement and enhance communication with all co-workers involved.

In addition, we will further implement our differentiated talent management framework. The Triodos competencies will be integrated into the FLOW-dialogues for all co-workers. Talent management will be further embedded in our processes. Succession planning is a priority for the Talent Board in its conversation with the Executive Board. Talent review will be incorporated in the annual HR cycle and rolled out for all co-workers. The outcomes of the leadership development assessments will form part of team development and retrospective feedback to learn and develop individually and as a team.

We will continue our EDI journey. Based on our core objectives and the set gender targets we will roll out the roadmap for 2023 including an EDI governance structure. A new Group ED&I policy will be drafted, and a transformational EDI change programme will be defined and implemented.

We will make the necessary preparations to improve our HR information system and develop a more data-driven and fact-based approach by improving the reliability, usability and accessibility of HR data.

We will add to the dialogue about well-being by focusing on the ongoing development of the FLOW dialogue methodology. Incorporating the new Triodos competency framework into FLOW will allow these competencies to be rolled out to all co-workers.

Our talent acquisition capabilities will be strengthened through further development of our employer brand and recruitment process.

We will extend the roll-out of the LEAN way of working to other parts of Triodos Bank in 2023.

1.5 Environmental report

In keeping with its mission of being a sustainable bank, Triodos Bank takes great care of its own environmental performance. We continue to play a leading role, exemplifying how values-based banks and businesses in general can operate in an environmentally responsible way.

Triodos Bank limits its environmental footprint as much as it can, avoiding the emissions of greenhouse gases wherever possible. It offsets any unavoidable emissions. Triodos Bank measures the footprint of its operations, registers it in a CO₂ management system and compensates for it fully with Gold Standard¹ carbon-offset projects.

Triodos Bank reports on all its direct emissions (gas consumption for heating and fossil fuels for company and lease cars) and its most relevant indirect emissions related to its business operations (electricity, commuting travel, business travel, paper, waste and downstream-leased assets). It also discloses the amount of energy used through both electricity and gas in all its banking entities.

The year at a glance

The COVID-19 crisis has permanently changed the way of working, meeting and doing business. We have embraced the hybrid way of working, resulting in a decline in our emissions. After the lockdown restrictions, we saw higher occupancy rates in the offices towards the end of the year, compared to the beginning of the year. The consequences of this are

visible in the CO₂e emissions of our organisation: emissions were higher in 2022 compared to 2021, but show a sharp decline compared to the years before the COVID-19 crisis. We don't expect them to return to pre-crisis levels anymore.

Emissions from waste generated in operations and downstream leased assets have been added to the reporting scope retroactively from 2020.

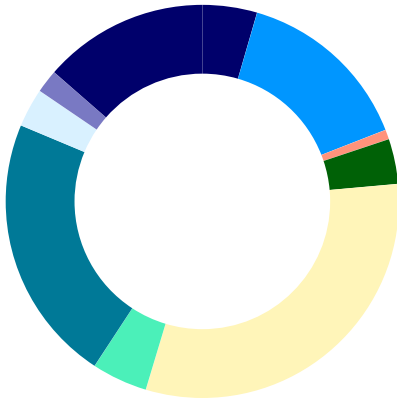
The CO₂e emissions per FTE in 2022 increased to 0.74 tonnes, compared to 0.57 tonnes in 2021 and the total CO₂e emissions across the whole of Triodos Bank increased from 942 tonnes CO₂e in 2021 to 1,308 tonnes CO₂e in 2022. These increases are mainly caused by more mobility (both for commuting and business travel), as COVID-19 restrictions were lifted in the first quarter of 2022. There has been a decrease in electricity consumption of 22% per FTE and a reduction of 17% of gas consumption per FTE as a result of downsizing office space. Commuting travel per FTE has increased to 0.25 tonnes/FTE (2021: 0.15 tonnes/FTE), as meeting and travel restrictions were lifted in the first quarter of 2022. For the same reasons, business travel has also increased, from 0.10 tonnes/FTE in 2021 to 0.21 tonnes/FTE in 2022.

¹ Gold Standard was established in 2003 by WWF and other international NGOs to ensure projects that reduced carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development. More info: <https://www.goldstandard.org/>

Absolute CO₂e emissions in 2022

2022 total: 1,308 tonnes CO₂e

2021 total: 942 tonnes CO₂e



Gas consumption (heating)	4.5%
Fossil-fuelled company cars & lease cars	14.6%
Electricity	0.8%
Electric company cars & lease cars	3.7%
Privately owned cars, rental cars & taxis	31.1%
Public transport	4.6%
Flights	22.1%
Paper	3.2%
Waste	1.9%
Downstream leased assets	13.6%

The amount of blank copy recycled paper decreased further to 1.8 kg per FTE (2021: 2.3 kg per FTE). The amount of recycled printed paper was 0.04 kg per customer (0.07 kg per customer in 2021).

Details of the methodology Triodos Bank uses to calculate its CO₂e emissions are available on our website.

Impact of location-independent working

The new hybrid way of working means that the impact of Triodos Bank's operations significantly shifts from offices towards other locations, in most cases private homes. Thus, working from home

Triodos Bank's Science Based Targets – footprint of our operations

Triodos has committed itself to the Science Based Targets initiative. Together with SBTi, in 2022 we worked on a validated set of (intermediate) targets. These targets were approved by SBTi on 10 March 2023. For the scope 1, 2 and 3 emissions related to our own operations, the following targets were set:

Scope 1 and 2

- Triodos Bank commits to reduce absolute scope 1 and 2 GHG emissions 63% by 2035 from a 2020 base year.
- Triodos Bank commits to increase annual sourcing of renewable electricity from 98.6% in 2020 to 100% by 2030.

Scope 3 category 1-14

- Triodos Bank commits to reduce absolute scope 3 categories 1-14 GHG emissions 63% by 2035 from a 2020 base year.

For our scope 3 portfolio targets related to our financed emissions, please refer to Climate impact of our loans and investments (see page 69).

is deemed significantly material. Triodos Bank calculated the number of days worked from home. Across all business units, this is estimated to be 112 days per FTE in 2022, which is about 50% of total working days. This is a decrease compared to 2021 (172 days per FTE), because office occupancy rates went up after the first quarter of 2022 when COVID-19 restrictions were lifted.

Location-independent working has proven to be a widely accepted alternative to working at the office. Most co-workers appreciate this new hybrid way of working. In almost all business units, co-workers will continue to work partially from home.

The impact of location-independent working is not (yet) quantifiable, as a mature, (internationally) accepted methodology for calculating CO₂e emissions for this is not yet available. In striving to limit its environmental footprint, the impact of working from home poses an interesting dilemma for Triodos Bank. Choices about energy systems and devices at home are private and not for the employer to decide. Reducing or minimising the impact of working from home is challenging, but might also offer opportunities for engagement with co-workers.

Sustainable property

Triodos Bank wants its buildings to be as sustainable as possible. It therefore makes continuous improvements to enhance their sustainability, without compromising on comfort.

The structural shift towards working more from home has led Triodos Bank to review the projected needs and uses of office space for all business units. In the Netherlands this has led to the selling of the former head office buildings in Zeist. These were transferred to a new owner in May 2022. All co-workers in the Netherlands are now based at De Reehorst, an office building that has been in use since the end of 2019.

After commissioning a building, it usually takes at least a year of normal use to adjust all systems so that the building functions optimally in all circumstances. In 2020 and 2021, we were not able to use the building as planned, because of low occupancy rates due to COVID-19 restrictions. Therefore, we were only able to conclude in 2022, that the actual energy consumption is higher than predicted by the models used in the design phase. This means the solar panels at De Reehorst do not produce enough electricity for the building to be considered energy neutral, even though it was developed as such. Triodos Bank still has the ambition of De Reehorst being energy neutral and will continue to work on reducing energy consumption and investigate possibilities for additional renewable electricity production.

In December 2023, the Brussels office will move to Quatuor, a sustainable, multi-tenant office building. Quatuor is an office building with BREEAM Outstanding Certification¹ for design. In Spain, ten offices have been relocated. All new offices are smaller and six are in co-working centers, sharing spaces with like-minded companies and organisations.

Sustainable mobility

Mobility was at a higher level than in 2021, a year of very low mobility due to COVID-19 restrictions. After two years of declining mileage, 2022 shows an increase in both commuting and business travel. Travel by public transport has increased the most: commuting travel by public transport to 1,778 km/FTE (+ 188% compared to 2021) and business travel by public transport to 404 km/FTE (+244% compared to 2021). A new mobility policy for commuting and business travel in the Netherlands and the relocation of all co-workers in the Netherlands at De Reehorst, next to a railway station, are probably the main reasons for this shift towards public transport.

Business travel by aircraft was 897 km/FTE, a rise of 134% compared to 2021, but is still on a much lower level than in 2019 (3,622 km/FTE).

In Summer 2022, a new international travel policy was formulated and introduced for all business units, with principles like travelling by train when travelling less than 700 kilometres and in case of air travel, the default being direct flight in economy class.

Sustainable business operations

Triodos Bank aims to reduce its impact in day-to-day business operations. That covers topics like waste management, catering and cleaning. Waste generated in operations has been added to the reporting scope retroactively from 2020. We want to inspire our co-workers and to challenge our suppliers.

¹ BREEAM is the world's leading science-based suite of validation and certification systems for sustainable built environments.

We completed a Group-wide (excluding Germany) procurement process for new printers. In addition to taking the sustainability performance of the printer itself into account, the most impact has been achieved through a 41% reduction in the number of printers.

In the Netherlands, we participated in a TruePrice pilot of our caterer. For three months, we gave the co-worker the opportunity to pay the TruePrice for three products: in addition to the market price, the co-worker could also choose to pay the social and environmental costs. Results are expected in the first quarter of 2023.

Working with sustainable suppliers

Triodos Bank tries to extend its positive impact on society through the sustainable choices it makes about its suppliers. The process through which it buys goods and services is a material topic for the organisation.

The procurement policy used across the countries aims to ensure that we engage sustainable suppliers. Triodos Bank applies the policy to determine the extent to which suppliers are aligned with its business principles and minimum standards.

Our key objectives for 2022	How we did	Progress at a glance
<p>Sustainable mobility: Formulate and introduce an updated international travel policy, with sustainability as an important starting point</p>	<p>We introduced a new, Group-wide International Travel policy, with travel safety and sustainability as keystones. Regarding sustainability, we introduced guiding principles, like trains being the default when travelling less than 700 kilometres and, in case of flying, direct flight in economy class being the default.</p>	<p>● ● ●</p>
<p>Working with sustainable suppliers: Step up awareness-building activities and investigate tools to assist Triodos co-workers in assessing the impact position of their vendors, where possible extending their total impact</p>	<p>Over the past year, we have further developed our maturity level in our team and the skills within the team to be able to better support our business in assessing the sustainability impact of our suppliers. We have also started working on creating a Supplier Code of Conduct, which will help our organisation to stimulate our suppliers even more to work on improving their sustainability. We have also been working on selecting a new data vendor to help us assess the impact position on vendors, to help those vendors become even more sustainable.</p>	<p>● ○ ○</p>
<p>Circular business operations: Develop an inventory of the possibilities for a circular approach to ICT resources in the Netherlands</p>	<p>A group of students has investigated the possibilities for a more circular approach of our ICT resources in the Netherlands, focusing on the use phase and the disposal phase. The conclusion was that we are already doing quite well. The most concrete finding was a recommendation for cooperation with an organisation that works with waste compensation. We will follow up on that recommendation in 2023.</p>	<p>● ● ●</p>

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

In addition, and importantly, Triodos Bank's policy is proactively to strive to improve the social, environmental and cultural impact of both its procured goods and services and the organisations that deliver them. Steps will be taken in the coming years to further strengthen the monitoring of the application of the policy, learn from best practice across the Triodos Bank network and engage in dialogue with suppliers to stimulate improvement in their sustainability performance. This should further deepen the impact of Triodos Bank's mission.

Prospects for 2023

- Sustainable business operations: Draw up a plan for the reduction of our CO₂e emissions, related to our housing and our car fleet (our Scope 1 and 2 emissions).
- Waste management: Improve data quality of the waste generated in operations.
- Working with sustainable suppliers: Set the first steps in assessing the impact position of our most critical suppliers and next steps in the implementation of our Supplier Code of Conduct.

1.6 Risk and compliance

Risk management

As a financial institution with a European footprint and focus on values-based banking, Triodos Bank is exposed to a variety of risks. These risks are managed through a comprehensive risk management framework, which integrates risk management into strategic planning and daily business activities. This approach ensures that risk management is embedded within the entire bank by identifying, measuring and controlling risks at all levels of the organisation.

Triodos Bank's risk management function is embedded within the organisation based on the Three Lines Model. Business managers (the first line) are primarily responsible for a sound business and risk approach. They are supported and challenged by risk managers (the second line) with local business knowledge to identify, assess and manage risks. The third line consists of the internal audit function, that provides risk assurance through risk-based independent advice and insight to the Executive Board, Audit and Risk Committee of the Supervisory Board, the Supervisory Board, senior management and managers at Group and business unit level. The risk appetite process allows Triodos Bank's risk profile to be managed within the defined risk tolerance levels to achieve Triodos Bank's strategic objectives.

Periodically, each business unit performs a strategic risk assessment to identify and manage potential risks that could impede the realisation of business objectives. The results of these assessments are consolidated and used as input for the Executive Board's own risk assessment. The strategic risk assessment is an integral part of the business plan cycle.

External developments may influence the strategy of the bank and therefore pose a strategic risk.

In particular, the Ukraine crisis, that developed over 2022, has been consequential. First and foremost in humanitarian terms, but also because of economic knock-on effects such as rising energy prices and disrupted supply chains, which have led to increasing inflation and interest rates. Our primary attention is on managing these challenges by carefully analysing how Triodos Bank may be impacted and defining the most appropriate management response, based on our mission.

The strategic risk environment forms one of the starting points for determining the corporate strategy, the assessment of the capital and liquidity requirements in relation to the risk appetite and the recovery plan. Business units are assessed on their sensitivity to risks to determine the input for scenarios used to stress test Triodos Bank's solvency, liquidity and profitability.

Scenario impacts were calculated and assessed in relation to profitability, capital and liquidity. The results evidenced that Triodos Bank's solid capital and liquidity buffers are adequate to absorb unexpected losses.

As a value-based bank environmental, social and governance (ESG) considerations are shared at all levels of Triodos Bank and are an integral part of its management. ESG related aspects are taken into account in all day-to-day business decisions. ESG related risk factors all have their specific characteristics and are captured in internal policies and procedures. Triodos Bank employs strict criteria, to ensure the sustainability of its products and services. It employs both positive criteria to ensure it is actively doing good, and negative criteria for exclusion, to ensure it does not do any harm. The positive criteria identify leading businesses and encourage their contributions to a sustainable society. The negative criteria exclude loans and investments in sectors or activities that are damaging to society and environment.

Triodos Bank's reputation is a valuable asset, which is vital to its ability to perform its activities and realise its mission. Triodos Bank may be exposed to reputational risk events. Unlike other risk types, reputational risk is not confined to a specific, defined source. Reputational risk may be driven by internal and/or external developments. Such developments may be directly damaging to Triodos Bank's reputation. It is also possible that they trigger further developments (e.g. litigation), which in turn could have (additional) adverse impact on Triodos Bank's reputation.

An integrated enterprise risk management report presents Triodos Bank's risk profile, regarding all identified risk types, in relation to its risk appetite. The report is an important risk monitoring tool, which also contains analyses on specific risk-type developments and topics. This report is distributed quarterly and discussed with the full Supervisory Board and in more detail with the Audit and Risk Committee.

The Enterprise Risk Committee proposes the risk appetite, monitor the actual risk profile against the risk appetite. The organisation's risk appetite is determined by the Executive Board and approved by the Supervisory Board.

The Executive Board has (partly) delegated decision-making authority to the following risk committees at a central level:

- For enterprise risk, the Enterprise Risk Committee has authority to decide on strategic, model and reputational risk issues.
- For financial risk, the Central Credit Committee has authority to take decisions on credit risks, both on an individual debtor level and on a credit portfolio level; the Asset and Liability Committee has authority to decide on market risks and liquidity risk;
- For non-financial risk, the Non-financial Risk Committee has authority to decide on operational and compliance risk matters. The Group Product Governance Committee has the authority to approve new products and review existing products. The Anti-Money Laundering and Countering Terrorist Financing Risk Committee oversees management of risks related to the regulation and associated measures to combat money laundering and counter the

financing of terrorism. The Regulatory Change Committee steers, monitors and takes decisions on regulatory change management to ensure a timely and traceable implementation of regulatory changes across Triodos Bank Group.

The Risk management section of Triodos Bank's Annual Report provides a description of the main risks related to the strategy of the bank. It includes a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year. The developments in the own organisation over the past years, in combination with new regulatory demands and in the context of the external landscape, requires the bank to continuously review, assess and adapt its internal organisation and governance structure.

The new Governance Risk & Compliance (GRC) tool implementation is ongoing with the first two processes in the place (Business Lending and Know Your Customer). The GRC tool should ensure an increase in data quality by creating standardised risks and controls over the different business units in order to 1) facilitate oversight, 2) to increase comparability between the different BUs/ OUs and 3) enhance data-driven way of working.

Fraud risk is a common risk in the financial sector. Triodos Bank performs a yearly systematic integrity risk analysis (SIRA) to assess its vulnerabilities to, among other risks, fraud. Again in 2022, the number of internal fraud cases within Triodos has been relatively low. Controls like internal training and awareness are in place and Triodos Bank has pre- and in-employment procedures. Further controls are in place related to first and second line, first and second line segregation of duties, controls to detect unauthorised access to internal systems and four-eyes principle for key controls, as well as governance policies.

The number of incidents has been limited in the last years and the impact minimal. The number of external fraud incidents is higher than the number of internal fraud incidents, as it is with peers in the sector. Triodos has implemented a number of fraud monitoring controls over the past years. The impact of fraud on the annual results is limited. Within Triodos a central KYC and Financial Crime domain

has been set up with a Group Director to functionally steer Triodos Bank's policy and practice on financial crime at Group level.

Measures taken for mitigating fraud risk are:

- The periodically executed Risk and Control self-assessments are also focused on mitigating fraud risk (e.g. embedding four-eyes principles in key controls).
- Audit findings might be followed up by Risk and Control self assessments, if needed, to improve e.g. key controls.
- Periodically testing of key controls (including updating test scripts, if needed).
- Periodically updating the Key Control Management policy.

Capital and liquidity requirements

Regulators are demanding a more resilient banking sector by strengthening the solvency of banks and introducing strict liquidity requirements developed by the Basel Committee on Banking Supervision. Triodos Bank complies with the capital and liquidity requirements based on the Capital Requirements Regulation.

Triodos Bank's capital strategy is focusing on a sound and resilient capital base. Triodos Bank's capital strategy is focusing on a sound and resilient capital base. The quality of capital as well as the solvency rate are important. Triodos Bank aims for a Common Equity Tier 1 capital (CET1) ratio of at least 15%, well above its own internal economic capital adequacy levels, to guarantee a healthy and safe risk profile. In 2021, Triodos Bank issued a subordinated debt instrument (green bond) of EUR 250 million which qualifies as Tier 2 capital in line with prudential regulations. Therefore of the amount that is used to calculate the total capital ratio, the so-called Own Funds, 82% consists of CET1 and the subordinated debt instrument makes up the remaining part.

Economic capital is the amount of risk capital held to enable the organisation to survive stress events, e.g. resulting from market or credit risks. Economic capital is calculated periodically and supports Triodos Bank's own view of capital adequacy for the purpose of the yearly Internal Capital Adequacy

Assessment Process (ICAAP), which is subject to the supervisory review and evaluation process.

In 2022, the bank's Tier 1 capital base marginally increased by EUR 21 million to EUR 1,165 million per end of December 2022 due to profit retention. The bank's CET1 ratio decreased from 17.5% to 17.3% per end of December 2022 due to conscious growth of sustainable lending in our well diversified portfolio. The bank's TCR decreased from 21.3% to 21.0% per end of December 2022.

The liquidity buffer mainly consists of liquid assets with central banks (55% at the end of 2022) and liquid investments in bonds (close to 37% of total liquidity). There is a small amount of liquidity at sight with commercial banks (3% of total liquidity), mainly for payment services, and some investments (around 1% of total liquidity) are made in cash loans (<1-year maturity) with Dutch and German municipalities. Around 20% of the bond investments are in central government bonds and 80% are invested in regional government and agency bonds. The other bond investments were made in green bonds of corporates and banks for diversification and to optimise risk-return. Due to the change in market interest rates in the UK and the eurozone, the opportunities to invest in bonds have grown. Consequently, the percentage of liquidity at the current account at central banks has decreased from about 70% end-2021 to 55% at the end of 2022.

The liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are both well above the minimum limits of Basel III and above our internal limits. More detailed information about Triodos Bank's approach to risk is included in the Annual Accounts section on Risk management.

Minimum Requirements for own funds and Eligible Liabilities (MREL)

The European Banking Union provides regulation for financial stability and helps build crisis resilience and enhance risk monitoring and assessment. The Banking Union is based on three pillars. The first pillar, the Single Supervisory Mechanism, provides regulation for supervision and amongst others capital and liquidity requirements. The second

pillar, the Single Resolution Mechanism, ensures orderly resolution of failing banks. The third pillar, the European Deposit Insurance Scheme, is still under construction and builds on the current system of national deposit guarantee schemes, which have been harmonised to ensure that deposits are protected across the EU up to EUR 100,000 per person and bank.

The second pillar has been translated into the Single Resolution Mechanism Regulation and the Bank Recovery and Resolution Directive. Based on these regulations, De Nederlandsche Bank, in its role as Resolution Authority, decided that Triodos Bank should be resolved after a possible failure. They have informed us about their intention to set requirements and we expect a decision this year.

Compliance and integrity

Triodos Bank has internal policies, rules and procedures to ensure all co-workers (including all management levels and Executive Board) comply as well as the members of the Supervisory Board, comply with relevant laws and regulations regarding customers and business partners. In addition, the Compliance department and Internal Audit independently monitors the extent to which Triodos Bank complies with internal policies and procedures.

The external aspects of the Compliance department's role primarily concern oversight on accepting new customers, monitoring financial transactions and preventing money laundering. Internal aspects primarily concern checking private transactions by co-workers, preventing and, where necessary transparently managing, conflicts of interest and safeguarding confidential information. In addition, it is concerned with raising and maintaining awareness of, for example, financial regulations, compliance procedures, fraud and anti-corruption measures, and compliance with good governance standards such as the Dutch Corporate Governance Code.

Triodos Bank's compliance team is led by the MT Compliance and chaired by the Group Director Compliance, who is also the Group Data Protection Officer. Compliance and data protection officers

are appointed in every banking entity. The heads of Compliance from all entities form the MT Compliance. The Group Director Compliance reports to the Chief Risk Officer and has an escalation line to the Chair of the Audit and Risk Committee, which supports the independence of the compliance function.

In 2018, De Nederlandsche Bank (DNB) conducted a thematic, sector-wide survey among Dutch banks, focusing on the measures that banks have taken to prevent money laundering and terrorism financing. Following this survey, DNB concluded that Triodos Bank is required to implement enhanced measures concerning customer due diligence and the monitoring of customer transactions.

On 6 March 2019, DNB imposed a formal instruction (aanwijzing) on Triodos Bank N.V. to remedy shortcomings in compliance with provisions of the anti-money laundering and countering the financing of terrorism legislation and with financial supervision laws. Triodos Bank accepted this instruction and implemented mitigating measures. Following the formal instruction Triodos Bank received an administrative penalty on 14 December 2020 that was paid without delay. In 2022, Triodos Bank finalised its last remedial actions and is awaiting formal closure by DNB, this is expected in 2023.

In 2020, DNB performed an on-site inspection regarding the compliance function. The first purpose was to obtain assurance that the compliance function was sufficiently empowered to provide independent advice and to adopt a challenging role to the first line and to management. The second purpose was to assess whether the management body had an adequate role in overseeing the implementation of a documented compliance framework. Regarding the first purpose, DNB recognised the improvements that were made but concluded that the functioning of the compliance function was not in all aspects sufficiently effective and that the existing improvement plan needed more detailed guidance. Regarding the management oversight, DNB concluded that the management body was not sufficiently involved in overseeing the compliance function.

Based on both findings a remediation plan was prepared at the beginning of 2021. In 2022, seven out of the nine high-level finding were closed and finalisation is expected end of Q3 2023.

In October 2022, Stichting Certificat houders Triodos Bank filed with the Enterprise Chamber in Amsterdam a request for an inquiry into the policy and affairs of Triodos Bank. Triodos Bank asked the Enterprise Chamber to reject the request in December 2022. Shortly after finalisation of this Annual Report, the decision by the Enterprise Chamber will probably be announced. Some individual DR holders have decided to pursue legal actions leading to court cases. Refer to the Annual Accounts for more information about this.

Triodos Bank was not involved in any other material legal proceedings or any other further sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability.

In-Control Statement

The Executive Board is responsible for designing, implementing and maintaining an adequate system for internal controls over financial reporting. Financial reporting is the product of a structured process carried out by various functions and banking entities under the direction and supervision of the financial management of Triodos Bank.

The Executive Board is responsible for the risk management and compliance functions. The risk management function works together with management to develop, embed and monitor adherence to risk policies and procedures involving identification, measurement, assessment, mitigation and monitoring of financial and non-financial risks. The compliance function plays a key role in monitoring Triodos Bank's adherence to internal policies and external rules and regulations. The adequate functioning of the risk management and compliance functions as part of the internal control system are frequently

discussed in the Audit and Risk Committee of the Supervisory Board. It is further supported by Triodos Bank's risk culture as a key element of the bank's risk management framework.

Triodos Bank's internal audit function provides independent and objective assurance of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. The Executive Board, under the supervision of the Supervisory Board and its Audit and Risk Committee, is responsible for determining the overall internal audit annual plan and for monitoring the integrity of risk management systems.

The risk management framework is an important element in the in-control statement process (see also Risk management on page 257). The continuously changing environment that Triodos Bank operates in requires regular review and update to its control framework.

The risk management and control structures provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the fair presentation of Triodos Bank's financial statements.

For more detailed information on the relevant risks for Triodos and the risk appetite, please refer to the risk management chapter in the annual accounts on page 257.

Driebergen-Rijsenburg, 15 March 2023

Triodos Bank Executive Board

Jeroen Rijpkema, Chair
Kees van Kalveen
Marjolein Landheer¹
Jacco Minnaar
Nico Kronemeijer

¹ Marjolein Landheer temporarily replaces the current CRO, Carla van der Weerd, who is recovering from the health impact of long COVID-19.

2. Supervisory Board report

The Supervisory Board supervises the activities and the decisions of the Executive Board and the general affairs of the company and its affiliated enterprise. The Supervisory Board fulfils its supervisory role while considering the impact, risk and return perspective that is fundamental to the mission of Triodos Bank.

Key challenges for the bank in 2022

At the beginning of the year 2022 the markets in which Triodos Bank operates were still gripped by the COVID-19 pandemic, but there was a budding sense of optimism that the magnitude of the disruption might soon abate. That optimism proved to be justified. National and international measures to combat the effects of the pandemic were relaxed much quicker than many had dared to expect. Sadly, this return to normality was soon overshadowed by the war in Ukraine and its reverberations across the world. The market conditions for Triodos Bank were affected in multiple, often divergent, ways, warranting close supervision on the development in the loan portfolio, the provisions for expected credit losses, how assets under management were being affected, and on the financial effects of rising interest rates and inflation. At the same time, focused attention was duly given to the important transformation drives within Triodos Bank, including the project to resolve the prolonged suspension of trading of Depository Receipts (DRs) with a structural solution. Last but not least, enduring encouragement by the bank's stakeholders to continue to provide positive impact

by financing change and changing finance, was seen as a further endorsement of the need to continue to deliver on Triodos Bank's mission.

The Supervisory Board took these key challenges as a call for heightened conscientiousness and resolve in fulfilling its role in the governance of the bank. In 2022, this call was heeded in the activities and focus areas of the Supervisory Board set out below.

Activities and focus areas of the Supervisory Board in 2022

In 2021 it became clear that the system of DR trading at net asset value was unsustainable. After an extensive preparation and a thorough and careful decision-making process the Executive Board, with support of the Supervisory Board, decided to take all necessary steps to list, in due course, the DRs at a Multilateral Trading Facility (MTF) as a structural solution to resume DR trading. During this process various alternative solutions were weighed and assessed – including intermediate solutions for the DR holders that were in most urgent need of liquidity to meet ongoing vital expenses. In 2022, the bank began with the implementation. This entailed a set of projects,

straddling a broad range of areas such as corporate governance, legal and regulatory affairs, investor relations, IT, communication and stakeholder engagement. The Supervisory Board constructively challenged and advised the Executive Board on key decisions and proposals, as well as risks, mitigants and contingency planning related to these intertwined projects. There was considerable press coverage on the suspension of trading, the intended listing on the MTF and the possible consequences for DR holders. Whilst the Executive Board took the lead in steering the projects and communications thereon, the Supervisory Board followed the situation attentively.

We highlight three areas related to the MTF which received specific attention on the Supervisory Board's agenda.

First, the enabling, upon listing at the MTF, of all DR holders to grant a proxy to SAAT to vote on shareholder matters. Given the importance of the subject to the existing community of DR holders, to potential new DR holders and in general to the future governance of the bank, proposals were discussed in detail between the Executive and Supervisory Boards and put to the Board of SAAT for consideration, aiming at setting out the changes in voting procedures well in advance of the launch of the MTF listing.

Second, the efforts the bank is undertaking to attract new investors in Triodos Bank DRs once DR trading is resumed. The equity story of the bank, the associated communications strategy, investor appetite and drivers thereof, and equity capital scenarios were tabled and thoroughly discussed.

Third, the dissatisfaction of a group of DR holders with the bank's decisions surrounding the suspension of DR trading and the chosen solution to resolve this suspension that had prompted some of them to bring their cases to court. In the Netherlands, a group of DR holders brought a case against the company to the Dutch Enterprise Chamber. The Supervisory Board reviewed and approved the company's statement of defence that was prepared under instruction by the Executive Board. In addition, the Supervisory Board submitted to the court its own extensive statement

of defence in support of the company. The court heard the case on 22 December 2022.

Dividend and dividend policy received substantial attention of the Supervisory Board, resulting in the proposals approved at the Annual General Meeting in May and the Extraordinary General Meeting in October 2022. The bank will structurally shift its dividend pay-out ratio to a market-conforming level of 50%, and in 2022 a combination of interim and extraordinary dividend payments was approved and distributed. The extraordinary dividend occurred in lieu of the restricted DR buyback programme (including solidarity arrangement) that the bank had advocated earlier to help alleviate the burden of DR holders most affected by the suspension of DR trading. The Supervisory Board lauded the aim of the envisaged solidarity arrangement but supported the Executive Board's decision to abort the arrangement when it became clear that it was unattainable in the set time frame. Instead, the Executive Board proposed to distribute the capital available for the restricted buyback programme via an extraordinary dividend to all current DR holders. The Supervisory Board reviewed the Executive Board's process in coming to this decision and endorsed the decision after concluding that the process was thorough and the outcome in the interest of the company and all its stakeholders.

The Triodos Operating Model was formally launched in May 2022. Its implementation is of crucial importance to the efficiency and agility of the bank. It comes with the first major restructuring of the bank in its history, including for the first time agreeing a social plan in the Netherlands with trade unions. The Supervisory Board has dedicated a considerable attention to scrutinising proposals and decisions in relation to the Triodos Operating Model, as well as monitoring the progress of implementation. The Supervisory Board remains keen to ensure that, in addition to efficiency, the broader strategic benefits to the bank of the new way of working are unlocked, including the improvement of the organisation's ability to learn and adapt, to develop internal talent across business lines of the bank and to apply business initiatives across countries. The programme and its implementation will continue in 2023.

As part of the role of the Supervisory Board to discuss the bank's strategy, the implementation thereof and principal risks associated with it, several discussions were held in relation to the scale, diversity and complementarity of the business segments that Triodos Bank serves. The resulting balance of impact, risks and return was considered, from a current and future potential point of view. The outcomes of these discussions were fed into the equity story of the bank and the 2023 Group Year Plan. They will be taken further in the ongoing strategic dialogues between the Executive Board and Supervisory Board in 2023 and beyond.

It was also an active year for the Supervisory Board in terms of recruitment and nomination of members of the Supervisory Board and Executive Board.

In 2022, the second four-year terms of Aart de Geus and Ernst Jan Boers came to an end, as well as the first four-year term of Dineke Oldenhof, who decided not to be available for a second term. At the Annual General Meeting on 20 May 2022, they stepped down. We thank Aart de Geus, Ernst Jan Boers and Dineke Oldenhof for their professional and personal contributions as Supervisory Board members.

Supervisory Board

On 20 May 2022, Mike Nawas was appointed by the Supervisory Board as Chair, succeeding Aart de Geus, and Willem Horstmann was appointed by the Annual General Meeting as Supervisory Board member.

Audit and Risk Committee

Per 20 May 2022, Willem Horstmann was appointed Chair of the Audit and Risk Committee to succeed Ernst Jan Boers as Chair of the Audit and Risk Committee. Soon after Willem Horstmann's appointment, there was an urgent need to fulfil, on an interim basis, the combined roles within the Executive Board of Chief Financial Officer and Chief Risk Officer, as will be explained in the section below. The Supervisory Board asked Willem Horstmann to take up this combined executive role, necessitating him to temporarily resign from the

Supervisory Board. During this period, Sébastien d'Hondt, holds the Chair of the Audit and Risk Committee on an ad interim basis.

Nomination and Remuneration Committees

Per 20 May 2022, Danielle Melis took over from Dineke Oldenhof as Chair of the Remuneration Committee on an ad interim basis. In the recruitment process of the replacement of Dineke Oldenhof, the Supervisory Board invited the Dutch Works Council to nominate a candidate and cooperated with the Works Council to set the profile and to recruit the candidate. This resulted in the appointment of Kristina Flügel at the Extraordinary General Meeting of 11 October 2022. Kristina Flügel joined the Remuneration Committee as well as the Nomination Committee.

In December 2022, the Supervisory Board decided to combine the Nomination and Remuneration Committees. Consequently, as per 1 January 2023 Mike Nawas will step down as Chair of the Nomination Committee, Danielle Melis will step down as Chair of the Remuneration Committee and Kristina Flügel will be Chair of the combined Nomination and Remuneration Committee. In addition, the Supervisory Board appointed Danielle Melis as per 1 January 2023 as its Vice-Chair to replace the Chair in his absence.

Executive Board

Carla van der Weerd, Chief Risk Officer, was absent during 2022 as she needed to recover from the health impact of long COVID-19. Consequently, the role of Chief Risk Officer had to be fulfilled on an interim basis, at first by the Chief Financial Officer. Given the enduring absence, the Supervisory Board intended to appoint a temporary replacement of the Chief Risk Officer, at first in the person of Franca Vossen (as a non-statutory director). Due to a career opportunity in a statutory director role elsewhere this appointment could not be effectuated, resulting again in a combined Chief Financial and Risk Officer position being held by André Haag. In May 2022, André Haag decided to step down as Chief Financial Officer. The Supervisory Board asked Willem Horstmann to

temporarily take up the combined executive role of Chief Financial Officer and Chief Risk Officer. Simultaneously, as Carla van der Weerd's recovery was still underway, the Supervisory Board recruited Marjolein Landheer and appointed her as Chief Risk Officer ad interim after notification to the Extraordinary General Meeting on 25 January 2023. After a careful selection process the Supervisory Board appointed Kees van Kalveen as the new Chief Financial Officer after having notified the Extraordinary General Meeting of 25 January 2023. So, for the period between André Haag's departure and Kees van Kalveen's and Marjolein Landheer's appointments, Willem Horstmann acted as Chief Financial and Risk Officer ad interim and fulfilled an important role in maintaining stability at statutory level. The Supervisory Board is grateful to Willem Horstmann for taking up this role and combined responsibilities and looks forward to welcoming him back to the Supervisory Board after an appropriate cool-down period.

Governance

The Supervisory Board identified two specific areas that merit the temporary establishment of subcommittees of the Supervisory Board, in order to fulfil its consultative and advisory roles with sufficient depth and focus. First, the listing of the DRs on the MTF, and second, the business transformation as per the Triodos Operating Model. The MTF subcommittee consists of Mike Nawas, Ernst Jan Boers (until May 2022) and Sébastien d'Hondt. It convened in April and October 2022. Notable topics were the contracting of the MTF provider, how to best reach DR holders across the various Triodos Bank jurisdictions, potential DR investor appetite, facilitation of large DR purchase and sell orders, and the process towards determination of a reference price upon launch. The Business Transformation subcommittee consists of Sébastien d'Hondt and Susanne Hannestad. It convened in August, November and December 2022, where the Executive Board brought business transformation topics for advice, notably the Triodos Operating Model, the core banking ICT strategy, and the Triodos Bank impact vision.

The cascading of information between (sub)committees and the full Supervisory Board

differs. Given the advisory nature of the subcommittees, the Executive Board relays the discussion and takeaways from the subcommittee to the full Supervisory Board. In the case of the formal committees of the Supervisory Board, the information is presented by the Chair of the committee to the full Supervisory Board for consideration, confirmation or amendment. See the reports of the formal committees in the sections below for information about the content of the activities and proceedings. In addition to the (sub)committee and plenary meetings, throughout the year SB members actively engaged with EB members and senior managers within Triodos to keep abreast of developments.

In 2022, the full Supervisory Board had six formal meetings and sixteen additional joint meetings with the Executive Board, including working dinners during which the Supervisory Board and Executive Board typically reflect on and discuss a dedicated topic at length. In these meetings the Executive Board is always present. Furthermore, the Supervisory Board conducted eleven meetings without Executive Board presence, including one Supervisory Board offsite. The SB has regular monthly calls to stay up to date on important matters at hand.

Next to the activities and focus areas highlighted earlier in this report and the topics brought forward via the subcommittees and formal committees, this year the Supervisory Board deliberations included:

Business

Business propositions in lending and investments and the bank's frontrunner position in financial markets; marketing strategy and marketing communications; originate-to-distribute strategy for mortgage loans; a branch visit of the Supervisory Board to Triodos Bank Spain where a deep dive of the branch, project reviews and client visits took place.

Finance and Reporting

Monthly financial metrics at the level of the Group and of its main business units; the Management Letter and Board Report of the External Auditor; the 2021 annual report plus the Pillar 3 report and In Control Statement, and the half year 2022 results

and the respective press releases; the 2023 Group Year Plan.

Risk and Audit

Enterprise risk management; the effects of war in Ukraine; liquidity management including approving the expansion of the retained residential mortgage-backed securitisation, Sinopel 2; litigation risk; key person risk management; the interactions with DR holders, DR-holder groups and lobby groups; the SREP package including the recovery plan; the risk appetite statement; the effectiveness of the internal risk framework and control systems; internal audit findings.

Human Resources

Executive performance dialogues; executive and non-executive remuneration; function profiles of the Executive Board roles, in particular the newly recruited CFO and interim CRO; talent management; employee engagement, succession planning and key person risks.

Governance

The Triodos Bank materiality analysis; preparations for the Annual and Extraordinary General Meetings; a review of the governance of the Supervisory and Executive Boards.

Works Council

In accordance with the Works Council Act (WOR), a delegation of the Nomination Committee attended two consultative meetings of the Dutch Works Council with the CEO, during which the general affairs of the company were discussed (AGvZ-overleg). Since in 2021 and 2022 the Works Council was given the opportunity to advise on the nomination of two Supervisory Board members, these Supervisory Board members proposed to the Supervisory Board an update of Works Council proceedings, which was adopted.

De Nederlandsche Bank (DNB)

During the year, the Chair had regular calls with DNB; in November a delegation of the Supervisory Board and the Executive Board met with DNB; in December the full Supervisory Board met with DNB.

The Board of SAAT

The Chair joined the formal meetings between the Board of SAAT and the Executive Board as observer and to share the Supervisory Board's vision when asked by the Board of SAAT.

Attendance of the Supervisory Board members in 2022

Supervisory Board members in 2022	Formal Supervisory Board meetings	Formal Audit and Risk Committee meetings	Formal Nomination Committee meetings	Formal Remuneration Committee meetings
Aart de Geus ¹	3 (100%)	-	3 (100%)	-
Ernst Jan Boers ¹	3 (100%)	3 (100%)	-	-
Sébastien D'Hondt	6 (100%)	6 (100%)	-	-
Kristina Flügel ²	2 (100%)	-	2 (100%)	2 (100%)
Susanne Hannestad	6 (100%)	6 (100%)	-	-
Danielle Melis	6 (100%)	6 (100%)	3 (100%) ³	6 (100%)
Mike Nawas	6 (100%)	-	6 (100%)	6 (100%)
Dineke Oldenhof ¹	3 (100%)	-	3 (100%)	3 (100%)

¹ Until stepping down on 20 May 2022

² Since appointment on 11 October 2022

³ Since joining the Nomination Committee on 20 May 2022

Internal organisation

Composition of the Supervisory Board

The Supervisory Board aims to be diverse, with an adequate balance of nationalities, age, experience, background and gender. For gender diversity, the Supervisory Board had a quantified objective for no more than 70% of its seats to be held by either gender. In 2022, new objectives were set by the Supervisory Board for 2023 and beyond, following the "Gender Balance Act for a more balanced ratio between men and women on management and supervisory boards", that entered into force on 1 January 2022. More information on those gender targets can be found in the co-worker report under Equity, diversity and inclusion. As set out above, the composition of the Supervisory Board changed in 2022. Throughout these changes the Supervisory Board continued to comply with its gender diversity policy. At the close of the year, the Supervisory Board was composed of two male and three female members.

Committees of the Supervisory Board

The composition of the committees in 2022 was as follows:

Audit and Risk Committee

- Ernst Jan Boers (Chair - until 20 May 2022)
- Sébastien D'Hondt (Chair ad interim - since June 2022)
- Susanne Hannestad
- Danielle Melis

Nomination Committee

- Mike Nawas (Chair)
- Aart de Geus (until 20 May 2022)
- Dineke Oldenhof (until 20 May 2022)
- Danielle Melis (since 20 May 2022)
- Kristina Flügel (since 11 October 2022)

Terms of office of Supervisory Board members (as per 31 December 2022)

Supervisory Board	Year of first appointment	Year of first reappointment	End of current term	Envisaged retirement ¹	A&RC	NomCo ²	RemCo ²
Mike Nawas (Chair)	2019	-	2023	2027	-	Chair	Member
Danielle Melis (Vice-Chair) ³	2021	-	2025 ⁴	2029	Member	Member	Chair a.i.
Sébastien D'Hondt	2019	-	2024 ⁵	2028	Chair a.i.	-	-
Susanne Hannestad	2021	-	2025 ⁶	2029	Member	-	-
Kristina Flügel	2022	-	2026 ⁷	2030	-	Member	Member

¹ Based on internal Supervisory Board policy, a 2 x 4-year term is considered standard practice. In exceptional circumstances this term can be extended to 12 years or beyond, after approval of the general meeting (article 9 (6) Articles of Association).

² Nomination Committee and Remuneration Committee merged per 1 January 2023 into Nomination and Remuneration Committee.

³ Since 1 January 2023

⁴ Danielle Melis has been appointed at the EGM on 28 September 2021. End of her first term is after the AGM in 2025.

⁵ Sébastien D'Hondt has been appointed at the EGM on 13 December 2019. End of his first term is after the AGM in 2024, being the first general meeting after 4 years since his appointment.

⁶ Susanne Hannestad has been appointed at the EGM on 28 September 2021. End of her first term is after the AGM in 2025.

⁷ Kristina Flügel has been appointed at the EGM on 11 October 2022. End of her first term is after the AGM in 2026.

Remuneration Committee

- Dineke Oldenhof (Chair - until 20 May 2022)
- Danielle Melis (Chair ad interim - since 20 May 2022)
- Kristina Flügel (since 11 October 2022)
- Mike Nawas

For more information on the Supervisory Board members, Appendix II – Executive Board and Supervisory Board biographies on page 394.

Activities of the Audit and Risk Committee

The Audit and Risk Committee (ARC) formally met, in accordance with the corporate calendar, six times. As required, internal experts on areas like finance, control, tax, risk, compliance, capital management, retail banking, business banking and ICT were invited to the meetings. When Triodos Investment Management topics were discussed, the management of Triodos Investment Management was invited. Two extra ARC meetings were held in March and December, in which the yearly internal reports on capital and liquidity adequacy were discussed, and the SREP and the recovery plan were prepared for Supervisory Board approval, in order to ensure a timely submission of these documents to De Nederlandsche Bank (DNB).

In addition, informal meetings were held with the external auditor as well as with the internal auditor, without the Executive Board being present. Also, the ARC Chair conducted separate sessions with, among others, the Group Director Internal Audit, the Group Director Finance and the Group Director Compliance.

The ARC discussed and prepared for Supervisory Board approval, amongst other things, the half-year and annual results, the 2023 budget, the In Control Statement, the dividend proposal, including proposals for an interim and extraordinary dividend, the engagement of the external auditor, the risk management framework, risk appetite statement, and the Group internal audit plan. Two key audit matters, the expected credit loss provision on loans and fair-value measurements of financial instruments, were discussed in the ARC meeting as preparation for Supervisory Board discussion.

As part of the regular agenda, the ARC discussed the overall and business unit financial results and outlook, as well as the capital planning, Triodos Bank's risk profile and the progress on (ICT) risk control, Pillar 3 report, adherence to and update on laws and regulations governing financial and regulatory reporting, and tax-related issues. The main recurring reports providing input for these discussions are the enterprise risk management (ERM) report, including all risk areas, as well as the reports from Finance and Control, Internal Audit and from the Regulatory Desk departments.

Also, the results of the yearly evaluation of the external audit process were discussed. The external auditor presented their board report, management letter with interim observations, their long-form report on regulatory reporting, their audit plan and the audit fees, as well as their independent audit and assurance reports. Moreover, the ARC discussed the outcomes of the strategic risk considerations of the Group year plan 2022, the outcomes of the systematic integrity risk analysis, the insights on (the inventory of) conflicts of interest, the expected credit loss, the effectiveness of the insights on strengthening Triodos' overall product governance and the stress-test scenarios, as well as the maturity level of the data governance, with a focus on the assurance and monitoring of data quality. Triodos Investment Management governance, product governance and Triodos Investment Management business performance were discussed in ARC during the year. Finally, in 2022 the strategic projects preparing for the listing of the DRs on the MTF and the implementation of Triodos Operating Model were monitored and discussed, from a risk perspective, numerous times in the ARC.

One of the topics requiring foremost attention in 2022 was the budget realisation, including measures related to profitability enhancement and cost containment. Also, organisational changes, amongst others relating to modelling and valuations, and the outcomes and progress made on several remediation projects were discussed, e.g. on compliance risk, and supervision and governance of Triodos Bank UK. Important projects presented to ARC relate to the ongoing follow-up to the formal instruction Triodos Bank Netherlands received from DNB in March 2019 regarding the

anti-money laundering and countering terrorism financing procedures. Implementation of these AML/CTF procedures for all the branches outside of the Netherlands was presented in the ARC, as well as the progress of the regulatory watchtower project.

The ARC advised positively to the Supervisory Board on the extension of the current contract of PwC as external auditor until and including, as maximum legally permitted, audit year 2025, which proposal will be submitted to the Annual General Meeting in May 2023.

Activities of the Nomination Committee

The Nomination Committee had six formal meetings in accordance with the corporate calendar and three additional meetings, of which two were a combined session with the Remuneration Committee.

A significant part of the Nomination Committee's agenda was dedicated to the leadership transition within Triodos Bank, as in 2022 various changes in the composition of the Executive Board and Supervisory Board were successfully completed. Recruitment processes for further changes to the Executive Board were initiated in 2022, leading to the appointment by the Supervisory Board of Kees van Kalveen (Chief Financial Officer) and Marjolein Landheer (Chief Risk Officer ad interim) after the Extraordinary General meeting of 25 January 2023. In addition, a new member of the Supervisory Board was nominated and appointed in 2022: Kristina Flügel. The Nomination Committee worked collaboratively with the Dutch Works Council of Triodos Bank for this Supervisory Board member to take on the role of a second Supervisory Director by Nomination (*Voordrachtscommissaris*). Also, the Nomination Committee was involved in a consultative capacity in the recruitment and appointment of a number of key senior managers throughout the organisation.

In 2022, the Nomination Committee worked on the supervision of a number of themes important for the future of Triodos: talent management and development within the organisation, both in-country and across the countries in which Triodos

is active; the objective setting and performance review process of the Executive Board members; maintaining the connection between Triodos Bank's roots, its mission and actions; working on the equity, diversity and inclusion goals of the bank and impact of the new Triodos Operating Model for co-workers in the various countries. Progress on these themes is and will continue to be monitored.

The annual self-evaluation of the committee resulted in, among others, the following points of attention: diversity and inclusion at executive and other leadership levels, succession planning and talent development and retention. There is a requirement for HR data enhancement to go hand in hand with supervision on these topics, and the Nomination Committee specified its wishes in this regard.

The Nomination Committee agenda also included recurring topics such as the preparation of the Permanent Education programme, assessment of the Induction programme, and the Supervisory Board self-evaluation process. The committee prepared the assessment of the profiles and the composition of the Supervisory Board and the Executive Board and the two consultative meetings with the Dutch Works Council.

Activities of the Remuneration Committee

The Remuneration Committee had six formal meetings in accordance with the corporate calendar and two additional meetings combined with the Nomination Committee.

The Remuneration Committee reviewed the International Remuneration and Nomination policy, as well as the List of Identified Staff, and submitted these with a positive advice to the Supervisory Board for approval. The Remuneration Committee requested that a further analysis be made to assess whether updates to the International Remuneration and Nomination policy and the Remuneration policy for Executive Board members were called for in view of an intended listing of DRs at the MTF and in the context of the retention of key persons within the organisation.

The Remuneration Committee took note of the Eumedion report 2022, in particular of remuneration-related themes. In its work and discussions, the Remuneration Committee takes the mission to heart. The approach should be proportionate to remuneration market practices in the banking sector. The Remuneration Committee reviewed and approved the Guidelines on Senior Leadership Remuneration, amongst others to include a framework for Executive Board Remuneration and submitted these to the Supervisory Board for approval.

The Remuneration Committee reviewed and discussed the grading of the Executive Board positions, which was externally analysed by a global consulting firm, as preparation for Supervisory Board approval.

The Remuneration Committee advised the Supervisory Board on the remuneration of the members of the Executive Board. In 2022 guidelines were developed by the Supervisory Board under the Remuneration Policy of the Executive Board. The guidelines provide for a transparent framework for determining the Executive salary scales and remuneration of Executive Board members. The individual salary proposals for 2023 contain an individual salary increase depending on the position in the salary scale, as well as a collective increase set at 3%. The Remuneration Committee took note of the individual Executive Board members' views, as it submitted salary proposals for 2023 to the Supervisory Board for decision-making. The proposals included the amounts of fixed remuneration components (Triodos Bank does not grant any variable remuneration components), taking into account the performance criteria set, pay ratios within the company, and the long-term interests of all relevant stakeholders of the company.

In the course of 2022, the Remuneration Committee advised the Supervisory Board on the remuneration and terms of employment of the interim CFRO position, the interim CRO position, and the newly hired CFO. Furthermore, the Remuneration Committee advised on the amended terms of employment in relation to the extension of the employment contract of the Chief Executive Officer.

In 2022, the Remuneration Committee requested a review of local pension schemes. This review, overseen by HR, comprised a benchmark analysis of the overall benefit value of local pension schemes against the standards in the local financial services market and the identification of any exceptional arrangements. Based on the outcome, the Remuneration Committee concluded no further investigation was necessary.

Finally, the Remuneration Committee considered the remuneration of Supervisory Board members. According to the Supervisory Board Charter, the Supervisory Board is required from time to time to submit proposals to the general meeting in respect of the remuneration to be paid to the Chair and the other members of the Supervisory Board and its committees. In 2019, the Annual General Meeting had approved the adjustment of the remuneration of Supervisory Board members, including the possibility to evaluate and adjust the remuneration. The fixed remuneration of the Supervisory Board members was not adjusted for inflation in 2020, 2021 and 2022. In 2022, the Remuneration Committee commissioned an evaluation of the current remuneration practice for the Supervisory Board for consideration of the Supervisory Board with the support of an external specialist advisor and next steps are considered.

Supervisory Board competence matrix

The matrix on the next page lists the key competences of the individual members of the Supervisory Board, which are relevant to their supervisory position. For an individual to qualify as a member of the Supervisory Board, the following three attributes are required:

- Affinity with the mission and values of Triodos Bank
- Senior management experience
- International experience

All Supervisory Board members meet these criteria. The table below lists further competences in the key areas described in the Supervisory Board's profile. It highlights areas in which Supervisory Board members have substantial expertise and helps to assess whether the Supervisory Board has the appropriate skills to perform its duties. The

matrix is based on requirements outlined in the collective profile of the Supervisory Board, which is regularly reviewed.

Members of the Supervisory Board are appointed for a term of four years. It is standard practice

that members of the Supervisory Board resign after their second term. However, reappointment after the second term is possible in exceptional circumstances, as stipulated by the Dutch Corporate Governance Code.

Key areas of expertise

Name (nationality)	Year of birth	Gender	Sustainability and other expertise particularly relevant to Triodos	Banking and Finance	Audit and Risk	HR and Organisational Development Corporate governance	Digitalisation and Innovation
Mike Nawas (Dutch- American)	1964	M	•	•	•		
Danielle Melis (Dutch)	1972	F		•	•	•	
Sébastien D’Hondt (Belgian)	1964	M		•	•		•
Kristina Flügel (German)	1969	F	•	•		•	
Susanne Hannestad (Norwegian)	1961	F		•		•	•

Independence and self-evaluation

Independence

The composition of the Board was such that members could act critically and independently of one another, the Executive Board and any other interest. The Supervisory Board complies with the independence criteria of the Dutch Corporate Governance Code.

Conflicts of interest

In accordance with the requirements of the Dutch Corporate Governance Code, the Supervisory Board has internal rules in place that govern any actual or potential conflict of interest of Board members. No conflict of interest occurred during 2022.

Education

As part of the Supervisory Board’s permanent education programme, the Supervisory Board

organises meetings with both internal and external experts. In 2022, education sessions were organised on governance in general, the governance of remuneration practices in the Netherlands and Europe, an introduction to the Triodos Bank FLOW performance dialogue, transfer pricing, the detailed workings of the MTF and an in-depth dialogue session on equity, diversity and inclusion.

Self-evaluation

Towards the end of the year the Supervisory Board conducted an externally facilitated self-evaluation, using a board effectiveness questionnaire augmented with individual interviews by the external consultant with each member of the Supervisory Board, of the Executive Board, the Corporate Secretary, the Chair of the Board of SAAT and the external auditor. After the outcomes of the self-evaluation were presented to the Supervisory

Board and the Executive Board, the two Chairs worked with the consultant to articulate areas of further improvement as well as areas where no change is required given the high standards achieved. The Supervisory Board considered the input and feedback, and agreed on a package of measures designed to improve the efficiency and effectiveness of its supervision and advisory tasks, such as merging the Nomination Committee and Remuneration Committee. It agreed to ensure that more time is allocated to reflecting on decisions and evaluating decision-making processes. It was also noted that the competence diversity of the Supervisory Board is an asset, provided accompanied by careful communication and a concerted effort to align. The team dynamics within the Supervisory Board and between the Supervisory Board and Executive Board are considered open and constructive.

Conclusion

The Supervisory Board reviewed and approved the Annual Accounts and the Executive Board report.

These documents were evaluated by and discussed with the Executive Board, Internal Audit and the independent auditor. The Supervisory Board proposes that the Annual General Meeting adopts the Annual Accounts of 2022 and discharges the members of the Executive Board for their management of Triodos Bank during 2022 and the members of the Supervisory Board for their supervision. The Supervisory Board endorses the Executive Board's final dividend proposal at the Annual General Meeting in May 2023 of EUR 1.76 per Depository Receipt.

The Supervisory Board would like to thank all Triodos Bank's stakeholders for their trust in Triodos Bank. Special thanks go to all co-workers of the bank for their efforts to keep running the bank during challenging times as well as to the customers and DR holders for their long-term commitment to the bank and continuous belief in its mission to finance change and change finance.

The Supervisory Board is confident that Triodos Bank will be able to meet the challenges in the

coming years and will continue to be a frontrunner in responsible banking.

Driebergen-Rijsenburg,

15 March 2023

Supervisory Board,

Mike Nawas, Chair
Danielle Melis, Vice-Chair
Sébastien D'Hondt
Kristina Flügel
Susanne Hannestad

3. Corporate Governance

The corporate governance structure of Triodos Bank reflects and protects its mission. This chapter explains how Triodos Bank's complies with the Dutch Corporate Governance Code 2016 (the Governance Code) and the Dutch Banking Code 2014 (the Banking Code). The updated Governance Code (2022) will enter into force

as for the financial year beginning on or after 1 January 2023, meaning that compliance with the revised Governance Code will need to be accounted for in the management report for the financial year 2023. For more information on Triodos Bank's governance structure, please refer to: www.triodos.com/govstructure.

	Depository receipt holders ¹		Equity in millions of EUR	
	2022	2021	2022	2021
1 – 50	14,789	14,767	24.9	24.7
51 – 500	22,644	22,627	399.1	396.0
501 – 1,000	3,780	3,799	230.7	230.1
1,001 and more	2,332	2,328	604.7	599.3
Total	43,545	43,521	1,259.4	1,250.1

¹ The number of depository receipt holders increased due to transactions among depository receipt holders, without the involvement of Triodos Bank.

	Depository receipts x 1,000		Depository receipt holders ¹	
	2022	2021	2022	2021
The Netherlands	8,703	8,703	25,560	25,542
Belgium	2,798	2,798	7,408	7,406
United Kingdom	216	216	1,657	1,661
Spain	2,150	2,150	7,599	7,591
Germany	349	349	1,321	1,321
Total	14,216	14,216	43,545	43,521

¹ The number of depository receipt holders increased due to transactions among depository receipt holders, without the involvement of Triodos Bank.

Triodos Bank

Triodos Bank operates in the Netherlands, Belgium, the United Kingdom, Spain, and Germany. Triodos Bank has its registered office in Zeist, the Netherlands.

Stichting Administratiekantoor Aandelen Triodos Bank (SAAT)

To ensure protection of the mission and identity of Triodos, all shares in the capital of Triodos Bank are held by SAAT for administration purposes. SAAT has issued Depository Receipts representing these shares. SAAT is the legal owner of the shares and exercises the voting rights attached to these shares. In doing so, SAAT is guided by the interests of the Depository Receipt holders and the interests of Triodos Bank, as well as by the principles expressed in the objects of Triodos Bank. Currently, Triodos Bank Depository Receipts are not listed on a stock exchange. Instead, Triodos Bank maintains its own platform for trading in Depository Receipts up until now.

Depository Receipt holders

At the moment, the voting rights of DR holders are arranged in the following way. Depository Receipt holders are entitled to vote at depository receipt holders' meetings. Each Depository Receipt holder has as many votes as she or he holds Depository Receipts, up to a maximum of 1,000 votes. No Depository Receipt holder may hold more than ten percent of all issued Depository Receipts. SAAT Board members are appointed by the meeting of Depository Receipt holders on the basis of a binding nomination of candidates put forward by the Board of SAAT. Nominations must be approved by Triodos Bank's Executive Board, whose decision needs prior approval of the Supervisory Board.

Supervisory Board

The role of the Supervisory Board is to supervise the policies of the Executive Board and the general affairs of Triodos Bank and its business, as well as to assist the Executive Board by providing advice. In fulfilling their tasks, the Supervisory Board is guided by the interests of Triodos Bank and its business. Members of the Supervisory Board are appointed and reappointed by the General Meeting of Triodos Bank, based on a recommendation from the Supervisory Board. For one-third of the number of Supervisory Board members (at the moment: two out of five) the Supervisory Board includes persons recommended by the Dutch Works Council on the nomination list.

Executive Board

The Executive Board is responsible for the general course of business, the general policy and the strategy of Triodos Bank. The Executive Board is accountable to the Supervisory Board. Members of the Executive Board are appointed and reappointed by the Supervisory Board. Biographies for all members of the Board of SAAT, the Supervisory Board and the Executive Board are available in Appendix II – Executive Board and Supervisory Board biographies (see page 394).

Governance Code

In addition to the laws laid out in the Dutch Civil Code, the Dutch Governance Code applies to all companies whose registered offices are in the Netherlands and whose shares, or Depository Receipts, have been admitted to trading on a regulated market, a multilateral trading facility, or comparable systems. Triodos Bank chooses to voluntarily comply with the Governance Code. Triodos Bank complies with all principles and best practices set out in the Governance Code, except for the intentional deviations described below.

Statement of institutions with a participating interest of 3% or more

	2022	2021
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	4.0%	4.0%

Currently, to ensure the continuity of Triodos Bank's mission and objectives, SAAT exercises the voting rights relating to the shares in Triodos Bank. Depository Receipt holders cannot vote on the underlying shares, nor can they recommend candidates for appointment as member of the Board of SAAT. Former members of the Executive Board and Supervisory Board, employees or permanent advisers of the company can be members of the Board of SAAT. Thus, Triodos Bank deviates from principle 4.4, and best practice 4.4.2. In deviation from best practice 2.2.1, the term of office of one Executive Board member, appointed prior to 2021, is not limited to a period of four years. For EB members that have been appointed in 2021 or thereafter, the term has been brought in line with the Governance Code.

The Articles of Association allow a member of the Supervisory Board to be reappointed more than two times in case of exceptional circumstances. This provides the Supervisory Board with extra time to fill vacancies when necessary. Triodos Bank deviates from best practice 2.2.2.

For practical reasons, Triodos Bank may combine proposed amendments to its Articles of Association to be voted on jointly, hereby deviating from best practice 4.1.3.i, prescribing that material changes to the Articles of Association should be dealt with as separate agenda items.

Please find the complete comply-or-explain statement regarding Triodos Bank's adherence to the Corporate Governance Code at: www.triodos.com/govstructure.

The updated Governance Code (2022) will enter into force as for the financial year beginning on or after 1 January 2023, meaning that compliance with the revised Governance Code will need to be accounted for in the management report for the financial year 2023.

Banking Code, Bankers' Oath and Rules of Conduct

The Banking Code applies to banks with their registered office in the Netherlands and sets out principles Dutch banks should observe. The

Banking Code is part of the Future-oriented Banking package introduced by the Dutch bankers' association NVB. Next to the Banking Code, this package includes a Social Charter and Rules of Conduct. The Bankers' Oath relates to these Rules of Conduct. The primary focus of the Banking Code is on governance and the bank's culture. The Banking Code puts the interests of the customer at the centre. This fully aligns with Triodos Bank's vision and Business Principles. Triodos Bank complies with the Banking Code and continuously monitors its compliance.

Triodos Bank chooses not to offer variable remuneration based on predetermined financial targets or achievements, as these can enhance a culture of taking inappropriate risks.

Please find the complete comply-or-explain statement regarding adherence to the Banking Governance Code at: www.triodos.com/govstructure.

Next to Executive Board members and Supervisory Board members, all co-workers are required to take the Bankers' Oath, and to declare they will comply with the Rules of Conduct referred to above. The Bankers' Oath and the Rules of Conduct are confirmation of Triodos Bank's existing practice and align with the Triodos Bank Business Principles.

Corporate governance statement

In accordance with the Decree on the executive board report (*Besluit inhoud bestuursverslag*) and the Decree on disclosure of non-financial information (*Besluit bekendmaking niet-financiële informatie*) and related legislation, Triodos Bank published a governance statement at: www.triodos.com/govstatement. This governance statement forms part of the Annual Report 2022.

4. Remuneration report

Remuneration policy 2022

Triodos Bank's International Remuneration and Nomination policy applies to all co-workers, except for members of the Executive Board. The remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Remuneration Committee. The remuneration policy for the Executive Board is in accordance with the International Remuneration and Nomination policy.

The highlights of the policy are described below. The execution of and reporting on the remuneration policy and practices for the Executive Board, Supervisory Board, Board of SAAT, Identified Staff (co-workers in positions who may have a material impact on the risk profile of Triodos Bank) and all co-workers are described in subsequent sections.

International Remuneration and Nomination policy 2022

The International Remuneration and Nomination policy is based on the principle of human dignity and aims to enhance social coherence within

the organisation. The policy incorporates all applicable legislation on remuneration. In our view, remuneration enables co-workers to earn a decent living enabling them to contribute to the organisation and society at large. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to our mission and to work according to our corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive.

Triodos Bank operates in the financial sector. Therefore, its remuneration practice needs to be within the scope of what is expected in the financial sector to allow for a healthy inflow and outflow of co-workers. At the same time, Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. Variable components are exceptional¹, modest and discretionary and are not an incentive to favour co-workers' or the bank's own interest to the detriment of Triodos Bank's customers. This all contributes to a strong sense of being jointly responsible for realising the mission of Triodos Bank.

A revised International Remuneration and Nomination policy was approved by the Supervisory Board on 9 December 2022.

The remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Remuneration Committee. The remuneration policy for the Executive Board is in accordance with the International Remuneration and Nomination policy.

Key elements of Triodos Bank's International Remuneration and Nomination policy are:

- Award fair and relatively modest remuneration in the form of fixed pay for all co-workers, based on the principle that the bank's results are the joint accomplishment of all co-workers.

¹ Only by way of granting tokens of appreciation.

- Triodos Bank does not offer bonus or share option schemes to members of the Executive Board, the Supervisory Board, the Board of SAAT or co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, long-term value creation is by its very nature the result of a combined effort by team members aimed at both the short and the long term.
- Triodos Bank may provide individual tokens of appreciation. These are limited and decided on a discretionary basis. They are restricted to a maximum of one month's salary and EUR 10,000 gross each year. These contributions are for extraordinary achievements, subject to specific criteria, and are at the discretion of management after consultation with Human Resources. Tokens of appreciation are not based on preset targets and are always offered post factum. The tokens of appreciation are subject to clawback regulations in accordance with the EBA Guidelines. Members of the Executive Board are excluded from these awards. More information on the conditions regarding granting of tokens of appreciation can be found in the extract of the International Nomination and Remuneration policy as available on the website.
- An annual collective token of appreciation can be paid for the overall achievements and contribution of all co-workers. This amount, with a maximum of EUR 500 gross per person, is the same for all co-workers, whether they work full time or part time, and awarded pro rata to those not in service throughout the whole year. Members of the Executive Board do not receive this award. In 2022, no collective end-of-year token of appreciation was awarded.
- Triodos Bank provides local pension plans. Each country has a collective pension policy for all its co-workers if that is appropriate for the local circumstances. If there is no local policy, individual arrangements are made in the context of the labour contract. Under no circumstances are pension rights used to award specific achievements.
- Severance payments are in line with the principles of the International Remuneration

and Nomination policy. They should provide for entitled compensation upon the termination of the employment contract and should never reward failure or misconduct. Severance payments to members of the Executive Board do not exceed one year's salary, in line with the DNB and EBA guidelines on sound remuneration. Severance payments to other co-workers do not exceed one year's salary unless local legislation requires otherwise.

More details on the Triodos Bank remuneration policy are available on the website.

As part of preparation to the MTF launch, Triodos Bank will review, and update when necessary, the current International Nomination & Remuneration Policy and the Remuneration Policy for the Executive Board in due course of 2023. Triodos Bank will also develop for transparency purposes a Supervisory Board Remuneration policy in due course of 2023. Any updates to the Remuneration Policy for the Executive Board and a Remuneration Policy for the Supervisory Board are subject to approval of the annual general meeting of shareholders.

Fair remuneration

In 2022, Triodos Bank decided to pay a cost-of-living contribution to co-workers. The level of contribution was set in accordance with local income thresholds and local practices to support co-workers who are impacted most by the cost-of-living crisis. Given the aim to support the most impacted co-workers, the contribution was not paid automatically to eligible co-workers under the income threshold. Eligible co-workers had to actively opt in for the contribution. In line with Triodos Bank values, we trusted our co-workers to fairly assess whether they needed this extra support based on their personal situation.

Triodos Bank believes people should be properly and appropriately rewarded for their work. Pay is an important element of this. Remuneration within Triodos Bank is neutral for all co-workers, irrespective of gender, ethnic background, age, sexual orientation or distance to the labour market.

In 2022, we engaged an external party, AnalitiQs, to carry out an in-depth gender pay gap analysis. The outcomes lead to the conclusion that an overall correction is not needed. More information is found in the Co-worker report under Equity, diversity and inclusion.

To provide a clear insight into remuneration at Triodos Bank we report the ratio of the highest full-time salary to the median full-time salary. The ratio of the highest full-time salary to the median full-time salary was 5.1 in 2022 (2021: 5.2). This ratio is also reported in the Key Figures section at the start of this Annual Report in accordance with GRI methodology. It is reviewed and discussed within the Executive Board and with the Supervisory Board in light of developments inside and outside the organisation.

Triodos Bank seeks a healthy balance between external developments (competition and tensions in the labour market, balanced inflow and outflow of co-workers) and internal consistency. Maintaining this balance presents challenges as the business evolves, so the organisation has defined a bandwidth as a guiding principle. For the ratio of highest to median pay this stands at seven.

Remuneration of the members of the Executive Board is focused on long-term value and takes into account the internal pay ratios within the company.

Remuneration of the Executive Board in 2022

The remuneration paid to the members of the Executive Board is as follows:

The remuneration paid to the members of the Executive Board

2022							
Amounts in thousands of EUR	Fixed salary expenses	Pension expenses	Pension allowance for salary above EUR 114.866	Private use company car ¹	Social expenses	Severance payment	Total
Jeroen Rijpkema, Chair	320	30	36	10	16	-	412
Willem Horstmann ²	151	15	14	2	9	-	191
André Haag ³	146	8	14	-	7	-	175
Carla van der Weerd	257	26	25	5	13	-	326
Jacco Minnaar	230	23	20	5	13	-	291
Nico Kronemeijer	230	27	26	10	13	-	306
Total	1,334	129	135	32	71	-	1,701

¹ This concerns a benefit in kind.

² The Executive Board membership for Willem Horstmann commenced on 20 June 2022 and the amount of 2022 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 20 June 2022 until 31 December 2022.

³ The Executive Board membership for André Haag ended on 29 May 2022 and the amount of 2022 includes his compensation earned until then.

2021

Amounts in thousands of EUR	Fixed salary expenses	Pension expenses	Pension allowance for salary above EUR 112,189	Private use company car ¹	Social expenses	Severance payment	Total
Jeroen Rijpkema, Chair ²	240	22	27	3	12	-	304
Peter Blom, Chair ³	160	18	32	-	7	-	217
André Haag	250	14	24	-	12	-	300
Carla van der Weerd	257	25	25	4	12	-	323
Jacco Minnaar ⁴	58	5	5	1	3	-	72
Nico Kronemeijer ⁵	56	7	4	2	2	-	71
Jellie Banga ⁶	110	8	11	2	5	264	400
Total	1,131	99	128	12	53	264	1,687

¹ This concerns a benefit in kind.

² The Executive Board membership for Jeroen Rijpkema commenced on 21 May 2021 and the amount of 2021 includes his compensation earned from 1 April 2021 until 31 December 2021.

³ The Executive Board membership for Peter Blom ended on 21 May 2021 and the amount of 2021 includes his compensation earned until then.

⁴ The Executive Board membership for Jacco Minnaar commenced on 1 October 2021 and the amount of 2021 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 1 October 2021 until 31 December 2021.

⁵ The Executive Board membership for Nico Kronemeijer commenced on 1 October 2021 and the amount of 2021 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 1 October 2021 until 31 December 2021.

⁶ In consultation with the Supervisory Board, Jellie Banga stepped down from her position as a Member of the Executive Board of Triodos Bank N.V. at 1 May 2021. The remuneration paid includes her compensation earned until then. A severance payment was granted in 2021. This is in line with applicable regulations and was paid out in 2021.

The subsidiaries Triodos Bank UK Ltd. and Triodos Investment B.V. contributed EUR 333 thousand (2021: EUR 324 thousand) of the remuneration paid to the Executive Board.

There are no loans and advances provided to Executive Board members that were outstanding on 31 December 2022 and 2021. No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of the Board of SAAT. For reasons of principle, no share option scheme is offered to members of the Executive Board, Supervisory Board members or members of the Board of SAAT.

Development of the Executive Board remuneration, company performance and co-worker remuneration

The table below shows the annual change of compensation of members of the Executive Board, of the performance of the company, and of average remuneration on a full-time equivalent basis of co-workers of Triodos Bank other than members of the Executive Board over the five most recent financial years. The remuneration of members of the Executive Board and the remuneration of co-workers are not linked to company performance. This naturally has a limited effect on the correlation with the company performance.

	2018	2018 vs 2019	2019	2019 vs 2020	2020	2020 vs 2021	2021	2021 vs 2022	2022
Amounts in thousands of EUR	Amount		Amount		Amount		Amount		Amount
Executive Board remuneration¹									
Jeroen Rijpkema ²							240	n/a	320
Willem Horstmann ³									151
André Haag ⁴					250	0%	250	n/a	146
Carla van der Weerd ⁵			140	n/a	257	0%	257	0%	257
Jacco Minnaar ⁶							58	n/a	230
Nico Kronemeijer ⁷							56	n/a	230
Peter Blom ⁸	304	3%	312	3%	320	n/a	160		-
Jellie Banga ⁹	244	2%	250	6%	264	n/a	110		-
Pierre Aeby ¹⁰	257	n/a	101						
Company performance									
Net profit	35,187	10.9%	39,005	-30.3%	27,203	86.6%	50,759	-1.6%	49,940
Return on equity in %	3.3%	1.0%	3.4%	-32.2%	2.3%	81.2%	4.1%	-3.7%	4.0%
Operating expenses/total income	79%	1.0%	80%	0.3%	80%	0.1%	80%	-0.7%	80%
Average co-worker remuneration¹¹	60	2.4%	61	2.5%	63	2.5%	64	3.0%	66

¹ The remuneration consists of the fixed salary expenses.

² The Executive Board membership for Jeroen Rijpkema commenced on 21 May 2021 and the amount of 2021 includes his compensation earned from 1 April 2021 until 31 December 2021. Therefore, no percentage is included for 2021 vs 2022 as the high increase is caused by the fact of becoming Executive Board member during the year 2021.

³ The Executive Board membership for Willem Horstmann commenced on 20 June 2022 and the amount of 2022 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 20 June 2022 until 31 December 2022.

⁴ The Executive Board membership for André Haag commenced on 1 January 2020 and ended on 29 May 2022. The amount of 2022 includes his compensation earned until then. Therefore, no percentage is included for 2021 vs 2022 as the high decrease is caused by the fact of leaving the company.

⁵ The Executive Board membership for Carla van der Weerd commenced on 18 May 2019 and the amount of 2019 includes her compensation earned from 18 May 2019 until 31 December 2019. Therefore, no percentage is included for 2019 vs 2020 as the high increase is caused by the fact of joining the company. The increase of 2020 vs 2021 is caused by "private use company car" in 2021, no actual salary increase was granted.

⁶ The Executive Board membership for Jacco Minnaar commenced on 1 October 2021 and the amount of 2021 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 1 October 2021 until 31 December 2021. Therefore, no percentage is included for 2021 vs 2022 as the high increase is caused by the fact of becoming Executive Board member during the year 2021.

⁷ The Executive Board membership for Nico Kronemeijer commenced on 1 October 2021 and the amount of 2021 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. from 1 October 2021 until 31 December 2021. Therefore, no percentage is included for 2021 vs 2022 as the high increase is caused by the fact of becoming Executive Board member during the year 2021.

⁸ The Executive Board membership for Peter Blom ended on 21 May 2021 and the amount of 2021 includes his compensation earned until then. Therefore, no percentage is included for 2020 vs 2021 as the high decrease is caused by the fact of leaving the company.

⁹ The Executive Board membership for Jellie Banga ended on 1 May 2021 and the amount of 2021 includes her compensation earned until then. Therefore, no percentage is included for 2020 vs 2021 as the high decrease is caused by the fact of leaving the company.

¹⁰ The Executive Board membership for Pierre Aeby ended on 1 May 2019 and the amount of 2019 includes his compensation earned until then. Therefore, no percentage is included for 2018 vs 2019 as the high decrease is caused by the fact of leaving the company.

¹¹ The remuneration consists of the fixed salary expenses.

Remuneration of the Supervisory Board in 2022

Remuneration paid to the Supervisory Board is set at the Annual General Meeting and the Annual

Meeting of Depository Receipt holders. Supervisory Board members who travel to a meeting outside their home country receive EUR 1,000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time.

Remuneration paid to the Supervisory Board

Amounts in EUR	2022	2022	2022	2022	2021
	Remuneration	Remuneration Committees	Compensation for travel time	Total	Total
Mike Nawas (chair, as per 20 May 2022)	26,192	4,500	3,000	33,692	24,308
Sebastien d'Hondt	20,000	5,500	12,000	37,500	36,000
Susanne Hannestad (as per 28 September 2021)	20,000	5,000	12,000	37,000	11,507
Danielle Melis (as per 28 September 2021)	20,000	8,530	1,000	29,530	8,027
Kristina Flügel (as per 11 October 2022)	4,493	1,011	6,000	11,504	-
Aart de Geus (Chair, until 20 May 2022)	11,610	774	-	12,384	35,322
Ernst-Jan Boers (until 20 May 2022)	7,671	2,301	1,000	10,972	27,000
Dineke Oldenhof (until 20 May 2022)	7,671	1,726	-	9,397	26,307
Fieke van der Lecq (Vice-Chair, until 22 May 2021)	-	-	-	-	10,624
	117,637	29,342	35,000	181,979	179,095

The following fees apply (per annum):

EUR 30,000 Chair of the Supervisory Board

EUR 20,000 Member of the Supervisory Board

EUR 6,000 Chair of the Audit and Risk Committee

EUR 5,000 Member of the Audit and Risk Committee

EUR 2,500 Chair Remuneration Committee

EUR 2,500 Chair Nomination Committee

EUR 2,000 Member Remuneration Committee

EUR 2,000 Member Nomination Committee

Remuneration of the SAAT Board in 2022

The remuneration paid to members of the independent Foundation for the Administration of Triodos Bank Shares (SAAT) Board is set at the

Annual General Meeting and the Annual Meeting of Depository Receipt holders. Board of SAAT members who travel to a meeting outside their home country receive EUR 1,000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time.

Amounts in EUR	2022	2022	2022	2021
	Remuneration	Compensation for travel time	Total	Total
Jolande Sap (Chairas per 20 May 2022)	8,832	1,000	9,832	7,000
Koen Schoors	7,000	4,000	11,000	10,000
Mercedes Valcarel	7,000	7,000	14,000	9,000
Tarique Arsiwalla (as per 28 September 2021)	7,000	2,000	9,000	1,822
Roelien Ritsema van Eck (as per 28 September 2021)	7,000	1,000	8,000	2,822
Josephine de Zwaan (Chair, until 20 May 2022)	3,836	3,000	6,836	10,000
Willem Lageweg (Vice-Chair) (until 28 September 2021)	-	-	-	5,226
	40,668	18,000	58,668	45,870

The following fees apply (per annum):

EUR 7,000 Member of the Board of SAAT

EUR 10,000 Chair of the Board of SAAT

Remuneration of Identified Staff and all co-workers

Remuneration of Identified Staff in 2022

As of 15 March 2021, Regulation (EU) 2021/637 has become applicable, implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and

of the Council. Based on article 17 of this Regulation, new templates should be used on disclosures of remuneration policies to comply with article 450 of Regulation (EU) No 575/2013. Therefore, the Remuneration of Identified Staff table is no longer included in this remuneration report. For all information on remuneration of Identified Staff we refer to our Pillar 3 report which complies with the Commission Implementing Regulation (EU) 2021/637 article 17 disclosure of remuneration policies.

Ratio highest to median salary

	Ratio highest to median salary ¹				
	2022	2021	2020 ²	2019	2018
The Netherlands	4.3	4.5	4.6	4.6	4.8
Belgium	2.8	2.9	2.8	2.8	2.9
United Kingdom ³	5.3	5.2	5.3	6.0	4.9
Spain	5.3	5.3	5.5	5.6	5.9
Germany	2.7	2.8	2.9	2.6	2.7
France ⁴	n.a	n.a	0.0	2.7	3.9
Total	5.1	5.2	5.4	5.6	5.6

¹ Ratio of the highest-paid co-worker's full-time salary to the median full-time salary of all co-workers compiled at 31 December of the reporting year (the median is defined excluding the maximum full-time salary in line with GRI Standards).

² The figures published in the 2020 annual report have been updated because they included interns for the UK, in error. The ratio highest to median salary for the UK have been adjusted from 6.0 to 5.3 as a result. The overall ratio has been adjusted from 5.5 to 5.4 as a result

³ The ratio of the increase of the highest salary to the increase in the median salary grew substantially in 2019 in the United Kingdom. This is due to an increase in the salary of the Managing Director as a result of the conversion of the United Kingdom branch to a subsidiary. This change has a significant impact on the Managing Director's responsibilities.

⁴ Ratio highest to median salary is 0.0 due to the closure of the France agency in 2020.

Ratio increase highest salary to increase median salary

	Ratio increase highest salary to increase median salary ¹				
	2022	2021	2020 ²	2019	2018
The Netherlands	0.0	0.0	0	0.5	0.5
Belgium	0.2	0.2	0	1.4	0.2
United Kingdom ³	1.1	1.1	0	8.4	0.7
Spain	0.0	0.0	0	1.2	0.4
Germany	0.7	0.7	0	1.5	1.7
France ⁴	n.a.	n.a.	n.a.	0	0.6
Total	0.0⁵	0.0⁶	0	0.9	0.6

¹ Ratio of percentage increase for the highest-paid co-worker to the median percentage increase for all co-workers (the median is defined excluding the increase of the maximum full-time salary in line with GRI Standards).

² There have been no increases to the highest salaries for 2020

³ The ratio of the increase of the highest salary to the increase in the median salary grew substantially in 2019 in the United Kingdom. This is due to an increase in the salary of the Managing Director as a result of the conversion of the United Kingdom branch to a subsidiary. This change has a significant impact on the Managing Director's responsibilities.

⁴ Ratio highest to median salary is 0.0 in 2019 since there have been no increase to the highest salary due to the anticipated closure of the France agency in 2020.

⁵ The total ratio increase highest salary to increase median salary in 2022 is 0.0, as there is no increase to the highest salary within Triodos.

⁶ The total ratio increase highest salary to increase median salary in 2021 is 0.0, as there is no increase to the highest salary within Triodos.

5. Financials

5. Triodos Bank N.V.

Annual Accounts 2022

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Consolidated balance sheet as at 31 December 2022

Before appropriation of profit			
Amounts in thousands of EUR	Note ¹	2022	2021
ASSETS			
Cash and cash equivalents	1	2,581,140	4,277,589
Loans and advances to banks	2	332,493	265,796
Loans and advances to customers	3	10,619,676	10,167,798
Debt securities at amortised cost	4	1,689,780	1,483,378
Investment securities	5	45,718	39,976
Intangible assets	6	51,225	48,304
Property and equipment	7	88,691	94,664
Investment property	8	6,739	7,905
Right-of-use assets	9	13,327	16,734
Non-trading derivatives	10	295,696	19,650
Deferred Tax Assets	30	13,185	13,617
Current tax receivable	30	1,475	1,730
Other assets	11	55,753	54,365
Non-current Assets Held for Sale	12	5,582	12,679
Total assets		15,800,480	16,504,185
LIABILITIES			
Deposits from banks	13	337,087	1,608,306
Deposits from customers	14	13,816,340	13,285,072
Lease liabilities	9	13,924	17,425
Non-trading derivatives	10	1,249	6,947
Deferred Tax Liabilities	30	10,843	6,318
Current tax liabilities	30	12,213	12,872
Other liabilities	15	81,700	55,724
Provisions	16	7,845	5,784
Subordinated debt	17	259,884	255,615
Total liabilities		14,541,085	15,254,063

Before appropriation of profit			
Amounts in thousands of EUR	Note¹	2022	2021
EQUITY			
Share Capital	18	723,353	723,353
Share premium reserve	18	200,811	200,811
Translation reserve	18	-4,426	-4,482
Cost of hedging reserve	18	369	117
Fair value reserve	18	4,032	82
Other reserve	18	49,568	46,431
Retained earnings	18	240,724	233,051
<i>Result for the period</i>	18	<i>49,940</i>	<i>50,759</i>
<i>Interim dividends</i>	18	<i>-4,976</i>	-
Unappropriated result for the period	18	44,964	50,759
Total equity		1,259,395	1,250,122
Total equity and liabilities		15,800,480	16,504,185
Contingent liabilities	19	49,072	72,044
Irrevocable facilities	20	1,853,167	2,113,124
		1,902,239	2,185,168

¹ These are the references to the notes to the consolidated financial statements. These notes form an integral part of the consolidated financial statements.

Consolidated profit or loss account for 2022

Amounts in thousands of EUR	Note ¹	2022	2021
INCOME			
Interest income	21	287,879	246,320
Interest expense	22	-34,789	-24,850
Net interest income		253,090	221,470
Investment income	23	616	310
Fee and Commission income	24	134,289	127,112
Fee and Commission expense	24	-13,386	-11,064
Net fee and commission income		120,903	116,048
Net result from other financial instruments at FVTPL	25	-100	2,037
Other income	26	796	2,066
Other income		696	4,103
Total income		375,305	341,931
EXPENSES			
Personnel expenses	27	166,836	149,930
Other administrative expenses	27	107,777	98,794
Amortisation and value adjustments of intangible assets	28	13,908	12,020
Depreciation and value adjustments of property and equipment	28	11,573	14,458
Operating expenses		300,094	275,202
Impairment result on financial instruments	29	8,127	-420
Total expenses		308,221	274,782
Operating result before taxation		67,084	67,149
Taxation on operating result	30	-17,144	-16,390
Net profit		49,940	50,759

Amounts in thousands of EUR	Note ¹	2022	2021
Profit attributable to:			
Owners of Triodos Bank		49,940	50,759
Average number of issued shares in circulation		14,216,421	14,216,664²
Amounts in EUR			
Earnings per share for profit attributable to the equity holders of the parent entity ³		3.51	3.57 ⁴
Dividend per share		2.11 ⁵	1.80

¹ These are the references to the notes to the consolidated financial statements. These notes form an integral part of the consolidated financial statements.

² The average number of issued shares in circulation was updated compared to the annual report 2021 and is adjusted from 14,260,146 to 14,216,664.

³ The net profit per share is calculated by dividing the Net Profit by the average number of issued shares in circulation during the financial year.

⁴ The earnings per share in 2021 has been adjusted from € 3.56 to € 3.57 as a result of the update of the average number of issued shares in circulation compared to the annual report 2021.

⁵ For the year result of 2022, Triodos Bank proposes a final dividend of EUR 1.76 per depository receipt. This proposed final dividend is on top of the interim dividend of EUR 0.35 per depository receipt that has been paid out in October 2022.

Consolidated statement of comprehensive income for 2022

Amounts in thousands of EUR	Note ¹	2022	2021
Net profit		49,940	50,759
<i>Other comprehensive income that will not be reclassified to profit or loss</i>			
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	5	5,279	2,784
Related tax		-1,329	-677
Total items that will not be reclassified to profit or loss		3,950	2,107
<i>Other comprehensive income that will be reclassified to profit or loss</i>			
Foreign operations – foreign currency translation differences		56	-97
Foreign operations – Cost of hedging		252	172
Total items that will be reclassified to profit or loss		308	75
Other comprehensive income for the year, net of tax		4,258	2,182
Total comprehensive income for the year, net of tax		54,198	52,941
Total comprehensive income attributable to:			
Owners of Triodos Bank		54,198	52,941

¹ These are the references to the notes to the consolidated financial statements. These notes form an integral part of the consolidated financial statements.

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Consolidated statement of changes in equity for 2022

Amounts in thousands of EUR	Share capital	Share premium
Equity as at		
1 January 2021	723,353	200,811
Result for the period		
Foreign operations – foreign currency translation differences		
Cost of hedging of net investments in foreign operations		
Equity investments at FVOCI – net change in fair value		
Total comprehensive income	-	-
Increase of share capital	-	-
Stock dividend	-	-
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash		
Transfer to other reserve for development costs		
Dividend tax on withdrawn own depository receipts		
Purchasing or sale of own depository receipts		
Equity as at		
31 December 2021	723,353	200,811

Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Unappropriated result for the period	Total equity
-4,385	-55	-2,025	43,806	219,504	27,203	1,208,212
					50,759	50,759
-97						-97
	172					172
		2,107		-		2,107
-97	172	2,107	-	-	50,759	52,941
						-
						-
				17,962	-17,962	-
					-9,241	-9,241
				-		-
			2,625	-2,625		-
			-	-890		-890
				-900		-900
-4,482	117	82	46,431	233,051	50,759	1,250,122

Amounts in thousands of EUR	Share capital	Share premium
Equity as at		
1 January 2022	723,353	200,811
Result for the period		
Foreign operations – foreign currency translation differences		
Cost of hedging of net investments in foreign operations		
Equity investments at FVOCI – net change in fair value		
Total comprehensive income	-	-
Increase of share capital		
Stock dividend		
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash		
Extraordinary dividend		
Interim dividend		
Transfer to other reserve for development costs		
Dividend tax on withdrawn own depository receipts		
Purchasing or sale of own depository receipts		
Equity as at		
31 December 2022	723,353	200,811

Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Unappropriated result for the period	Total equity
-4,482	117	82	46,431	233,051	50,759	1,250,122
					49,940	49,940
56						56
	252					252
		3,950				3,950
56	252	3,950	-	-	49,940	54,198
						-
						-
				25,169	-25,169	-
					-25,590	-25,590
						-
				-14,359		-14,359
					-4,976	-4,976
			3,137	-3,137		-
				-		-
				-		-
-4,426	369	4,032	49,568	240,724	44,964	1,259,395

Consolidated cash flow statement for 2022

Amounts in thousands of EUR	Note	2022	2021
Operating activities			
Net profit		49,940	50,759
Net profit adjustments for:			
Depreciation	28	11,481	12,140
Amortisation	28	13,908	11,687
Amortisation premium and discount debt securities	4	9,528	10,787
Impairment losses on financial instruments	29	8,127	-420
Interest expense on lease liabilities	9	345	408
Revaluation participating debt (investment securities)	5	663	-654
Value adjustments property and equipment (incl. leases)		92	2,318
Value adjustments intangible assets		-	333
Movements in provisions	16	2,182	2,216
Taxation on operating result	30	17,144	16,390
Tax paid	30	-13,125	-19,350
Net cash flows from business operations		100,285	86,614
Changes in:			
Loans and advances to banks	2	-25,684	-96,581
Loans and advances to customers	3	-734,588	-1,031,478
Debt securities at amortised cost	4	-236,910	-166,295
Deposits from banks	13	-1,271,219	793,166
Deposits from customers	14	531,268	1,537,865
Other operating activities		42,815	2,983
Net cash flows from operational activities		-1,594,033	1,126,274

Amounts in thousands of EUR	Note	2022	2021
Investment activities			
Investment in investment securities	5	-5,866	-4,998
Divestment in investment securities	5	5,428	-
Investment in intangible assets	6	-16,902	-14,472
Investment in property and equipment	7	-2,678	-2,228
Divestment in property and equipment	7	7,176	2,136
Cash flows from investment activities		-12,842	-19,562
Financing activities			
Issuance of debt issued and other borrowed funds	17	-	247,868
Payments of lease liabilities	9	-3,398	-3,624
Increase share capital	18	-	-
Payment of cash dividend	18	-44,925	-9,241
Purchase of depository receipts of own shares	18	-	-900
Cash flows from financing activities		-48,323	234,103
Net change in cash and cash equivalents		-1,655,198	1,340,815
Cash and cash equivalents at the beginning of the year		4,422,865	3,082,405
<i>Effect of exchange rate fluctuations on cash and cash equivalents held</i>		-255	-355
Cash and cash equivalents at the end of the year		2,767,412	4,422,865
On demand deposits with central banks		2,581,140	4,277,589
On demand deposits with banks		186,272	145,276
Cash and cash equivalents at the end of the year		2,767,412	4,422,865
Additional information on operational cash flows from interest and dividends			
Interest paid		-13,237	-40,735
Interest received		274,668	244,243
Dividend received		616	310

Notes to the consolidated financial statements

General

Corporate information

Triodos Bank, having its legal address at De Reehorst, Hoofdstraat 10a, in Driebergen-Rijsenburg, The Netherlands, is a public limited liability company (N.V.) under Dutch law (Chamber of Commerce 30062415). Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 15 March 2023.

Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code. These consolidated financial statements relate to the forty-second financial year of Triodos Bank N.V.

The financial statements have been prepared on a going concern basis and there are no doubts about the ability of Triodos Bank to continue to operate on a going concern basis. The Bank has a resilient capital base. The capital and liquidity ratios currently remain well above the minimum required levels and are expected to stay well above these minimum levels, even in adverse scenario's.

Although the impact of the current developments, high inflation and low GDP growth on the economy and thereby the future performance of Triodos Bank remains unpredictable, there is no material uncertainty with respect to the financial condition

of the company, based on the current knowledge and scenario analysis made. In preparing the consolidated financial statements, Management has made an assessment on Triodos Bank's ability to continue as a going concern and has concluded that there are no material uncertainties which would cast significant doubt over the ability of the bank to continue to operate as a going concern. In order to enhance the future profitability of Triodos Bank, a program has been initiated in 2022 to optimize the resources and deliver increased impact for the bank's customers and investors.

The principal general accounting policies are summarised below and the specific accounting policies are outlined in the relevant notes. The accounting policies have been applied consistently throughout the year, unless stated otherwise. All amounts have been rounded to the nearest thousand, unless stated otherwise. Amounts may not add up due to rounding.

General Accounting policies

New and amended standards and interpretations

Triodos Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the consolidated financial statements of Triodos Bank.

IAS 41 Agriculture, IFRS 1 First-time Adoption of International Financial Reporting Standards, and IFRS 3 Business Combinations are not applicable standards for Triodos Bank and therefore the amendments to these standards have no impact on the financial statements. The amendments to IAS 16 Property, Plant and Equipment are not applicable as Triodos Bank doesn't produce any goods to sell.

Amendments effective on or after 1 January 2022 relevant to Triodos Bank are:

- IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendments do not have an impact on the financial statements.

IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour

and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Triodos Bank currently has no contracts that are recorded as onerous contracts. If any onerous contracts are to be recorded in the future, Triodos Bank will apply the amendments accordingly.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Triodos Bank applies these amendments to financial liabilities that are modified or exchanged on or after 1 January 2022. These amendments have no impact for Triodos Bank as there are no modified financial liabilities currently recorded.

Upcoming changes to IFRS relevant for Triodos Bank

The following changes to IFRS are effective on or after 1 January 2022 and are applicable for Triodos Bank:

- Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current (issued on 23 January 2020, effective 1 January 2023)
- Definition of Accounting Estimates - Amendments to IAS 8 (issued in February 2021, effective 1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (issued in February 2021, effective 1 January 2023)

Amendments to IAS 1

Triodos Bank applies the Dutch requirements for annual report layout ("Besluit modellen jaarrekening"), which specifies different layouts for banks. This is in line with IAS 1 and industry practice. The layout applied by Triodos Bank does not differentiate between current and non-current, but is based on liquidity. Therefore, the balance sheet will not be affected by the changes to the definition of current and non-current in IAS 1.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

When the aforementioned arises in the periods beginning on or after 1 January 2023, Triodos Bank will apply this standard when applicable. Currently these changes have no effect on the financial statements of Triodos Bank for the year 2022.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies

with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Triodos Bank is currently assessing the impact of the amendments to determine the impact they will have on Triodos Bank's accounting policy disclosures.

Consolidation Principles

The consolidated financial statements include the financial data of Triodos Bank and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are fully consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

List of consolidated entities of Triodos Bank N.V.:

- Stichting Triodos Beleggersgiro in Zeist, group company, fully consolidated. This entity was liquidated in 2021;
- Legal Owner Triodos Funds B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finance B.V. in Zeist, participating interest 100%, group company, fully consolidated. This entity was liquidated in 2021;
- Triodos IMMA BVBA in Brussel, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Bank UK Ltd in Bristol, participating interest 100%, group company, fully consolidated.

Other controlled entities:

- Sinopel 2019 B.V. in Amsterdam, fully consolidated.

Critical judgements and estimates

The preparation of the consolidated financial statements requires Triodos Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the financial year. Triodos Bank uses estimates, assumptions and judgements which can have a significant impact on the amounts recognised in the financial statements in applying these accounting policies. These estimates and assumptions are based on the most recent information available, and the actual amounts may differ in the future. The principal estimates and assumptions relate to:

- Impairments on financial instruments measured at amortised cost and fair value through other comprehensive income;
- Fair values of financial assets and financial liabilities;
- Residual value de Reehorst.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting

estimates are recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

The judgements and assumptions involved in the accounting policies that are considered by the Executive Board to be the most important to these financial statements are discussed in the relevant notes.

Functional and presentation currency

These consolidated financial statements are presented in Euro, which is Triodos Bank's functional currency.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising from translation are generally recognised in profit or loss. However, foreign currency differences arising

from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- foreign currency contracts or a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see hedge of net investment in a foreign operation); and
- qualifying cash flow hedges to the extent that the hedge is effective.

Business operations abroad

The assets and liabilities of foreign operations are translated into euro at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to Non Controlling Interest (NCI).

Financial instruments

This section sets out the general accounting policies regarding the recognition and measurement of each financial instrument. The accounting policies specific to each type of financial instrument is included in each relevant note.

Triodos Bank recognises financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers initially on the trade date, i.e., the date on which Triodos Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. Triodos

Bank recognises deposits from customers when funds are transferred to the Bank.

On initial recognition, financial instruments are measured at fair value. Subsequently they are classified in one of the following categories. Financial liabilities cannot be reclassified. Financial assets are only reclassified where there has been a change in the business model.

Designated as at fair value through profit or loss

A financial instrument may be designated as at fair value through profit or loss (hereafter 'FVTPL') only if such designation:

- eliminates or significantly reduces a measurement or recognition inconsistency;
- applies to a group of financial assets, financial liabilities or both, that Triodos Bank manages and evaluates on a fair value basis; or
- relates to a financial liability that contains an embedded derivative which is not evidently closely related to the host contract.

Financial assets that are designated on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses are recognised in profit or loss as they arise.

Amortised cost financial assets

A financial instrument may be measured at amortised cost if:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the outstanding balance.

Triodos Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective, being the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, Triodos Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing the newly originated or newly purchased financial assets going forward. Triodos Bank solely reclassifies financial assets when and only when its business model for managing assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

As a second step of the classification process is the assessment of the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). Interest should be in line with a basic lending arrangement and may include the consideration received for the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time, liquidity risk, administrative costs, and a profit margin. Triodos Bank considers the contractual terms of the instrument to assess whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the SPPI condition. In this assessment, Triodos Bank considers relevant factors such as the currency in which the financial asset is denominated, prepayment options, interest tenor, as well as linkage to energy labels and biobased mortgages. In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity instruments at fair value through other comprehensive income

Upon initial recognition, Triodos Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at fair value through other comprehensive income (hereafter 'FVOCI') when they meet the definition of Equity and are not held for trading. This classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when Triodos Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Fair value through profit or loss

A financial liability is measured at fair value if it arises from: a financial guarantee contract; a commitment to lend at below market rates; an obligation arising from the failed sale of an asset; or a contingent consideration for a business acquisition. Fair value through profit or loss is the default classification for a financial asset.

Amortised cost financial liabilities

All financial liabilities that are not subsequently measured at fair value are measured at amortised cost, with interest accounted for using the effective interest rate method.

Application

To determine the appropriate method for subsequent measurement, an assessment is made of the business model of each portfolio of financial instruments. Business models are assessed at portfolio level, being the level at which they are managed. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives of the portfolio, its risk management and the ability to monitor sales of assets from a portfolio. The criteria for classifying cash flows as solely principal and interest are

assessed against the contractual terms of a facility, with attention to leverage features; prepayment and extension terms; and triggers that might reset the effective rate of interest.

Impairment of financial assets

Allowances for expected credit losses (ECL) are calculated for all financial assets at amortised cost or FVOCI, regardless of whether they are in default.

Triodos Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation of the EIR. A cash shortfall is the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

The allowance for expected credit losses is the outcome of the formula: $PD \times LGD \times EAD$.

Assets are classified into the following categories in line with IFRS 9:

- Stage 1: Assets that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit loss (ECL) is recognised and interest income

is calculated on the gross carrying amount of the asset. 12-month ECLs are the expected credit losses that result from default events that are expected within 12 months after the reporting date.

- Stage 2: For assets that have experienced a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, lifetime ECLs are recognised and interest income is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3: For assets that have objective evidence of impairment at the reporting date, lifetime ECLs are recognised and interest income is calculated on the net carrying amount.
- Purchased or originated credit impaired (POCI): For assets that have objective evidence of impairment at purchase or origination, lifetime ECLs are recognised and interest income is calculated using the credit adjusted effective interest rate on the net carrying amount.

Expected credit losses are a probability weighted estimate of credit losses, considering various scenarios. For doubtful debtors scenarios are specific to the circumstances of the debtor, whereas for all other debtors the scenarios are based on macroeconomic conditions.

Triodos Bank has different approaches in determining the ECL. For corporate loans ECL for stages 1 and 2 Triodos Bank uses a model for calculating ECL, same goes for financial guarantees and loan commitments issued. For Stage 3 on business lending individual assessments are done. ECL for stages 1 to 3 for mortgage loans is calculated with the use of a model. The ECL on debt securities at amortised cost, loans and advances to banks are also calculated through a model, differing from the corporate loan and mortgage loan models. Refer to the sections Critical judgements and estimates (see page 144) and Credit risk (see page 269) for further information.

Significant increase in credit risk

When a financial instrument has a significant increase in credit risk since initial recognition, Triodos Bank transfers the instrument from Stage 1 to Stage 2. After a financial asset has been transferred to Stage 2, if its credit risk is no longer considered to have significantly increased relative to its initial recognition, the financial asset will move back to Stage 1. In determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Triodos Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Triodos Bank’s historical experience and expert credit assessment and including forward-looking information, resulting in a credit risk grade, with an internal rating for larger corporate clients.

Triodos Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default

and applying judgement of experienced credit risk professionals. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Making use of general moratoria without conditions, is in itself not a trigger for significant increase in credit risk, but it could indicate a significant increase of credit risk.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate Exposures	Retail exposures	All exposures
<ul style="list-style-type: none"> Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes. 	<ul style="list-style-type: none"> Internally collected data on customer behaviour – e.g. utilisation of overdraft facilities. 	<ul style="list-style-type: none"> Payment record – this includes overdue status as well as a range of variables about payment ratios. Overdue payments can increase credit risk grade, with days past due over 90 days resulting in default status.
<ul style="list-style-type: none"> Data from credit reference agencies, press articles, changes in external credit ratings. Quoted bond and credit default swap (CDS) prices for the borrower where available. 	<ul style="list-style-type: none"> Affordability metrics. External data from credit reference agencies, including industry-standard credit scores. 	<ul style="list-style-type: none"> Utilisation of the granted limit. Requests for and granting of forbearance.
<ul style="list-style-type: none"> Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities. 		<ul style="list-style-type: none"> Existing and forecast changes in business, financial and economic conditions.

The internal credit rating system comprises 14 ratings as explained in the impairment of financial assets accounting policy:

- Loans with initial ratings 1-3 are considered to exhibit a significant increase in credit risk if they are downgraded by four grades;
- Loans with initial ratings 4-7 are considered to exhibit a significant increase in credit risk if they are downgraded by three grades;
- Loans with initial ratings 8-9 are considered to exhibit a significant increase in credit risk if they are downgraded by two grades;
- Loans with initial ratings 10-12 are considered to exhibit a significant increase in credit risk if they are downgraded by one grade; and
- Loans with ratings of 14 are considered to be in default. Therefore a downgrade of a loan with rating 13 would put it in default.

Within the credit risk policy clients with total business loans above EUR 250 thousand are rated on an individual basis at least annually. Clients with retail mortgage loans and or total business loans below EUR 250 thousand have no rating appointed. The frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates. The credit committee discusses and, if necessary, takes action with respect to overdue payments from debtors. If there is any doubt regarding the continuity of the debtor's core operations and/or a debtor fails to settle agreed interest and repayment instalments for a prolonged period, this debtor falls under the category of defaulted and will be managed intensively.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Triodos Bank uses four objective criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in PD;

- Qualitative indicators, for example placement of a loan on a watchlist;
- A backstop of 30 days past due; and
- If an exposure is intensively managed.

Additionally, if based on expert judgement it is deemed that these criteria do not cover all increases in credit risk, a management overlay may be applied. Refer to Critical judgement and estimate related to ECL below for any management overlays.

Triodos Bank determines probability of default based on its internal credit rating system for its larger corporate client, which comprises 14 grades. The table below includes the weighted average PD used in the ECL calculation per internal credit rating as determined at the end of current year.

Grading	12-month weighted-average PD
Grade 1	0.03%
Grade 2	0.09%
Grade 3	0.15%
Grade 4	0.50%
Grade 5	1.02%
Grade 6	1.90%
Grade 7	3.79%
Grade 8	6.12%
Grade 9	9.93%
Grade 10	16.35%
Grade 11	26.80%
Grade 12	37.75%
Grade 13	48.56%
Grade 14	In default

Loans are assessed at inception and subsequently periodically reassessed. Movements in the internal credit rating provide the basis to determine whether a significant increase in credit risk has occurred. The credit quality of all counterparties is reviewed and rated at least annually. In addition, Triodos

Bank's focus on relationship management supports early identification of risk factors.

Mortgages do not have individual ratings. Individual mortgages have a significant increase in credit risk if they have payments of more than thirty days past due. The significant increase of credit risk of the remaining mortgages is assessed using a collective approach.

Definition of default

Triodos Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to Triodos Bank in full, without recourse by Triodos Bank to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation to Triodos Bank.

Overdrafts are considered as being past due when:

- The customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, Triodos Bank considers indicators that are:

- Qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to Triodos Bank; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. Triodos Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information

purchased from external credit reference agencies is also used.

Triodos Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Write-offs

Impaired loans are written off when Triodos Bank concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write-off is determined on a case-by-case basis. Such loans are reviewed regularly and write-off will be prompted by bankruptcy, insolvency, renegotiation and similar events. For all other financial instruments write-offs, if any, are also determined on a case-by-case basis.

Critical judgement and estimate related to ECL

The estimation of the ECL is a critical estimate and includes several critical judgements as set out below.

Triodos Bank records an allowance for expected credit loss for all loans and other financial assets not held at fair value through profit or loss, together with loan commitments and financial guarantee contracts.

The measurement of credit impairment under the expected credit loss model depends on management's assessment of whether a significant increase in credit risk has occurred for each financial asset, its economic forecasts including the probability of each of these, and its modelling of expected performance of each financial asset and its associated collateral in each economic scenario. Significant increase in credit risk requires critical judgement, whereas the economic forecasts and the expected performance are significant estimates that are reflected in the probability of default and the loss given default.

Significant increase in credit risk

Triodos Bank's approach to determining whether a significant increase in credit risk has occurred is, in large part, based on its internal credit rating system. This determination of what downgrade in internal credit rating constitutes a significant increase in credit risk is a significant judgement.

Due to to high inflation in the markets where Triodos Bank is active, it was determined that for those exposures that are facing high increases in prices (for example construction materials and energy) relative to their expected income, have incurred significant increase in credit risk at the end of 2022. Therefore, all exposures that are in the construction phase are moved to stage 2 as a management overlay to the model.

In 2021, the clients of six sectors with a high dependency on the general moratoria and governmental facilities in place due to the COVID-19 crisis, were moved into Stage 2 in full. As these COVID-19 measures are no longer in place, the ECL overlay of moving clients in these six sectors was removed.

Economic forecasts

Any impact of future outlook is calculated with the use of macroeconomic scenarios. Triodos

Bank formulates three economic scenarios: a base case scenario and two less likely scenarios (Up scenario and Down scenario). The base case is aligned with information used by Triodos Bank for other purposes such as strategic planning and budgeting. The macroeconomic scenario's impact the probability of default and the collateral value. The collateral value is used to determine the loss given default.

In developing these macroeconomic scenarios Triodos Bank uses significant judgement. Triodos Bank has incorporated the current economic environment, including its expected future outlook into the macroeconomic scenarios. Triodos Bank uses an independent forecaster to create its macroeconomic scenario's, which includes economic data and forecasts published by governmental bodies, monetary authorities, and supranational organisations such as the OECD and the International Monetary Fund.

The economic scenarios used as at 31 December 2022 included the following Real GDP growth for the years ending 31 December 2023 to 2025 and the long term growth for the years after 2025. The Real GDP growth is the forecasted GDP growth, corrected for the forecasted inflation. This is a critical estimate.

	Weight	2023	2024	2025	Long-term
Base scenario	40%	1.2%	2.6%	2.3%	1.0%
Up scenario	30%	3.5%	2.3%	2.2%	1.0%
Down scenario	30%	-4.9%	3.2%	3.7%	1.0%

The weighting per scenario reflects the belief of market participants in the likelihood of the occurrence of the scenarios. The weighting is reassessed on a quarterly basis. The 2021 weightings were Base scenario (50%), Up scenario (25%) and Down scenario (25%).

Triodos Bank performed a sensitivity analysis related to the macro economic forecasts, focussing on the key driver, Real GDP growth. The sensitivity analysis had the following outcome:

Amounts in thousands of EUR	Impact on ECL
GDP Growth +2%	-2,105
GDP Growth +1%	-1,507
GDP Growth +0.5%	-916
GDP Growth -0.5%	1,130
GDP Growth -1%	2,673
GDP Growth -2%	8,949

Loan performance in different macroeconomic conditions

The performance of each loan in Stages 1 and 2 in the different macroeconomic scenarios is determined by its sector. The table shows by

sector the correlation between the macroeconomic indicator and the PD of the client. The correlation used for the year end ECL calculation is provided in the below table.

Sector	Branches				
	The Netherlands	Belgium	United Kingdom	Spain	Germany
Organic farming	Low	Low	Medium	Low	Low
Organic food	High	High	High	High	High
Renewable energy	Low	Low	Low	Low	Low
Sustainable property	Medium	Medium	Medium	Medium	Medium
Environmental technology	Low	Low	Low	Low	Low
Retail non-food	High	High	High	High	High
Production	Medium	Medium	Medium	Medium	Medium
Professional services	High	Low	Low	Low	Low
Recreation	High	High	High	High	High
Social housing	None	None	None	None	None
Education	Low	Low	Medium	Low	Low
Child care	Low	Low	Low	Low	Low
Health care	Low	Low	Medium	Low	Low
Art and culture	High	High	High	High	High
Philosophy of life	Medium	Medium	Medium	Medium	Medium
Social projects	Low	Low	Medium	Low	Low
Fair trade	Medium	Medium	Medium	Medium	Medium
Development cooperation	Medium	Medium	Medium	Medium	Medium
Other	None	High	Low	None	High

Impacted variable	Macroeconomic variable (delta)	Measurement unit of impact	Low	Medium	High
PD	GDP growth (-1%) or Market rate (+2%)	Number of notches	+1 notch	+2 notch	+3 notch

For example, if GDP correlation is low and the GDP growth is -1% rating of loans in that sector are impacted by 1 notch. Impact of notches can be seen in section financial instruments in the table where PD percentages are shown.

Predicted relationships between GDP and default and loss rates on various portfolios of financial assets are critical estimates that have been developed based on management judgement and analysis of historical data.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. Triodos Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Triodos Bank has transferred the financial asset if, and only if, either:

- Triodos Bank has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. Pass-through arrangements are transactions whereby Triodos Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- Triodos Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- Triodos Bank cannot sell or pledge the original asset other than as security to the eventual recipients

- Triodos Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, Triodos Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- Triodos Bank has transferred substantially all the risks and rewards of the asset; or
- Triodos Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. Control is transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of continuing involvement, in which case, the associated liability is also recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that have been retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Modified assets and liabilities

Triodos Bank can make concessions or modifications to original terms of loans either due to commercial renegotiations or due to distressed restructurings with a view to maximise recovery.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, Triodos Bank records a modification gain or loss. A modification is considered to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial asset of, or greater than, ten percent.

Derecognition due to substantial modification of terms and conditions

Triodos Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at recognition date triggering POCI classification.

When assessing whether or not to derecognise a loan to a customer, amongst others, Triodos Bank considers the following qualitative factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion
- Restructuring

Forbearance

When the borrower is in financial difficulty, rather than taking possession or to otherwise enforce collection of collateral, terms of the loan(s) can be modified. Triodos Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and Triodos

Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of two years has passed from the date the forborne contract was considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period, and;
- The customer does not have any contracts that are more than 30 days past due.

Embedded derivatives

Derivatives embedded in contracts shall be separated from the host contract and accounted for separately at fair value if all the below criteria are met:

- The host contract is not a financial asset in scope of IFRS 9;
- The hybrid contract is not measured at fair value through profit or loss;
- The embedded derivative would meet the definition of a stand alone derivative;
- The embedded derivative is not closely related to the host contract.

Impairment of non-financial assets

At each balance sheet date, Triodos Bank assesses whether there is any indication that its assets, other than financial instruments, are impaired. If any such indication exists, it estimates the recoverable amount of the asset and the impairment loss if any. If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been taken into account in estimating future cash flows. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in profit or loss and the carrying value of the asset reduced by the amount of the loss.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

Securitisation

Triodos Bank has one retained residential mortgage backed securitisation (RMBS) called Sinopel 2019 B.V. (“Sinopel”).

A securitisation is a transaction where a pool of assets is sold to a special purpose vehicle. The special purpose vehicle issues notes with

different tranches to finance the purchase price of the assets. With Sinopel Triodos Bank structured a retained RMBS whereby Triodos Bank is the sole buyer of the issued notes and has as such not transferred any credit risk. Through the retained RMBS, Triodos Bank strengthens its financial resilience and gains additional access to (central bank) liquidity by pledging the notes as collateral with the Dutch Central Bank. The Sinopel RMBS is collateralised by Dutch residential mortgages loans. The structure is fully compliant with the new Simple Transparent Standardised EU regulation. For notes issued by Sinopel 2019 B.V., the following ECAIs were involved: DBRS Ratings Limited and S&P Global Ratings Europe. As there is no risk transfer with the Sinopel transaction, the securitisation exposures (notes) are not risk weighted separately. The securitised assets (mortgage loans) are taken into account as if they were not securitised. Triodos Bank consolidates Sinopel in its annual accounts.

Apart from the Sinopel transaction Triodos Bank is not active as originator, investor or sponsor of securitisation exposures. As a result, Triodos Bank does not hold any re-securitisation positions and does not provide securitisation related services to any other SPV.

The notes of the securitisation are pledged as collateral. The carrying amount of the financial assets pledged as collateral is EUR 1346.5 million (2021: 568.8 million).

Cash flow statement

The cash flow statement sets out the movement in Triodos Bank's funds, broken down into operating activities, investment activities and financing activities. The funds consist of cash and the on demand deposits with banks. The cash flow statement is produced using the indirect method and gives details of the source of cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities.

Movements in loans and receivables and interbank deposits are included in the cash flow from

operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arising from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Notes to the consolidated balance sheet

Assets

1 Cash and cash equivalents

The balance sheet value of the cash and cash equivalents as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
On demand deposit Dutch Central Bank	1,717,962	2,568,297
On demand deposit Belgian Central Bank	278,042	513,382
On demand deposit German Central Bank	7,469	244,245
On demand deposit Spanish Central Bank	170,719	506,584
On demand deposit United Kingdom Central Bank	405,870	445,464
Interest receivable	1,078	-383
Balance sheet value as at 31 December	2,581,140	4,277,589

More detailed information regarding cash and cash equivalents can be found in the Risk Management chapter, section Liquidity risk, with quantitative information starting on page 283.

Accounting policy

Cash and cash equivalents comprises of cash with central banks. Cash and cash equivalents are carried at amortised cost on the balance sheet.

2 Loans and advances to banks

Amounts in thousands of EUR	2022	2021
On demand deposits with banks	186,272	145,276
Deposits with banks	146,027	120,588
Interest receivable	201	-44
Allowance for ECL	-7	-24
Balance sheet value as at 31 December	332,493	265,796

Received cash collateral regarding forward currency contracts and interest rate swaps is presented as loans and advances to banks. The increase in received cash collateral is caused by fair value changes in interest rate swaps.

An amount of EUR 144.7 million of the deposits is encumbered (2021: EUR 118.2 million). These are on demand deposits at Cecabank for the amount of EUR 1.0 million (2021: EUR 1.0 million), ING Bank EUR 13.0 million (2021: EUR 13.0 million), Banco Cooperativo EUR 1.5 million (2021: EUR 1.5 million), the Dutch Central Bank EUR 50.0 million (2021: EUR 50.0 million), Rabobank EUR 6.7 million (2021: EUR 13.5 million), and ABN AMRO EUR 72.5 million (2021: EUR 39.2 million). There were no deposits subordinated (2021: EUR 1.0 million). All other deposits can be freely disposed of.

The balance sheet value of the loans and advances to banks as at 31 December can be broken down as follows by residual maturity:

Amounts in thousands of EUR	2022	2021
On demand	186,444	145,217
1 to 3 months	1,358	1,426
3 months to 1 year	-	-
1 to 5 years	-	1,000
Longer than 5 years	-	-
Encumbered assets without a maturity	144,691	118,153
Balance sheet value as at 31 December	332,493	265,796

Accounting policy

Loans and advances to banks are financial instruments initially measured at fair value including any incremental direct transaction costs. The loans and advances to banks are held to collect the contractual cash flows and meet the SPPI criteria. Therefore, subsequent measurement is at amortised cost, using the effective interest method in accordance with the Financial instruments paragraph in the accounting principles on page 145 .

3 Loans and advances to customers

Loans and advances to customers at amortised cost:

Amounts in thousands of EUR	2022				
	Gross carrying amount	Allowance for ECL	Carrying amount	Net interest	Effective interest rate
Business loans	6,270,426	-47,927	6,222,499	172,417	2.77%
Mortgage lending	4,447,170	-1,414	4,445,756	67,306	1.67%
Short term loans ¹	60,000	-	60,000	-61	-0.06%
Current accounts and credit cards	159,036	-1,876	157,160	5,178	3.04%
Fair value hedge accounting	-289,691	-	-289,691	-	-
Interest receivables	23,952	-	23,952	-	-
Balance sheet value as at 31 December	10,670,893	-51,217	10,619,676	244,840	2.36%

¹ These are loans, mostly to local municipalities, with a maximum maturity of one year and one day.

Amounts in thousands of EUR	2021				
	Gross carrying amount	Allowance for ECL	Carrying amount	Net interest	Effective interest rate
Business loans	6,267,585	-45,366	6,222,219	152,760	2.51%
Mortgage lending	3,621,128	-1,078	3,620,050	56,240	1.77%
Short term loans ¹	138,628	-	138,628	-762	-0.32%
Current accounts and credit cards	186,192	-2,536	183,656	3,536	2.33%
Fair value hedge accounting	-14,708	-	-14,708	-	-
Interest receivables	17,953	-	17,953	-	-
Balance sheet value as at 31 December	10,216,778	-48,980	10,167,798	211,774	2.19%

¹ These are loans, mostly to local municipalities, with a maximum maturity of one year and one day.

The Expected Credit Loss allowance (ECL) 2022 is 0.48% of the total loan portfolio gross carrying amount at 31 December 2022 (31 December 2021: 0.48%).

The annual incurred loss rate, which is the stage 3 impairment expense over the average loan book per 31 December 2022, is 8bps (2021: 6bps).

The movements of the ECL of Loans and Advances to customers for 2022 is presented below. A further breakdown of the movements of the ECL, split between ECL on business loans and current accounts and ECL on mortgages, including comparatives is included within the current disclosure.

Amounts in thousands of EUR	2022			Total
	Stage 1	Stage 2	Stage 3	
Balance sheet value at 1 January	8,675	3,418	36,887	48,980
Net remeasurement of allowance for expected credit losses	-2,750	1,859	8,076	7,185
<i>of which:</i>				
- Effect of transition between stages	-907	2,660	510	2,263
- Macro-economic forward looking impact	-2,567	-470	-	-3,037
- Individual loan or advance behaviour	353	99	7,566	8,018
- Update ECL model	371	-430	-	-59
Net portfolio growth	463	503	-	966
Write-offs	-	-	-5,386	-5,386
Exchange rate differences	-74	-85	-369	-528
Balance sheet value at 31 December	6,314	5,695	39,208	51,217
Amounts in thousands of EUR	2021			Total
	Stage 1	Stage 2	Stage 3	
Balance sheet value at 1 January	8,148	9,384	33,438	50,970
Net remeasurement of allowance for expected credit losses	-985	-5,899	5,613	-1,271
<i>of which:</i>				
- Effect of transition between stages	851	-266	395	980
- Macro-economic forward looking impact	-3,916	-6,646	-	-10,562
- Individual loan or advance behaviour	1,302	1,450	5,218	7,970
- Update ECL model	778	-437	-	341
Net portfolio growth	1,432	-168	-	1,264
Write-offs	-	-	-2,306	-2,306
Exchange rate differences	80	101	142	323
Balance sheet value at 31 December	8,675	3,418	36,887	48,980

The total ECL provision of EUR 49.0 million per 31 December 2021 increased by EUR 2.2 million to EUR 51.2 million per 31 December 2022 due to an increase in Stage 2 of EUR 2.3 million and an increase in Stage 3 of EUR 2.3 million which was offset by a decrease in Stage 1 of EUR 2.4 million. The decrease in Stage 1 is mainly caused by the decrease of EUR 2.6 million due to more favourable macro-economic forward looking parameters compared to 2021. This is partly offset by a net increase of EUR 2.3 million due to transfers from a one-year expected credit loss in Stage 1 to a lifetime expected credit loss in Stage 2 and Stage 3, and an increase in Stage 3 of EUR 8.1 million, offset by write-offs of EUR 5.4 million. This has resulted in a net loss in the profit or loss account of EUR 8.1 million (2021: a net gain EUR 7 thousand).

More detailed information regarding the allowance for ECL and the impairment gain/loss recognised in the profit or loss accounts can be found in the Risk Management chapter, section Credit risk, with quantitative information starting on page 273.

The movement of the ECL of Loans and Advances is further split below between the movement of the ECL for Business loans and current accounts and the movement of the ECL for Mortgages.

The following table shows the movements within the ECL for business loans and current accounts. The allowance for expected credit losses in this table includes ECL on off-balance sheet loan commitments for certain retail products such as credit cards and overdrafts, because Triodos Bank determines the ECL per exposure, including any loan commitment component.

ECL loans and advances to customers at amortised cost - Business loans and current accounts	2022			
	Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3
Balance at 1 January	8,058	3,057	36,787	47,902
Net remeasurement of allowance for expected credit losses	-2,670	1,904	7,868	7,102
<i>of which:</i>				
- Effect of transition between stages	-906	2,642	497	2,233
- Macro-economic forward-looking impact	-2,534	-415	-	-2,949
- Individual loan or advance behaviour	400	108	7,371	7,879
- Update ECL model	370	-431	-	-61
Net portfolio growth	308	405	-	713
Write-offs	-	-	-5,386	-5,386
Exchange rate differences	-74	-85	-369	-528
Balance at 31 December	5,622	5,281	38,900	49,803

ECL loans and advances to customers at amortised cost - Business loans and current accounts		2021			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total	
Balance at 1 January	7,287	9,061	32,972	49,320	
Net remeasurement of allowance for expected credit losses	-610	-5,868	5,979	-499	
<i>of which:</i>					
- Effect of transition between stages	853	-307	395	941	
- Macro-economic forward-looking impact	-3,766	-6,566	-	-10,332	
- Individual loan or advance behaviour	1,365	1,462	5,584	8,208	
- Update ECL model	938	-457	-	481	
Net portfolio growth	1,301	-237	-	1,064	
Write-offs	-	-	-2,306	-2,306	
Exchange rate differences	80	101	142	323	
Balance at 31 December	8,058	3,057	36,787	47,902	

The following table shows the movements within the ECL for mortgage loans.

ECL loans and advances to customers at amortised cost – Mortgages		2022			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total	
Balance at 1 January	617	361	100	1,078	
Net remeasurement of allowance for expected credit losses	-80	-45	208	83	
<i>of which:</i>					
- Effect of transition between stages	-1	18	13	30	
- Macro-economic forward-looking impact	-33	-55	-	-88	
- Individual loan or advance behaviour	-47	-9	195	139	
- Update ECL model	1	1	-	2	
Net portfolio growth	155	98	-	253	
Balance at 31 December	692	414	308	1,414	

ECL loans and advances to customers at amortised cost – Mortgages	2021			
	Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3
Balance at 1 January	861	323	466	1,650
Net remeasurement of allowance for expected credit losses	-375	-31	-366	-772
<i>of which:</i>				
- Effect of transition between stages	-2	41	-	39
- Macro-economic forward-looking impact	-150	-80	-	-230
- Individual loan or advance behaviour	-63	-12	-366	-441
- Update ECL model	-160	20	-	-140
Net portfolio growth	131	69	-	200
Balance at 31 December	617	361	100	1,078

Loans and advances to customers classified by residual maturity:

Amounts in thousands of EUR	2022	2021
Payable on demand	160,530	186,558
1 to 3 months	451,023	520,850
3 months to 1 year	972,909	896,227
1 to 5 years	3,672,590	3,600,046
Longer than 5 years	5,362,624	4,964,117
Balance sheet value as at 31 December	10,619,676	10,167,798

A total amount of EUR 5.6 million (2021: EUR 9.4 million) of the loans and advances to customers is subordinated.

As part of the interest rate risk management, Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate loans. Please see Non-trading derivatives and hedge accounting (see page 311) for additional information.

Accounting policy

Loans and advances to customers are financial instruments initially measured at fair value including any incremental direct transaction costs. The loans and advances to customers are held to collect the contractual cash flows and meet the SPPI criteria. Therefore, subsequent measurement is at amortised cost, using the effective interest method in accordance with the Financial instruments paragraph in the accounting principles on page 145 .

Critical judgement and estimates

Triodos Bank determines the ECL which is a critical estimate and includes critical judgements. For more details on the critical judgement and estimate of ECL, refer to Financial instruments (see page 145).

4 Debt securities at amortised cost

Amounts in thousands of EUR	2022	2021
Dutch government bonds	9,940	69,667
Belgian government bonds	76,843	108,035
Spanish government bonds	98,356	51,733
United Kingdom government bonds	153,157	125,171
Other bonds	1,343,430	1,119,399
Interest receivable	7,736	8,738
Fair value hedge accounting	350	645
Allowance for ECL	-32	-10
Balance sheet value as at 31 December	1,689,780	1,483,378

Debt securities with a nominal amount of EUR 975.9 million is placed at the Dutch Central Bank (2021: EUR 207.1 million) that can be used for a credit line. In 2021 an amount of EUR 1,064.7 million of debt securities was posted as collateral at the Dutch Central Bank for the deposits from Central Banks (TLTRO) which was repaid in 2022.

Up to 2020, as part of the interest rate risk management, Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate bonds. These hedge relationships were discontinued as Triodos Bank now applies macro fair value hedge accounting on its loans and advances to customers. The fair value hedge adjustment on debt securities will amortise over the remaining lifetime of the dedesignated hedge relationship.

The movement in debt securities at amortised cost is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	1,483,378	1,317,301
Acquisitions	745,581	402,532
Repayments	-507,669	-229,447
Sale	-	-6,095
Amortisation difference between acquisition price and redemption value	-9,122	-10,725
Exchange rate differences	-21,069	10,956
Interest receivable movement	-1,002	-696
Fair value hedge accounting movement	-295	-501
Net movement in allowance for ECL	-22	53
Balance sheet value as at 31 December	1,689,780	1,483,378

The increase in the debt securities is mainly caused by an increase in the other bonds of EUR 224 million. The other bonds consists of European regional government and corporate bonds, listed and non-listed. The debt securities including the other bonds are specified below.

The interest bearing securities in the statement below, as at 31 December, are valued at amortised cost. This is the book value without the interest receivable, fair value hedge accounting and the allowance for the ECL.

Amounts in thousands of EUR		2022			
Issuer	Listed	Non-listed	Maturity <1 year	Maturity >1 year	Of which Green bond ¹
Total public sector entities	1,420,178	41,253	403,222	1,058,209	32,238
Total non-public sector entities	214,295	6,000	14,716	205,579	41,486
Total	1,634,473	47,253	417,938	1,263,788	73,724

¹ These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Amounts in thousands of EUR		2021			
Issuer	Listed	Non-listed	Maturity <1 year	Maturity >1 year	Of which Green bond ¹
Total public sector entities	1,166,716	66,920	447,792	785,844	32,356
Total non-public sector entities	232,369	8,000	37,532	202,837	54,564
Total	1,399,085	74,920	485,324	988,681	86,920

¹ These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Accounting policy

All debt securities at amortised cost are held in the investment portfolio. These are financial instruments initially measured at fair value including any incremental direct transaction costs. The debt securities are held to collect the contractual cash flows and meet the SPPI criteria. Therefore, subsequent measurement is at amortised cost, using the effective interest method in accordance with the Financial instruments paragraph in the accounting principles on page 145 .

5 Investment securities

Amounts in thousands of EUR	2022	2021
Participating interests designated at fair value through OCI	35,990	30,143
Participating debt at fair value through profit or loss	190	5,463
Associates at equity value	9,436	4,285
Participating equity at fair value through profit or loss	102	85
Balance sheet value as at 31 December	45,718	39,976

As part of its mission, Triodos Bank wishes sustainable banking to create more and more impact over the world. In this respect, Triodos Bank provides equity funding to like minded financial institutions in order to increase growth of the sustainable banking sector. No significant influence can be exercised on our participating interests. These investments are of a strategic nature and are not held for trading. The instruments classified as equities, being the participating interests, are designated to be accounted for at fair value through OCI. The instruments classified as debt, being the participating debt, are mandatorily designated to be accounted for at fair value through profit or loss.

The participating interests designated at fair value through OCI can be broken down as follows:

Amounts in thousands of EUR	2022		2021	
	Participating interest	Carrying amount	Participating interest	Carrying amount
Participating interests designated at fair value through OCI				
Amalgamated Bank, New York ¹	2.4%	15,618	2.3%	10,703
Merkur Bank KGaA, Copenhagen ¹	3.6%	3,127	6.1%	3,203
Cultura Bank Sparebank, Oslo ¹	1.2%	95	1.2%	100
GLS Gemeinschaftsbank eG, Bochum ¹	1.5%	10,050	1.6%	10,050
Banca Popolare Etica Scpa, Padova ¹	0.1%	133	0.1%	133
Ekobanken Medlemsbank, Järna ¹	0.5%	49	0.6%	52
Social Enterprise Finance Australia Limited, Sydney	4.5%	1	4.5%	1
Bpifrance Financement S.A., Maisons-Alfort.	0.0%	151	0.0%	156
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague ¹	2.0%	1,051	2.0%	760
Thrive Renewables Plc, Bristol	5.4%	3,605	6.0%	3,465
Transactie Monitoring Nederland B.V., Purmerend	3.0%	1,209	3.0%	780
La Société d'Investissement France Active (SIFA), Montreuil	0.1%	295	0.1%	295
Visa Inc, San Francisco ¹	0.0%	506	0.0%	345
La Bolsa Social, plataforma de financiación participativa, S.A., Madrid	4.7%	100	4.7%	100
Balance sheet value as at 31 December		35,990		30,143

¹ Credit institution

The participating debt at fair value through profit or loss can be broken down as follows:

Amounts in thousands of EUR	2022		2021	
	Participating interest	Carrying amount	Participating interest	Carrying amount
Participating debt at fair value through profit or loss				
Sustainability – Finance – Real Economies SICAV-SIF public limited liability company, Luxembourg ¹	-	-	12.8%	5,112
Visa Inc, San Francisco ²	0.0%	190	0.0%	351
Balance sheet value as at 31 December		190		5,463

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate as this is a Triodos Investment Fund.

² Credit institution

The associates at equity value can be broken down as follows:

Amounts in thousands of EUR	2022		2021	
	Participating interest	Carrying amount	Participating interest	Carrying amount
Associates at equity value				
Triodos Emerging Markets Renewable Energy Fund, Luxembourg	12.3%	4,211	16.8%	4,285
Triodos Microfinance Fund, Luxembourg ¹	1.4%	5,225	-	-
Balance sheet value as at 31 December		9,436		4,285

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate as this is a Triodos Investment Fund.

The movement of the participating interest designated at fair value through OCI is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	30,143	26,673
Acquisitions	-	-
Increase of capital	594	691
Revaluation	4,873	1,801
Repayment of capital	-	-
Divestments	-	-
Exchange rate differences	380	978
Balance sheet value as at 31 December	35,990	30,143

The movement of the participating debt at fair value through profit or loss is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	5,463	4,461
Acquisitions	-	-
Increase of capital	-	16
Revaluation	-542	654
Repayment of capital	-156	-
Divestments	-5,272 ¹	-
Exchange rate differences	697	332
Balance sheet value as at 31 December	190	5,463

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) as at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate at equity value as this is a Triodos Investment Fund.

When a new fund is originated, Triodos Investment Management may decide to provide seed capital to get the fund started. Depending on the fund and its needs, this may be an investment for less than one year or for a longer period. In 2021, the Triodos Emerging Markets Renewable Energy Fund was originated in which seed capital was invested. The investment classifies as an associate and is accounted for using the equity method.

The movement of the associates at equity value is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	4,285	-
Acquisitions	5,272 ¹	4,320
Revaluation	-121	-35
Sales	-	-
Balance sheet value as at 31 December	9,436	4,285

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate at equity value as this is a Triodos Investment Fund.

The movement of the participating equity at fair value through profit or loss is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	85	80
Acquisitions	-	-
Revaluation	17	5
Sales	-	-
Balance sheet value as at 31 December	102	85

Accounting policy

Investment securities include participating interests in other financial institutions either in equity or debt form and it includes seed capital investments in own investment funds that are classified as associates. The participating interests in equity are designated at FVOCI as these are strategic long-term investments. The participating interest in debt form are measured at FVTPL as these do not meet the SPPI criteria. The participating interest in associates are measured using the equity method.

For securities that are listed on an active stock exchange, the fair value will be deemed to be equal to the most recently published stock exchange price. If the security is not listed on an active stock exchange or where there is no regular price quotation, the fair value will be determined to the best of one's ability using all available data, including an annual report audited by an external independent auditor, interim financial information from the institution and any other relevant data provided to Triodos Bank.

Unrealised and realised changes in the value of investment securities at FVOCI are recognised in the other comprehensive income and will not be recycled to profit or loss. Unrealised and realised changes in the value of investment securities at FVPL are recognised in the profit or loss.

Critical judgement and estimates

Triodos Bank determines the fair values of those financial instruments measured at FVOCI and FVTPL periodically which is a critical estimate. For more details on the measurement of fair values refer to Fair value of financial instruments (see page 305).

6 Intangible assets

Amounts in thousands of EUR	2022	2021
Development costs for information systems	49,369	46,104
Management contracts	756	957
Computer software	1,100	1,243
Balance sheet value as at 31 December	51,225	48,304

The development costs for information systems

The development costs for information systems contain costs for internally developed intangible assets related to the Banks ICT systems in The Netherlands, Spain and Germany.

The movement in the development costs for the information systems is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	81,816	69,830
Cumulative amortisation as at 1 January	-35,712	-26,556
Balance sheet value as at 1 January	46,104	43,274
Internal development	16,449	13,889
Amortisation	-13,117	-10,829
Impairments	-	-318
Exchange rate differences	-67	88
Balance sheet value as at 31 December	49,369	46,104
Purchase value as at 31 December	99,074	81,816
Cumulative amortisation as at 31 December	-49,705	-35,712
Balance sheet value as at 31 December	49,369	46,104

Management contracts

The management contracts relate to contracts for the management of funds by Triodos Investment Management. When it acquired its participating interest in Triodos Investment Management in 2006, Triodos Bank paid EUR 4 million for this to Stichting Triodos Holding. No impairment was recognised based on the remaining usefulness of the contracts.

The movement in management contracts is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-3,073	-2,871
Balance sheet value as at 1 January	957	1,159
Amortisation	-201	-202
Balance sheet value as at 31 December	756	957
Purchase value as at 31 December	4,030	4,030
Cumulative amortisation as at 31 December	-3,274	-3,073
Balance sheet value as at 31 December	756	957

Computer software

Computer software relates to software that has been purchased. The movement in computer software is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	4,088	3,903
Cumulative amortisation as at 1 January	-2,845	-2,573
Balance sheet value as at 1 January	1,243	1,330
Purchases	453	583
Amortisation	-590	-656
Impairments	-	-15
Exchange rate differences	-6	1
Balance sheet value as at 31 December	1,100	1,243
Purchase value as at 31 December	4,478	4,088
Cumulative amortisation as at 31 December	-3,378	-2,845
Balance sheet value as at 31 December	1,100	1,243

Accounting policy

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss over the asset's estimated economic life using the straight-line method that best reflect the pattern of economic benefits. These estimated useful economic lives are:

- Internally developed assets: 5 to 10 years
- Computer software: 3 to 5 years
- Management contracts: 20 years

Direct costs relating to internally developed assets are capitalised once technical feasibility and economic viability have been established. These costs include co-worker costs and the costs of materials and services. Capitalisation of costs ceases when the asset is capable of operating as intended.

During and after development, accumulated costs are annually reviewed for impairment triggers. If there is an impairment trigger, any impairments will be recognised in the profit or loss in line with the impairment accounting policy for non-financial assets as included on page 155.

The development costs for the banking system will be amortised over the estimated useful life from the moment the system is used, to a maximum of 10 years.

Management contracts paid by Triodos Bank when acquiring the participating interest in Triodos Investment Management B.V. will be written off over a period of 20 years till October 2026. The remaining depreciation period is four years as of the end of 2022.

Computer software that has been purchased will be written off over its useful life. This period will not exceed five years.

7 Property and equipment

Amounts in thousands of EUR	2022	2021
Property for own use	68,905	71,516
Equipment	19,786	23,148
Balance sheet value as at 31 December	88,691	94,664

The movement in the property for own use is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	80,297	79,196
Cumulative revaluation as at 1 January	-1,596	-1,596
Cumulative depreciation as at 1 January	-7,185	-5,063
Balance sheet as at 1 January	71,516	72,537
Purchases	-	212
Depreciation	-2,009	-1,998
Impairments	-	-
Exchange rate differences	-602	765
Balance sheet value as at 31 December	68,905	71,516
Purchase value as at 31 December	77,960	80,297
Cumulative revaluation as at 31 December	-	-1,596
Cumulative depreciation as at 31 December	-9,055	-7,185
Balance sheet value as at 31 December	68,905	71,516

The movement in equipment is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	57,930	56,736
Cumulative depreciation as at 1 January	-34,782	-27,783
Balance sheet value as at 1 January	23,148	28,953
Purchases	2,678	2,129
Sales	-4	-113
Depreciation	-6,080	-6,551
Impairments	144	-1,378
Exchange rate differences	-100	108
Balance sheet value as at 31 December	19,786	23,148
Purchase value as at 31 December	57,393	57,930
Cumulative depreciation as at 31 December	-37,607	-34,782
Balance sheet value as at 31 December	19,786	23,148

Fully depreciated equipment with a total purchase value of EUR 2.4 million (2021: EUR 1.4 million) has been disposed of.

Accounting policy

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis so as to write-off the depreciable amount of each item of property and equipment over its estimated useful life. The depreciable amount is the cost of an asset less its residual value. Land for own use is not depreciated.

The estimated useful lives of Triodos Bank's property and equipment are:

- Property and leasehold property: 40 years (or lease term if shorter)
- Machinery: 3 to 5 years
- Furniture and fixtures: 5 years

The residual value and useful life of property and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

Property under development is valued at the lower of the expenditure and the expected realised value upon completion. The expenditure consists of payments made to third parties. The difference between the proceeds on disposal of equipment and net carrying value is recognised in the profit or loss account under Other income.

Property and equipment are annually reviewed for impairment triggers. If there is an impairment trigger, any impairments will be recognised in the profit or loss accounts in line with the impairment accounting policy for fixed assets as included on page 155.

Critical judgement and estimates

In December 2019 Triodos Bank moved in the Netherlands to the newly developed office building de Reehorst. The innovative design is based on principles of the circular economy and biomimicry. The design and production of materials are based on the structure derived from nature. The building is re-mountable and modular, built with sustainable and reusable materials.

Within common accounting policies the residual value of owned offices is set at zero as information on residual value is lacking. Because this building is circular and set up to have value in the future, Triodos Bank has investigated the residual value. This was captured in a report from a third party circular demolishing company, in which the value of several re-useable components has been calculated. The value is achieved if the components are remounted as a whole in a new building, considering costs for removing. Based on this report Triodos Bank currently estimated the residual value of de Reehorst at EUR 3.0 million.

The residual value gets its value from the market in which components from the building can be reused. At this moment in time this market is in development and new building initiatives using re-useable materials as a starting point are few. Developments on these fronts and other changes (e.g. CO2-tax) can impact the residual value of de Reehorst in the future.

8 Investment property

Triodos Bank sometimes repossesses assets which come from acquisition in public auctions. These assets are collaterals of an executed loan. A part of the repossessed assets however will not be sold immediately because Triodos Bank has opted to add value by renting out these assets and are therefore presented as investment property.

The movement in the investment property is as follows:

Amounts in thousands of EUR	2022	2021
Acquisition value as at 1 January	10,463	12,788
Cumulative depreciation as at 1 January	-2,558	-1,874
Balance sheet as at 1 January	7,905	10,914
New foreclosed assets	35	-
Sales	-1,037	-1,874
Depreciation	-164	-239
Impairments	-	-896
Balance sheet value as at 31 December	6,739	7,905
Purchase value as at 31 December	8,699	10,463
Cumulative depreciation as at 31 December	-1,960	-2,558
Balance sheet value as at 31 December	6,739	7,905

Leases as lessor

Triodos Bank leases out its investment properties for the purpose of adding value to the repossessed assets. Triodos Bank has recognised the following items in the profit or loss account.

Amounts in thousands of EUR	2022	2021
Rental income	70	183
Operating expenses	-238	-499
Total result on investment properties	-168	-316

Accounting policy

Investment properties comprise land and buildings that are not occupied for use by, or in the operations of Triodos Bank, nor for sale in the ordinary course of business, but are held primarily to earn rental income and/or for capital appreciation. Investment property is initially measured at cost and subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation is determined in accordance with the accounting principles as stated in note 7 Property and equipment. Investment property are annually reviewed for impairment triggers. If there is an impairment trigger, any impairments will be recognised in the profit or loss accounts in line with the impairment accounting policy for fixed assets as included on page 155.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. When the use of a property changes such that it is reclassified as property and equipment, its carrying value at the date of reclassification becomes its cost for subsequent accounting.

9 Leases

Triodos Bank leases many assets including land and buildings, vehicles, and IT equipment. Information about leases for which Triodos Bank is a lessee is presented below.

Right-of-use assets

Amounts in thousands of EUR	2022				2021			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Balance sheet value as at 1 January	15,095	1,258	381	16,734	17,538	1,360	448	19,346
Depreciation	-2,460	-700	-55	-3,215	-2,537	-748	-67	-3,352
Additions	1,613	349	318	2,280	173	736	-	909
Exchange rate differences	-65	-	-	-65	93	-	-	93
Disposals	-2,187	-	-220	-2,407	-172	-90	-	-262
Balance sheet value as at 31 December	11,996	907	424	13,327	15,095	1,258	381	16,734

Lease liabilities

Amounts in thousands of EUR	2022				2021			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,250	733	56	3,039	2,381	891	72	3,344
More than one year	10,333	180	372	10,885	13,397	369	315	14,081
Balance sheet value as at 31 December	12,583	913	428	13,924	15,778	1,260	387	17,425

The below table shows the maturity analysis for contractual undiscounted cash flows.

Amounts in thousands of EUR	2022				2021			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,454	490	56	3,000	2,772	630	72	3,474
One to five years	5,514	421	372	6,307	7,351	670	211	8,232
More than five years	5,557	-	-	5,557	9,843	-	134	9,977
Undiscounted lease liabilities as at 31 December	13,525	911	428	14,864	19,966	1,300	417	21,683

Amounts recognised in profit or loss

Amounts in thousands of EUR	2022	2021
Depreciation	-3,214	-3,352
Interest on lease liabilities	-345	-408
Expenses of short-term leases	-25	-46
Expenses of low-value assets	-20	-5
Sub-lease income	48	48

Amounts recognised in the statement of cash flows

Amounts in thousands of EUR	2022	2021
Total cash outflow for leases	3,443	3,675

Real estate leases

Triodos Bank leases land and buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

Other leases

Triodos Bank leases vehicles and equipment, with lease terms of generally three to five years. Triodos Bank also leases IT equipment with contract terms of generally one to three years. Leases with a contract term of less than one year and/or a value of less than EUR 5 thousand or EUR equivalent are considered short-term and/or leases of low-value items.

Triodos Bank has elected not to recognise right-of-use assets and lease liabilities for short-term and low-value leases.

Accounting policy

As a lessee

Triodos Bank assesses whether a contract is or contains a lease, at inception of a contract. Triodos Bank recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, Triodos Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Triodos Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- Lease payments to be made under reasonably certain extension options.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Triodos Bank remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right of use assets are annually reviewed for impairment triggers. If there is an impairment trigger, any impairments will be recognised in the profit or loss accounts in line with the impairment accounting policy for non-financial assets as included on page 155.

Whenever Triodos Bank incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that Triodos Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The periodic impact in the profit or loss accounts are the depreciation charges on the right of use assets and the interest charges on the lease liability.

Triodos Bank elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less ('short term leases'), and lease contracts for which the underlying asset is of low value ('low value assets'). Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the consolidated statement of profit or loss.

As a lessor

Triodos Bank enters into lease agreements as a lessor with respect to some of its office space.

Leases for which Triodos Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Triodos Bank does not act as a lessor for any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, Triodos Bank allocates the consideration under the contract to each component.

Judgement and estimate

The lease liabilities are initially measured at the present value of the future lease payments, discounted at the lessee's incremental borrowing rate (IBR) given that the interest rate implicit in the lease cannot be readily determined. The IBR is the rate of interest that Triodos Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what Triodos Bank 'would have to pay', which requires estimation and inherently involves significant judgement when no observable rates are available. Triodos Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as Triodos Bank's stand-alone credit rating).

10 Non-trading derivatives

Additional hedge accounting disclosures are part of the financial risk management paragraph, please see note Non-trading derivatives and hedge accounting (see page 311) for additional information.

As part of the interest rate risk management, Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate loans. The fair value of the interest rate swaps with a positive value at the end of the year is represented on the asset side of the balance sheet and the interest rate swaps with a negative value on the liability side. Breakdown of derivatives by remaining term to maturity and fair value is presented below:

Non-trading derivative assets

2022		Notional amount			Fair value
Amounts in thousands of EUR	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
Over-the-Counter (OTC) currency contracts:					
Forwards	227,721	227,721	-	-	5,011
Non deliverable forwards	1,418	1,418	-	-	375
OTC interest rate contracts:					
Interest rate swaps (hedge accounting only)	1,415,600	36,000	84,600	1,295,000	290,310
Total derivatives	1,644,739	265,139	84,600	1,295,000	295,696
Average IRS rates:		0.27%	0.34%	0.74%	
2021		Notional amount			Fair value
Amounts in thousands of EUR	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
OTC currency contracts:					
Forwards	5,277	-	5,277	-	554
Non deliverable forwards	4,453	2,969	1,484	-	1,113
OTC interest rate contracts:					
Interest rate swaps (hedge accounting only)	868,500	-	7,500	861,000	17,983
Total derivatives	878,230	2,969	14,261	861,000	19,650
Average IRS rates:		n/a	-0.40%	0.16%	

Triodos Bank applies macro fair value hedge accounting, in which the interest rate swaps (IRS) are the hedging instruments. Triodos Bank only enters into these contracts for the purpose of hedging the interest rate risk, no derivatives are used for trading purposes. In 2022, Triodos Bank entered into additional interest rate swaps to further mitigate the interest rate risk. See page 294 for further information on interest rate risk for Triodos Bank.

In order to hedge the currency risk of the investment funds of Triodos Investment Management, Triodos Bank entered into non-deliverable currency contracts with third parties and entered into back-to-back non-deliverable currency contracts with the investment funds, including a small margin. As the investment funds are not consolidated, the notional amounts of the long and short position are the same. In 2017, Triodos Bank stopped entering into new currency contract with for the investment funds due to new regulation.

Non-trading derivative liabilities

2022		Notional amount			Fair value
Amounts in thousands of EUR	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
OTC currency contracts:					
Forwards	5,605	5,605	-	-	879
Non deliverable forwards	1,418	1,418	-	-	370
OTC interest rate contracts:					
Interest rate swaps (hedge accounting only)	-	-	-	-	-
Total derivatives	7,023	7,023	-	-	1,249
Average IRS rates:		<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
2021		Notional amount			Fair value
Amounts in thousands of EUR	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
OTC currency contracts:					
Forwards	226,720	221,443	5,277	-	3,113
Non deliverable forwards	4,453	2,969	1,484	-	1,077
OTC interest rate contracts:					
Interest rate swaps (hedge accounting only)	233,900	124,000	102,700	7,200	2,757
Total derivatives	465,073	348,412	109,461	7,200	6,947
Average IRS rates:		<i>0.12%</i>	<i>0.46%</i>	<i>0.47%</i>	

The forward currency contracts relates mainly to GBP contracts that Triodos Bank entered for a notional amount of EUR 222.1 million (2021: EUR 221.4 million) for hedging the currency risk of the UK subsidiary equity participation of Triodos Bank. The forward currency contracts relating to GBP contracts are classified in 2022 as a non-trading derivative asset because the fair value is positive. These contracts are classified in 2021 as a non-trading derivative liability because the fair value was negative in that year.

Accounting policy

Derivative financial instruments, consisting of foreign currency forward contracts and interest rate swaps, are initially recognised at fair value, with subsequent fair value movements recognised in profit or loss. Triodos Bank uses interest rate swaps and foreign exchange forwards as derivatives for hedging purposes. Fair values of interest rate swaps are determined by discounted cash flows against prevailing market interest rates. Foreign exchange forwards fair values are determined by the movement of the foreign exchange rate. Changes in the fair value are included in the profit or loss account.

The effective portion of fair value movements of those derivatives in a cash flow or net investment hedge relationship are recognised in OCI and recycled to the profit or loss when the related result on the hedged item is recognised in profit or loss.

Hedge Accounting

Triodos Bank elected, as a policy choice permitted by IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Triodos Bank designates certain derivatives held for risk management as well as certain non-trading derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, Triodos Bank formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. Triodos Bank makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within the effective range. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk of the hedging instrument and the hedged item during the period for which the hedge is designated, are expected to offset in a range of 80% to 125%.

Triodos Bank uses derivatives (principally interest rate swaps) for economic hedging purposes in the management of its asset and liability portfolios. The objective of economic hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that risk exposure. In addition to economic hedging, Triodos Bank also applies hedge accounting. The hedge accounting types are discussed below. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate. If the hedged item is derecognised, any remaining adjustment to the carrying amount is recognised as part of the derecognition gain/loss.

Fair value hedges

Triodos Bank applies macro fair value hedge accounting to the hedges that are in place to hedge the changes in fair value due to changes in interest rates of its longer term fixed-rate financial assets. Under this hedging strategy, interest rates swaps are designated as hedging instruments, which are in an economic hedge relationship with a portfolio of loans and mortgages as hedged item to cover the fair value risk due to changes interest rate. For additional information on the hedge relationship, refer to Non-trading derivatives and hedge accounting (see page 311).

Net investment hedge of a foreign operation

Triodos Bank hedges its net investment in Triodos Bank UK Limited, its subsidiary in the United Kingdom. The hedged risk is the foreign currency exposure arising from the net investment. Triodos Bank designates the hedged risk as the risk of the GBP spot changes against the Euro, in order to reduce fluctuations in the value of the net investment in its subsidiaries due to movements in the GBP exchange rate. Triodos Bank makes use of foreign exchange forward contracts to hedge this risk. The derivatives are recorded at fair value on the balance sheet.

The fair value movements of these contracts are determined by the changes in spot foreign exchange rate, and the basis spread. The basis spread is the difference between the spot and forward rate in the contract. Triodos Bank elects to use the cost of hedging method for changes in the basis spread and records these in a separate component within equity. The spot rate changes are, together with the changes in the hedge risk, recognised in the translation reserve through OCI. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Critical judgement and estimates

Triodos Bank determines the fair values of those financial instruments measured at FVOCI and FVTPL periodically which is a critical estimate. For more details on the measurement of fair values refer to Fair value of financial instruments (see page 305).

11 Other assets

The balance sheet value of the other assets as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Receivable regarding the deposit guarantee scheme	2,700	2,700
Other prepayments and accrued income	36,782	35,558
Other	16,759	17,226
Allowance for ECL	-488	-1,119
Balance sheet value as at 31 December	55,753	54,365

The other assets fall due within one year for an amount of EUR 40 million (2021: EUR 46 million).

Accounting policy

Other assets are recognised initially at fair value and subsequently measured at amortised cost.

Critical judgement and estimates

Triodos Bank determines the ECL which is a critical estimate and includes critical judgements. For more details on the critical judgement and estimate of ECL, refer to Financial instruments (see page 145).

12 Non-current Assets Held for Sale

The balance sheet value of the assets held-for-sale as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Repossessed assets	4,750	6,544
Own property held for sale	-	6,135
Shares in investment funds held for sale	832	-
Balance sheet value as at 31 December	5,582	12,679

Triodos Bank can acquire the collateral under non performing loans. All assets acquired are real estate. It is the intention of Triodos Bank to dispose of these assets as they are not part of the primary business of the Bank. If permitted by the underlying contracts of the acquired assets, these assets are presented as real estate for sale, using a realtor.

The sale of own property held for sale has been finalised in May 2022.

Triodos Investment Management has provided seed capital to a new investment fund in March 2022 to improve the product offering and with the intention to exit within a year.

Amounts in thousands of EUR	2022	2021
Cumulative impairments on assets held for sale	-928	-762
Total for the year	-928	-762

Accounting policy

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition for such classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are initially measured as the lower of;

- Carrying amount; and
- Fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Equity and liabilities

13 Deposits from banks

Amounts in thousands of EUR	2022	2021
Deposits from banks	337,072	73,920
Deposits from Central Banks (TLTRO)	-	1,550,000
Interest payable	15	-15,614
Balance sheet value as at 31 December	337,087	1,608,306

The deposits from banks concerns deposits received from Kreditanstalt für Wiederaufbau, Germany and Landwirtschaftliche Rentenbanken, Germany for interest-subsidised loans in the renewable energy sector.

The deposits from central banks relates to the TLTRO III (hereafter 'TLTRO') funding with the ECB. Up to 23 June 2022, the interest rate applied on all TLTRO operations outstanding was 50 basis points below the average interest rate on the deposit facility prevailing over the same period, and in any case not higher than -1%, if lending conditions under the program were met. The lending condition was met by Triodos Bank.

As of 23 June 2022 until maturity, the interest rate applied on all TLTRO operations outstanding was the average deposit rate over the lifetime of the TLTRO. The ECB has communicated on the 27th of October 2022 that the interest rate of TLTRO will match the rate at which the funds are placed at the ECB as of 23 November 2022. Additionally, the ECB added voluntary early repayment options. Because of this adjustment to the interest rates, Triodos Bank has decided to early repay the TLTRO per 23 November 2022. The interest rate between 23 June 2022 and 23 November 2022 was -0.31%.

Deposits from banks classified by residual maturity can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Payable on demand	284,881	13,460
1 to 3 months	80	2,815
3 months to 1 year	-	1,536,708
1 to 5 years	29,730	14,513
Longer than 5 years	22,396	40,810
Balance sheet value as at 31 December	337,087	1,608,306

Accounting policy

Deposits from banks are initially measured at fair value less incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

14 Deposits from customers

Amounts in thousands of EUR	2022	2021
<i>Business clients:</i>		
Saving accounts	1,498,252	1,531,093
Fixed term deposits	161,675	118,650
Current accounts	3,084,816	2,689,536
<i>Retail clients:</i>		
Saving accounts	6,427,318	6,355,907
Fixed term deposits	381,480	465,352
Current accounts	2,254,477	2,122,142
Interest payable	8,322	2,392
Balance sheet value as at 31 December	13,816,340	13,285,072

Deposits from customers classified by residual maturity can be broken down as follows:

Amounts in thousands of EUR	2022			2021		
	Business clients	Retail clients	Total	Business clients	Retail clients	Total
Payable on demand	4,473,609	8,575,777	13,049,386	4,110,531	8,350,259	12,460,790
1 to 3 months	209,317	173,656	382,973	158,604	196,850	355,454
3 months to 1 year	45,726	202,683	248,409	40,706	239,228	279,934
1 to 5 years	16,344	93,341	109,685	26,240	128,881	155,121
Longer than 5 years	2,608	23,279	25,887	3,980	29,793	33,773
Balance sheet value as at 31 December	4,747,604	9,068,736	13,816,340	4,340,061	8,945,011	13,285,072

Accounting policy

Deposits from customers are initially measured at fair value less incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

15 Other liabilities

The balance sheet value of the other liabilities as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Other liabilities	20,909	17,084
Other accruals and deferred income	60,791	38,640
Balance sheet value as at 31 December	81,700	55,724

The other liabilities fall due within one year for an amount of EUR 81 million (2021: EUR 55 million).

The increase of the other accruals and deferred income mainly relates to deposits from customers who cannot fulfil the requirements regarding the Customer Due Diligence. These deposits will be offboarded.

Accounting policy

On initial recognition other liabilities are recognised at fair value. After initial recognition other liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

16 Provisions

Amounts in thousands of EUR	2022	2021
ECL on financial guarantee contracts issued	121	21
ECL on loan commitments issued	1,176	1,395
Other provisions	6,548	4,368
Balance sheet value as at 31 December	7,845	5,784

In May 2022, Triodos Bank announced its intention to optimise its resources and deliver increased impact for the bank's customers and investors. This restructuring will help the bank to realise cost savings of approximately EUR 11-12 million. The restructuring is aiming to optimise the Bank through integration and enables Triodos Bank to reduce 130 to 150 positions across the banking activities by the end of 2024. The reduction of positions will be achieved through natural attrition, redeployment and redundancies. To enable this restructuring, Triodos Bank has recorded a restructuring provision of EUR 5.0 million, representing the cost related to redundancies. Any costs related to ongoing business such as retraining or relocating employees and consulting fees are not provided for.

In 2021, a provision of EUR 2.3 million was recorded in relation to a sale in 2019 of an investment within a managed investment fund that had been marked, in retrospect, for a fiscal claim, in which case part of the received management fee might need to be repaid. This provision has been released in 2022 due to developments that have made the probability of future payments highly unlikely.

An amount of EUR 5.1 million (2021: EUR 3.2 million) can be classified as shorter than one year.

The movement of the other provisions is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	4,368	2,137
Addition	6,363	3,308
Withdrawal	-231	-282
Release	-3,950	-810
Exchange rate differences	-2	15
Balance sheet value as at 31 December	6,548	4,368

Loan commitments issued result in issued loans when offers are signed or when commitments are used. The following table shows the movements within the ECL on loan commitments issued.

ECL loan commitments issued Amounts in thousands of EUR	2022		
	Stage 1	Stage 2	Total
Balance at 1 January	1,103	292	1,395
Net remeasurement of allowance for expected credit losses	-122	293	171
<i>of which:</i>			
- <i>Macro-economic forward-looking impact</i>	-171	348	177
- <i>Update ECL model</i>	49	-55	-6
- <i>Individual commitment behaviour</i>	-	-	-
Net portfolio growth	-343	-71	-414
Foreign exchange and other movements	7	17	24
Balance at 31 December	645	531	1,176

ECL loan commitments issued Amounts in thousands of EUR	2021		
	Stage 1	Stage 2	Total
Balance at 1 January	1,025	1,208	2,233
Net remeasurement of allowance for expected credit losses	102	-904	-802
<i>of which:</i>			
- <i>Macro-economic forward-looking impact</i>	-26	-575	-601
- <i>Update ECL model</i>	128	-329	-201
- <i>Individual commitment behaviour</i>	-	-	-
Net portfolio growth	-37	-28	-65
Foreign exchange and other movements	13	16	29
Balance at 31 December	1,103	292	1,395

Accounting policy

Triodos Bank recognises a provision when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Critical judgement and estimates

Triodos Bank determines the ECL which is a critical estimate and includes critical judgements. For more details on the critical judgement and estimate of ECL, refer to Financial instruments (see page 145).

17 Subordinated debt

Amounts in thousands of EUR	2022	2021
<i>Subordinated Tier 2 instruments:</i>		
Subordinated Green Bond (institutional investors)	248,336	247,930
Subordinated Bond (retail investors)	6,432	6,769
Interest payable	5,116	916
Balance sheet value as at 31 December	259,884	255,615

In 2021, Triodos Bank realised a successful placement of a subordinated Green Bond. The Green Bond has a nominal value of EUR 250 million, a tenor of 10.25 years, and a coupon of 2.25% for the first five and a quarter years after which there is an option to early redeem the bond. If the bond is not early redeemed, the interest rate is reset to maturity at 2.4% above the annual Euro mid swap rate. The Green Bond has been placed below nominal value at 99.497%. The placement of the Green Bond results in an increase of the Tier 2 Capital which is a diversification of the Total Capital of Triodos Bank.

The Green Bond has been issued taking into account the ICMA Green Bond Principles, Climate Bond Initiative Standards and the EU Taxonomy recommendations. It has been assessed by a Second Party Opinion as best market practice on all components. This confirms Triodos Bank's ambition to 'finance change and change finance' and underlines its position as frontrunner in sustainable banking.

The movement of the subordinated Green Bond issued is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	248,796	-
Issuance	-	247,868
Amortisation	406	62
Interest payable	4,207	866
Balance sheet value as at 31 December	253,409	248,796

The 10-year Triodos Bank UK Ltd. bond (retail investors) was issued in 2020 by Triodos Bank UK Ltd. The bond was issued at nominal value in GBP. The annual interest coupon is 4% for the first five years after which there is an option to early redeem the bond. If the bond is not early redeemed, the interest rate is reset to maturity at 3.9% above the Bank of England base rate. The bonds are subordinated to all other liabilities.

The movement of the Triodos Bank UK Ltd. bond issued is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	6,819	6,368
Issuance	-	-
Amortisation	-	-
Interest payable	-7	50
Exchange rate difference	-337	401
Balance sheet value as at 31 December	6,475	6,819

Accounting policy

Subordinated debt is initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

18 Equity

Share capital

The equity stated on the consolidated balance sheet is equal to that stated on the parent company balance sheet. The authorised capital totals to an amount of EUR 1.5 billion and is divided into 30 million ordinary shares, each with a nominal value of EUR 50. At year-end, there were 14,467,056 ordinary shares (2021: 14,467,056 shares), each of EUR 50, issued to and fully paid up by Stichting Administratiekantoor Aandelen Triodos Bank. As at the same date, Stichting Administratiekantoor Aandelen Triodos Bank had also issued 14,467,056 depository receipts (2021: 14,467,056 depository receipts), each with a nominal value of EUR 50.

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to the Other reserves. Any balance remaining after the re-issuing of all own depository receipts purchased shall be placed at the disposal of the Annual General Meeting. More details on capital ratios are included in the Pillar 3 report which can be found on the website of Triodos Bank.

The movement of the number of shares is as follows:

Amounts in thousands of EUR	2022	2021
Number of shares as at 1 January	14,467,056	14,467,056
Number of shares as at 31 December	14,467,056	14,467,056

Share premium reserve

This item includes the share premium reserve, which is composed of deposits that exceed the nominal capital. The full balance of the share premium reserve has been recognised as such for tax purposes.

Translation reserve

The translation reserve includes the currency translation result of foreign operations and the effective portion of the net investment hedge on foreign operations.

Cost of hedging reserve

The cost of hedging reserve relates to the forward component of the net investment hedges which are recognised as cost of hedging.

Fair value reserve

The fair value reserve relates to the unrealised value adjustments in respect of the acquisition price for participating interests.

Other reserve

The other reserve is a regulatory reserve for in-house developed intangible assets and is not available for distribution to shareholders. The movement in the other reserve for development costs of internally developed intangible assets is as follows:

Amounts in thousands of EUR	2022	2021
Development costs	49,568	46,431
Balance sheet value as at 31 December	49,568	46,431

The following table shows the movement in the other reserve related to the in-house developed intangibles assets.

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	46,431	43,806
Transfer of other reserve	3,137	2,625
Balance sheet value as at 31 December	49,568	46,431

Retained earnings

The movement in retained earnings includes purchasing of own depository receipts, the addition of prior year profit appropriation to retained earnings, and the payment of an extraordinary dividend. At year-end 2022, Triodos Bank had purchased 250,634 own depository receipts amounting to EUR 21,556 thousand (2021: 250,634 own depository receipts amounting to EUR 21,556 thousand).

Following the announcement on 1 August 2022 of the withdrawal of the restricted buyback programme of DRs, Triodos Bank announced a proposal to pay an extraordinary dividend payment of EUR 1.01 (before withholding tax, where applicable) per DR, to the amount of EUR 14.4 million. This amount equals the capital reserved for the buyback programme and solidarity arrangement, which was withdrawn. The amount reserved for this programme was thus paid back to DR holders.

Profit appropriation

As set out in the Articles of Association, the appropriation of profit is as follows:

Part of the profit as reported in the adopted profit or loss account shall be used by the Executive Board to form or add to the reserves to the extent that this is deemed desirable. The remaining profit shall be distributed to the shareholders, unless the General Meeting decides otherwise.

The Board of SAAT invited the Executive Board during the AGM of 20 May 2022 to carefully consider its dividend decisions and explore the possibility of an interim dividend during the financial year. The Executive Board has considered the request and decided to pay an interim cash dividend of EUR 0.35 (before withholding tax, where applicable). The Interim Cash dividend was paid at the same time as the proposed Extraordinary dividend of EUR 1.01 following the Extraordinary General meeting on October 11, 2022, where the updated dividend policy, and the considerations made in this regard was shared.

The proposed appropriation of profit is based on the number of depository receipts issued as at 31 December 2022, minus the number of depository receipts purchased by Triodos Bank. The final proposal will be submitted at the Annual General Meeting.

The proposed appropriation of profit (in thousands of EUR) is as follows:

Amounts in thousands of EUR	2022
Net profit	49,940
Addition to the retained earnings	-19,943
Dividend (EUR 2,11 per depository receipt, including EUR 0,35 interim dividend)¹	29,997

¹ Interim dividend of EUR 0.35 per depository receipt was paid out in October 2022.

For the year result of 2022, Triodos Bank proposes a final dividend of EUR 1.76 per depository receipt, equivalent to a 50% pay-out ratio (the percentage of total profit distributed as dividends). This proposed final dividend is on top of the interim dividend of EUR 0.35 per depository receipt that has been paid out in October 2022. The proposed final dividend has been approved by the Dutch Central Bank.

Off-balance sheet liabilities

19 Contingent liabilities

Financial guarantees

This item relates to credit-substitute guarantees and non-credit-substitute guarantees that are partly secured by blocked accounts for the same amount.

Amounts in thousands of EUR	2022	2021
Credit substitute guarantees	26,990	37,712
Non-credit substitute guarantees	22,082	34,332
Total contingent liabilities	49,072	72,044

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks. Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:

- Obligations to purchase sustainable goods, such as wind turbines.
- Obligations to decommission equipment or reinstate property (mostly related to project finance provided by Triodos Bank).

The decrease of the credit substitute guarantees is mainly due to the conversion, by a client, of a large credit substitute guarantee into a loan agreement with Triodos Bank.

The decrease of the non-credit substitute guarantees is mainly due to the termination of a few large bank guarantees.

Contingent liabilities - Legal proceedings

Triodos Bank is involved in a number of legal proceedings. Management assesses the outcome of litigation matters, and takes provisions when expected losses with respect to such matters are more likely than not. Provisions are not recognised for matters against Triodos Bank for which an expected outflow of resources cannot be reliably estimated or that are not more likely than not to lead to an outflow of resources. Therefore, per year end the following legal proceedings in relation to Depository Receipts (DRs) are regarded by Triodos Bank as contingent liabilities.

Background of the (trading in) DRs

Triodos Bank has had an ownership structure in which depository receipts of shares in Triodos Bank (hereafter 'DRs') were offered to interested investors, rather than 'conventional' shares. This capital structure is a generally accepted and common structure for Dutch companies and financial institutions. Currently, there are 43,545 DR Holders (see page 114).

DR Holders do not have the voting rights of shareholders but have the economic rights as well as bear the risks associated with the underlying shares, which are in essence dividend rights and an increase or decrease in value of the underlying share. A DR is therefore economically the same as a share.

The DRs were not traded on a stock exchange. Triodos Bank facilitated transactions in DRs on a discretionary basis. In doing so, it was bound by prudential regulations that set a limit on the amount available to buy back DRs, the so-called market making buffer, and hold these on its balance sheet for reselling at a later moment. In the past, such transactions were executed against the net asset value (hereafter 'NAV') of the DRs.

Recent developments

The majority of the current DR Holders are retail investors, family offices and NGOs.

The facilitation of transactions in DRs by Triodos Bank worked well for a long time. With the outbreak of the COVID-19 pandemic early 2020, the number of sell orders greatly exceeded the number of buy orders. Triodos Bank was forced to suspend trading in DRs in March 2020. After resuming trading on 13 October 2020, Triodos Bank was forced to suspend trading again on 5 January 2021.

After careful analysis and consideration, Triodos Bank concluded that the facilitation of transactions in DRs at NAV was no longer tenable. Triodos Bank therefore sought alternative solutions to restore tradability of the DRs and access to new capital and decided to pursue a listing on the MTF platform of Captin.

At the end of 2021, Triodos Bank reported an economic value for taxation purposes of EUR 59 per DR (30% lower than NAV on 5 January 2021, the last price at which Triodos Bank facilitated transactions) to DR Holders. At the end of 2022, the economic value for taxation purposes was estimated at EUR 60.

General remarks regarding litigation against Triodos Bank

After the suspension of trading, the decision to pursue an MTF listing and the valuation of DRs for taxation purposes (which was lower than the last communicated NAV), Triodos Bank received complaints and claims from certain DR Holders and was subject to negative media attention.

Multiple civil proceedings have been initiated against Triodos Bank by DR Holders. These proceedings are currently pending in Spain, the Netherlands, Belgium and Germany. The majority of the ongoing civil proceedings have been filed in Spain by individual DR Holders. Until now, no complaints or proceedings have been lodged or started in the UK.

The outcome of these pending proceedings, and possible future proceedings, is uncertain. The uncertainties are likely to continue for some time. Adverse publicity, litigation or regulatory action could have an adverse effect on Triodos Bank's capital position and results, business, reputation, and prospects. Large volumes of litigation could also lead to increased costs. However, the Bank has not disclosed an estimate of the potential financial effect on its contingent liability arising from these matters where it is not practicable to do so because it is too early or the outcome is too uncertain. A more detailed overview of the pending litigation is included below.

Overview of pending litigation against Triodos Bank

Spain

In Spain, as per 31 December 2022, 218 lawsuits of individual DR Holders in proceedings on the merits have been filed. Plaintiffs are alleging primarily that they were not adequately informed on the risks and characteristics of DRs and that this gives right to annulment of the purchase or a right to compensation. As per 31 December 2022, there had been 14 judgements in first instance in proceedings on the merits in Spain. In 9 judgements, the plaintiff's claims were rejected. In 5 judgements, the claims of the plaintiff were granted. Triodos Bank has appealed these judgements. Due to the appeals against adverse and favourable judgements, none of these judgements has become final and irrevocable.

The Netherlands

Proceedings before Enterprise Chamber

In the Netherlands, Triodos Bank is involved in inquiry proceedings before the Enterprise Chamber of the Amsterdam Court of Appeal. In October 2022, the Stichting Certificat houder s Triodos Bank (SCTB) filed a request for an inquiry into the policy and affairs of Triodos Bank. SCTB is a Dutch Foundation that acts as an organisation representing the interests of a group of DR Holders. SCTB alleges that there are well-founded reasons to doubt the correctness of the policy and/or the correctness of the course of affairs of Triodos Bank in relation to the decisions concerning – amongst other things – the suspension of trade in DRs and the intended listing on the MTF. The Vereniging van Effectenbezitters (VEB) joined the proceedings and supported SCTB's request. Triodos Bank filed a defence and denied the assertions of SCTB and VEB. A decision of the Enterprise Chamber to grant the request for an inquiry or not, is expected in the first quarter of 2023. The outcome of these proceedings and potential adverse impact on the MTF launch or Triodos Bank's business cannot be predicted at the moment of this publication. It should be noted that SCTB has stated that it does not aim to block the launch of the MTF. However, SCTB remains highly critical of the handling of the trade suspension and the communication by Triodos Bank.

If the Enterprise Chamber would order an inquiry, this could have an adverse impact on the launch of the MTF and could lead to delay or termination of the launch. Such an inquiry would also burden Triodos Bank with a lengthy investigation and associated costs and deployment of resources. A negative judgement by the Enterprise Chamber could also lead to an influx of new claims in the Netherlands with a potentially adverse effect on Triodos Bank.

Individual complaints and proceedings

As per 31 December 2022, 18 individual DR Holders had lodged complaints with Kifid, the Dutch extrajudicial body that may give (binding) opinions on consumers' complaints about financial services. As per 31 December 2022, there had been 6 rulings in first instance. In 5 cases, Kifid has ruled that claims are not admissible, which means that these have been denied without a ruling on the merits. One claim was rejected, based on the merits. The other complaints are still pending. No complaints have been upheld by Kifid against Triodos Bank.

Furthermore, one individual DR Holder has requested a preliminary witness hearing to obtain sworn testimony from witnesses in open court to prove his alleged claim against Triodos Bank. These proceedings therefore do not involve a claim for damages. The request was denied in the first instance and currently an appeal is pending.

Belgium and Germany

In Belgium and Germany, respectively, one individual claim each has been filed as per 31 December 2022. Triodos filed a defence in both cases. It is uncertain when judgements will be rendered.

Accounting policy

Triodos Bank issues guarantees to clients which can be split in credit substitute and non-credit substitute guarantees. Credit substitute guarantees are similar to the financial guarantees identified under IFRS 9.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and an ECL allowance.

The premium received is recognised in the profit or loss in Net fees and commission income on a straight-line basis over the life of the guarantee.

A contingent liability is a possible obligation that arises from past events. The outflow of economic benefits arising from this obligation is either not probable or cannot be measured reliably. Contingent liabilities are not recognised in the statement of financial position, but are rather disclosed in the notes.

20 Irrevocable facilities

These relate to the total liabilities in respect of irrevocable undertakings, which may lead to a further loan.

Amounts in thousands of EUR	2022	2021
Undrawn debit limits on current accounts and credit cards	377,270	387,188
Accepted loans not yet paid out	1,400,467	1,596,976
Valid loan offers not yet accepted	74,393	128,257
Other facilities	1,037	703
Total irrevocable facilities	1,853,167	2,113,124

Accounting policy

Irrevocable facilities are undrawn debit limits on current accounts and credit cards, accepted loans not yet paid out, valid loan offers not yet accepted and other facilities.

For undrawn loan commitments (accepted loans not yet paid out and valid loan offers not yet accepted), similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements as these contain credit risk and are therefore part of the overall credit risk exposure.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the consolidated balance sheet.

Other off-balance sheet liabilities

In addition to the contingent liabilities and irrevocable facilities reported on the balance sheet, the deposit guarantee scheme and the investor compensation scheme are applicable as stated in Article 3:259 of the Financial Supervision Act in the Netherlands. From May 2019, the funds entrusted from the United Kingdom are insured under the Financial Services Compensation Scheme as defined by the Financial Services and Markets Act 2000 in the United Kingdom. The funds entrusted insured under the deposit guarantee scheme in the Netherlands amounts to EUR 9,214 million (2021: EUR 9,214 million) and in the United Kingdom EUR 1,316 million (GBP 1,165 million, 2021: EUR 1,335 million or GBP 1,123 million). In 2016, the annual ex-ante contribution to the Deposit Guarantee Fund started in the Netherlands in order to reach a target level of 0.8% of the insured funds entrusted in the Netherlands in 2024. The contribution to the Deposit Guarantee Fund amounts to EUR 13.0 million in 2022 (2021: EUR 15.7 million).

Other off-balance sheet commitments

The off-balance sheet commitments as at 31 December can be broken down as follows:

2022		
Amounts in thousands of EUR	Annual amount	Average year of contract
Software use	6,494	2.29
Service relating payment and other banking transactions	9,210	1.00
Services relating property management	66	1.00
Service relating providing temporary co-workers	1,744	1.00
Audit services	2,900	1.00
Balance sheet value as at 31 December	20,414	1.41

2021		
Amounts in thousands of EUR	Annual amount	Average year of contract
Software use	4,198	2.85
Service relating payment and other banking transactions	10,707	1.40
Services relating property management	151	1.00
Service relating providing temporary co-workers	4,218	0.25
Audit services	2,500	2.00
Balance sheet value as at 31 December	21,774	1.52

Notes to the consolidated statement of profit or loss

Income

21 Interest income

Amounts in thousands of EUR	2022	2021
Loans and advances to customers	244,948	212,530
Loans and advances to banks	15,304	341
Debt securities at amortised cost	11,556	10,597
Negative interest expense on TLTRO III	9,757	13,703
Negative interest expense deposits from customers	5,683	6,441
Other interest income	631	2,708
Total interest income	287,879	246,320

The interest income includes income derived from loans and related transactions, as well as related commissions, which by their nature are similar to interest payments. The interest income on debt securities at amortised cost includes no sales result in 2022 (2021: EUR -236.0 thousand).

The negative interest expense on TLTRO III relates to the negative interest on the TLTRO III funding received from the ECB under Deposits from banks (refer to note 13 on page 189).

Accounting policy

Interest income on financial instruments is determined using the effective interest rate method. The effective interest rate allocates the interest income over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount.

Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Triodos Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount. When a financial asset becomes credit impaired and is therefore regarded as 'Stage 3', the interest income is calculated by applying the effective interest rate to the net amortised cost.

22 Interest expense

Amounts in thousands of EUR	2022	2021
Deposits from customers	-12,070	-5,674
Subordinated liabilities	-6,297	-1,194
Deposits from banks	-1,041	-663
Negative interest income loans and advances to banks	-8,175	-13,598
Negative interest income debt securities	-1,463	-1,009
Other interest expense	-5,743	-2,712
Total interest expense	-34,789	-24,850
Net interest income	253,090	221,470

During 2022, interest rates on deposits from customers increased resulting in a sharp increase in interest expense on deposits from customers.

Negative interest income loans and advances to banks mainly relates to negative interest paid on cash at central banks up to July 2022. The decrease is caused by the increase in the ECB deposit rate from -0.5% to a positive deposit rate. The positive interest received on cash held at central banks is recorded in interest income.

In the other interest expense, a total of EUR 3.7 million (2021: EUR 1.3 million) was included for the interest on currency forward contracts.

Accounting policy

Interest expense on financial instruments is determined using the effective interest rate method. The effective interest rate allocates the interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount.

23 Investment income

Amounts in thousands of EUR	2022	2021
Dividend from investment securities	616	310
Investment income	616	310

Accounting policy

Investment income includes the dividend income from investments in equity instruments designated at fair value through other comprehensive income (FVOCI). Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

24 Net fee and commission income

Disaggregation of fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. The table also includes a reconciliation of the disaggregated fee and commission income with the Group's reportable segments.

The fees and commission presented in this note include income of EUR 15.7 million (2021: EUR 14.0 million) relating to financial assets and financial liabilities not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

Asset management fees include fees earned by Triodos Bank on trust and fiduciary activities in which the Triodos Bank holds or invests assets on behalf of its customers.

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<i>For the year ended 31 December</i>	Reportable							
	Bank Netherlands		Bank Belgium		Bank United Kingdom		Bank Spain	
Amounts in thousands of EUR	2022	2021	2022	2021	2022	2021	2022	2021
Transaction fee securities	1,249	1,318	-	-	-	-	-	1
Payment transactions ¹	24,415	23,974	121	105	187	175	4,004	3,309
Lending	6,760	5,037	2,076	2,340	1,550	1,837	2,715	2,629
Asset Management ¹	12,230	12,822	2,493	2,745	-	-	-	-
Management fees	-	-	3,442	3,266	844	615	315	269
Other commission income	-	-	-	1	2,550	2,297	2,934	3,581
Total fee and commission income from contracts with customers	44,654	43,151	8,132	8,457	5,131	4,924	9,968	9,789
Financial guarantee contracts and loan commitments	68	73	-	-	-	-	362	383
Total fee and commission income	44,722	43,224	8,132	8,457	5,131	4,924	10,330	10,172
Commission to agents	-	-	-34	-289	-	-	-5	-6
Asset Management	-441	-916	-	-	-	-	-	-
Other commission expense	-	-	-1,472	-651	-2,322	-1,774	-2,680	-2,450
Total fee and commission expense	-441	-916	-1,506	-940	-2,322	-1,774	-2,685	-2,456
Net fee and commission income	44,281	42,308	6,626	7,517	2,809	3,150	7,645	7,716

¹ Service fees on investment accounts are reclassified from payment transactions to asset management. The comparative figures in the amount

Segments									
Bank Germany		Total banking activities		Investment Management		Other		Total	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
-	-	1,249	1,319	-	-	-	-	1,249	1,319
2,634	2,007	31,361	29,570	-	-	-	-	31,361	29,570
1,940	1,302	15,041	13,145	-	-	-	-	15,041	13,145
491	-	15,214	15,567	-	-	-	-	15,214	15,567
65	-	4,666	4,150	59,160	54,383	1,476	1,482	65,302	60,015
1	764	5,485	6,643	-	-	3	4	5,488	6,647
5,131	4,073	73,016	70,394	59,160	54,383	1,479	1,486	133,655	126,263
204	393	634	849	-	-	-	-	634	849
5,335	4,466	73,650	71,243	59,160	54,383	1,479	1,486	134,289	127,112
-	-	-39	-295	-	-	-	-	-39	-295
-	-	-441	-916	-4,532	-3,654	-	-	-4,973	-4,570
-1,533	-1,259	-8,007	-6,134	-218	-65	-149	-	-8,374	-6,199
-1,533	-1,259	-8,487	-7,345	-4,750	-3,719	-149	-	-13,386	-11,064
3,802	3,207	65,163	63,898	54,410	50,664	1,330	1,486	120,903	116,048

of EUR 6.5 million are adjusted accordingly.

Accounting policy

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Triodos Bank recognises income when it transfers control over a service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related income recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Income recognition
Transaction fee securities	Fee charged to customers for processing security transactions. Fee is charged when the transaction is settled.	Income related to transactions is recognised at the point in time when the transaction takes place.
Payment transactions: Current and savings account subscriptions	Fee charged for opening and maintaining current and savings accounts. Fee is charged on a monthly basis for each month the account is active.	Income related to transactions is recognised at the point in time when the transaction takes place.
Payment transactions: Transaction fees	Fee charged for processing payment transactions of customers. Fee is charged when the transaction is processed.	Income related to transactions is recognised at the point in time when the transaction takes place.
Lending	Fee charged as part of the lending process, not an integral part of the effective interest rate. These fees are charged either at the start of the loan or during the lifetime.	Income related to transactions is recognised at the point in time when the transaction takes place.
Asset Management	Asset management fees include fees earned by Triodos Bank on trust and fiduciary activities in which the Triodos Bank holds or invests assets on behalf of its customers. Payment is due on at least quarterly basis.	Income from account service and servicing fees is recognised over time as the services are provided, at the latest on the moment of payment.
Management fees	Asset management fees include fees earned by Triodos Investment Management on asset management activities for clients or Triodos Investment Funds. Payment is due on at least quarterly basis.	Income from account service and servicing fees is recognised over time as the services are provided, at the latest on the moment of payment.
Other	These are other fees charged to clients. Payment is mostly due when transactions are settled.	Income related to transactions is recognised at the point in time when the transaction takes place.

25 Net result from other financial instruments at FVTPL

Amounts in thousands of EUR	2022	2021
Hedge accounting ineffectiveness	1,245	34
Fair value movement of derivatives not yet in a hedge relationship	-1,461	1,017
Fair value movement of participating debt at fair value through profit or loss	116	986
Net result from other financial instruments at FVTPL	-100	2,037

For further details on hedge accounting, refer to Non-trading derivatives and hedge accounting (see page 311) within the risk management section.

Accounting policy

Net result from other financial instruments at FVTPL includes the fair value movements of derivatives not yet designated in a hedge relationship, ineffectiveness related to hedge accounting, transactions results on foreign exchange forwards and net result on investments in debt instruments designated at fair value through profit or loss, including the related interest income.

26 Other income

Amounts in thousands of EUR	2022	2021
Exchange results for foreign currency transactions	39	-44
Transaction results on currency forward contracts	17	23
Realised results assets not in use ¹	219	1,225
Income assets not in use ¹	70	183
Modification result	268	27
Other income	183	652
Total other income	796	2,066

¹ Assets not in use relates to acquired collateral on written off loans.

For further information on the hedge accounting ineffectiveness, please refer to Non-trading derivatives and hedge accounting (see page 311).

The other income relates to fees for other services performed and results from asset disposals.

Expenses

27 Personnel and other administrative expenses

Amounts in thousands of EUR	2022	2021
Personnel expenses		
• salary expenses	108,681	98,065
• pension expenses	14,005	13,143
• social security expenses	18,979	16,790
• temporary co-workers	26,351	24,023
• other staff costs	10,080	7,579
• capitalised co-worker costs	-11,260	-9,670
Total personnel expenses	166,836	149,930
Average number FTE's during the year	1,632.6	1,532.7
Other administrative expenses		
• IT costs	19,165	19,398
• external administration costs	13,101	11,641
• fees for advice	20,941	15,721
• advertising charges	8,030	8,947
• office costs	6,150	6,170
• accommodation expenses	5,128	5,283
• fees for independent auditor	2,471	2,439
• travel and lodging expenses	1,546	931
• other expenses ¹	12,902	7,809
Total other operating administrative expenses	89,434	78,339
Regulatory expenses	18,343	20,455
Total other administrative expenses	107,777	98,794
Operating expenses/total income	80%	80%
Operating expenses excluding regulatory expenses/total income	75%	75%

¹ The other expenses has increased due to the creation of a reorganisation provision in the amount of EUR 5.0 million.

Accounting policy

Expenses are recorded at the moment when they are incurred, or over time if the expense relates to a period.

Pension expenses

Amounts in thousands of EUR	2022	2021
Pension expenses, defined contribution schemes	14,005	13,143
Total pension expenses	14,005	13,143

The pension expenses for the defined contribution schemes and the defined benefit pension schemes are based on the contributions owed for the financial year.

Accounting policy

Defined contribution plan

Triodos Bank has a number of defined contribution pension schemes. Premiums are paid based on contractual and voluntary basis to insurance companies on a defined contribution basis. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

Defined benefit plan

The Belgian Branch has a minimum yield requirement to their defined contribution pension scheme which results in an actuarial provision which is determined on each reporting date. Changes to the actuarial provision are charged to the other comprehensive income and are not recycled to the profit or loss accounts in subsequent periods. The increase in the provision due to the passage of time is recognised as interest expense.

Pension scheme per country

Triodos Bank's pension scheme in The Netherlands is a defined contribution scheme. The commitment to the participating co-workers consists of paying the outstanding contribution to a maximum of the gross annual salary of EUR 114,886.

In The Netherlands, co-workers of related parties also participate in the pension scheme. The total pension commitment and the resulting expenses are reported here in note 27. Part of the expenses are charged to the respective related parties, based on their share of the total salaries of the participating co-workers.

The Triodos Bank pension schemes in the United Kingdom, Spain and Germany are defined contribution schemes that have been placed with life insurance companies in those countries. The commitment to the participating co-workers consists of paying any outstanding contribution. Participation in the pension scheme is obligatory for co-workers in Belgium, Spain and the United Kingdom. In Belgium the pension scheme is considered a defined benefit scheme for which co-workers' contribution is 2% of salary and the employer's contribution is 6%. In Spain, the pension contribution is 1.5% of salary, paid in full by the employer. In the United Kingdom, the co-workers' contributions are optional with those who opt to do so

contributing between 1% and 62% of their salary, and the employer's contribution amounts to 8% or 10% of salary depending on length of service.

In Germany, participation in the pension scheme is voluntary. The co-workers' contribution is 3.33% of the salary and the employer's contribution is 6.67%. In Germany 98% of the co-workers participate in the pension scheme.

Independent auditor's fees

The table below specifies the fees of the PricewaterhouseCoopers Accountants N.V. ('PwC Accountants NV') audit firm that relates to services concerning the financial year. The comparable figures 2021 have been adjusted to take into account the invoices received after the reporting period.

The column Other PwC network specifies the fees that were invoiced by PwC units with the exception of PwC Accountants NV.

2022	PwC	Other	Total
Amounts in thousands of EUR	Accountants N.V.	PwC network	PwC network
Audit of the financial statements	1,534	651	2,185
Other audit-related engagements	41	245	286
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	1,575	896	2,471

2021	PwC	Other	Total
Amounts in thousands of EUR	Accountants N.V.	PwC network	PwC network
Audit of the financial statements	1,307	592	1,899
Other audit-related engagements	293	117	410
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	1,600	709	2,309

Our independent auditor, PwC Accountants N.V., has rendered, for the period to which our statutory audit 2022 relates, in addition to the audit of the statutory financial statements the following services to the company and its controlled entities.

Other audit services required by law or regulatory requirements:

- Statutory audits of controlled entities
- Audit of the regulatory returns to be submitted to the Dutch Central Bank and the National Bank of Belgium
- Assurance engagement on cost price models to be submitted to the AFM

- Assurance engagement on segregation of assets to be submitted to the AFM
- Assurance engagement on TLTRO reporting to be submitted to the ECB
- Client Money and Custody Asset (CASS) Assurance Report
- Agreed upon procedures on interest rate risk to the Dutch Central Bank
- ISAE type II on Deposit Guarantee Scheme reporting to the Dutch Central Bank

Other audit services:

- Assurance engagement on the sustainability report
- ISAE type II engagement relating to Triodos Investment B.V.
- Assurance engagement on credit claims to the Dutch Central Bank
- Assurance engagement on credit claims to the Spanish Central Bank
- Comfort letter
- Review engagement on the interim condensed consolidated financial statements as of and for the six month period ended 30 June 2022

Regulatory expenses

The regulatory expenses can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Bank tax	3,454	3,557
Depository Guarantee Scheme	12,998	15,721
Single resolution fund	1,891	1,177
Total regulatory expenses	18,343	20,455

28 Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

Amounts in thousands of EUR	2022	2021
Amortisation of intangible fixed assets	13,908	11,687
Impairment of intangible fixed assets	-	333
Amortisation & impairment charge for the year	13,908	12,020
Depreciation of property and equipment	8,103	8,549
Impairment of property and equipment	-142	2,274
Total depreciation of ROUA	3,214	3,352
Assets held-for-sale value adjustments	234	44
Depreciation of investment properties	164	239
Depreciation & impairment charge for the year	11,573	14,458

29 Impairment result on financial instruments

Amounts in thousands of EUR	2022	2021
Allowance for expected credit loss	8,023	-500
Other impairments on financial instruments	104	80
Total impairment result on financial instruments for the year	8,127	-420

30 Taxation on operating result

Total taxation expense

Amounts in thousands of EUR	2022	2021
Taxation to be paid	13,517	13,836
Origination and reversal of temporary differences	3,627	2,402
Changes in tax rates	-	152
Deferred taxation	3,627	2,554
Total taxation expense	17,144	16,390

Current tax receivable and payable

Amounts in thousands of EUR	2022	2021
Corporate tax receivable	1,113	1,364
Other tax receivable	362	366
Current tax receivable	1,475	1,730

Amounts in thousands of EUR	2022	2021
Corporate tax payable	5,335	5,740
Other tax payable	6,878	7,132
Current tax payable	12,213	12,872

Amounts recognised in OCI

Amounts in thousands of EUR	2022			2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Other comprehensive income that will not be reclassified to profit or loss						
Revaluation gains/(losses) on equity instruments designated at fair value through other comprehensive income	5,279	-1,329	3,950	2,784	-677	2,107
Other comprehensive income that will be reclassified to profit or loss						
Foreign operations – foreign currency translation differences	56	-	56	-97	-	-97
Foreign operations – Cost of hedging	252	-	252	172	-	172
Total items that will be reclassified to profit or loss	308	-	308	75	-	75
Total amounts recognised in OCI	5,587	-1,329	4,258	2,859	-677	2,182

The other comprehensive income for Triodos Bank consists of revaluations of equity instruments at fair value through OCI and foreign currency translation differences. The equity instruments at fair value through OCI are part of investment securities (refer to note 5 Investment securities), for which any realised result will not subsequently be taken into the profit or loss. The foreign currency translation difference relates to the UK subsidiary for the part not subject to the net investment hedge. Tax on both of these items can be subject to the participation exemption under Dutch Tax Law.

Reconciliation of effective tax rate

Amounts in thousands of EUR	2022	2021
Result before taxation	67,084	67,149
Statutory tax rate	25.8%	25.0%
Statutory tax amount	17,308	16,787
Income Non Taxable	-41	-222
Tax Deduction Not Expensed	-	-
Expenses Non Deductible	2,040	1,338
Impact tax rate differences - statutory rate foreign jurisdictions	-434	-327
Restatement of deferred taxation items as the result of amended tax rates	-	152
Incentives for gifts, community investment and innovation	-1,365	-1,408
Other reconciling items	-364	70
Effective tax amount	17,144	16,390
Effective tax rate	25.6%	24.4%

Triodos Bank's approach to tax reflects its values. It sees paying taxes not as a burden, but as a contribution to the societies that the bank operates in. As such, Triodos Bank is not striving to reduce the effective tax rate. Triodos Bank is subject to income taxes in other jurisdictions which levy corporate income tax at different rates compared to the Dutch statutory rate (25%). Additionally, local taxation rules can also lead to differences in the effective tax rate. The effective tax rate amounted to 25.6% in 2022 (2021: 24.4%).

Movement in deferred tax balances

2022	Balance as at 31 December					
	Amounts in thousands of EUR	Net balance as at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets
Property and equipment, and intangible assets	-6,380	-1,523	-	-7,903	1,435	9,338
Investment securities at FVOCI	-146	16	-1,330	-1,460	-53	1,408
Effective interest method application	4,791	-2,246	-	2,545	2,545	-
Allowance for expected credit losses	2,124	305	-	2,429	2,429	-
Employee benefits	193	-57	-	136	-	-136
Lease liability	123	2	-	125	46	-79
Loan modifications	38	-9	-	29	28	-1
Tax losses carried forward	6,036	-875	-	5,161	5,540	379
Other	520	760	-	1,280	1,215	-66
Tax assets (liabilities)	7,299	-3,627	-1,330	2,342	13,185	10,843

2021	Balance as at 31 December					
	Amounts in thousands of EUR	Net balance as at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets
Property and equipment, and intangible assets	-4,860	-1,520	-	-6,380	1,879	8,259
Investment securities at FVOCI	665	-134	-677	-146	-57	89
Effective interest method application	4,543	248	-	4,791	2,766	-2,025
Allowance for expected credit losses	3,228	-1,104	-	2,124	1,466	-658
Employee benefits - Vitality leave	181	12	-	193	-	-193
Lease liability	128	-5	-	123	59	-64
Loan modifications	47	-9	-	38	37	-1
Tax losses carried forward	6,118	-82	-	6,036	7,084	1,048
Other	480	40	-	520	383	-137
Tax assets (liabilities)	10,530	-2,554	-677	7,299	13,617	6,318

Deferred tax balances

Amounts in thousands of EUR	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current balance	303	1,822	233	1,002
Non-current balance	12,882	9,021	13,384	5,316
Total	13,185	10,843	13,617	6,318

The deferred tax asset relates for an amount of EUR 5.5 million (2021: EUR 6.4 million) to tax losses incurred by the German branch for which it is expected that these will be fully recovered against future taxable profits. Under the German corporate income tax code, tax losses have no expiration date. The remaining deferred tax asset relates to temporary differences because of differences between accounting rules and tax rules.

The deferred tax liability relates for an amount of EUR 9.4 million (2021: 8.3 million) to taxable temporary differences on self-developed software. From an accounting perspective these assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss over the asset's estimated economic life using the straight-line method that best reflect the pattern of economic benefits. For Dutch tax purposes the Dutch corporate income tax act 1969 allows to fully expense self-developed software in the year developed.

Fiscal unity

Triodos Bank, as a parent company, forms a tax unity for corporate income tax purposes with Triodos Investment Management as subsidiary. The method chosen for the taxation set-off between Triodos Bank and its subsidiary is that of proceeding as if the legal entities were independently liable to pay tax. In fact, the legal entities are jointly and severally liable for the tax liabilities of the companies belonging to the fiscal unity.

Accounting policy

Income tax on the result for the year consists of current and deferred tax. Income tax is recognised in the statement of profit or loss and in the statement of other comprehensive income in the period in which profits arise. Current tax is measured using tax rates enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. The tax effects of income tax losses available for carry forward are recognised as an asset to the extent that it is probable that future taxable profits will be available against which these losses can be utilised.

Current tax receivables and payables are offset where there is a legally enforceable right to offset and where simultaneous treatment or settlement is intended. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where they relate to the same tax authority and arise within the same taxable entity.

Related Parties

Triodos Bank enters into various transactions with related parties, as part of the normal course of business,

Related parties of Triodos Bank include, among others, its subsidiaries, associates and key management personnel. Transactions between related parties include rendering or receiving of services, deposits, transfers under finance arrangements and provisions of guarantees or collateral. All transactions with related parties took place at arm's length.

There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

Overview of related parties transactions

Amounts in thousands of EUR	Other related parties
Commission income	64,438
Commission expenses	-5,280
Deposits	103,381
Interest income	1,403
Interest expense	-23
Loan facilities and loan commitments (off balance)	167,997
Loans	24,531

Transactions with related parties

The commission income and commission expenses are related to fund management activities. The deposits and interest income are transactions following from regular banking activities, which are offered to the related parties at competitive rates. These transactions are interest free and unsecured and are to be settled in cash.

Loans

The loans granted to other related parties are provided to Hivos-Triodos Fund Foundation, Triodos SICAV II (TMF), Legal Owner Triodos Funds B.V., Sun Roof Limited and to several related parties from the Spanish branch.

The EUR 10.4 million loan provided to Hivos-Triodos Fund Foundation matures on January 1, 2027 and has an interest rate of 3.15%. Furthermore, Hivos-Triodos Fund Foundation has drawn EUR 7 million from an overdraft facility with an agreed limit of EUR 10 million and an interest rate of 6.06%.

Furthermore, the EUR 193 thousand loan provided to Sun Roof Limited matures on November 10, 2027 and has an interest rate of 6.5%. A total of EUR 14 million has been provided as loans to several related parties from the Spanish branch, including a EUR 5.5 million loan to Caprio Fotovoltaica, S.L.U. (maturity date of January 1, 2033 and an interest rate of 2.85%), a EUR 8.4 million loan to Lucentun Energia S.L. (maturity date of January 1, 2034 and an interest rate of 3.85%).

In 2022, the Netherlands branch purchased 9 business loans with a nominal value of EUR 73.4 million from Triodos Groenfonds NV. The loans were transferred at the fair value of EUR 63 million. The price of the transaction was at arm's length and externally validated. These business loans are with third parties and are therefore per year-end not a related party exposure.

Loan commitments and facilities off balance

The loan commitments and facilities are off balance sheet credit facilities of Triodos Bank the Netherlands branch that can be drawn upon by the other related parties.

These facilities are secured by means of collateral in the form of fund assets that cover the facility provided in full.

Key management personnel compensation

Transactions with key management personnel are transactions with related parties. The members of the Executive Board, supervisory board and the board of Stichting Administratiekantoor Aandelen Triodos Bank ("SAAT") are considered to be key management personnel and their compensation is therefore included in the tables below.

The remuneration paid to the members of the Executive Board is as follows:

Amounts in thousands of EUR	2022	2021
Fixed salary expenses	1,334	1,131
Pension expenses	129	99
Pension allowance for salary above EUR 100.000	135	128
Private use company car	32	12
Social security expenses	71	53
Severance payment ¹	-	264
Total key management personnel compensation	1,701	1,687

¹ In consultation with the Supervisory Board Jellie Banga stepped down from her position as a Member of the Executive Board of Triodos Bank N.V. as per 1 May 2021. A severance payment of 100% of her yearly salary was granted. The severance payment is in line with applicable regulations.

Remuneration paid to the Supervisory Board:

Amounts in thousands of EUR	2022	2021
Total compensation	182	179

Remuneration paid to the Board of SAAT

Amounts in thousands of EUR	2022	2021
Total compensation	59	46

Loans and advances to key management personnel

There are no loans and advances provided to Executive Board members that were outstanding on 31 December 2022 and 2021. No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of Board of SAAT. For reasons of principle, no share option scheme is offered to members of the Executive Board, Supervisory Board members or members of Board of SAAT.

Segregation of capital

Triodos Bank N.V. holds securities on behalf of its customers segregated from the assets and liabilities of the bank. A part of these securities are held by its related party Triodos Nominees Ltd.

The following securities are segregated from the assets and liabilities of the bank:

Amounts in thousands of EUR	2022	2021
Triodos Fair Share Fund	319,046	331,457
Triodos Groenfonds N.V.	485,666	620,803
Triodos Sicav I	628,292	1,154,878
Triodos Sicav II	7,820	32,898
Triodos Impact Strategies N.V.	173,351	26,345
Triodos Impact Strategies II N.V.	100,092	71,982
Total as at 31 December	1,714,267	2,238,363

Triodos Impact Strategies N.V. holds on behalf of its sub-fund Triodos Multi Impact Fund as at 31 December 2022 EUR 5,633 thousand (2021: 6,807 thousand) of securities Triodos Fair Share Fund and EUR 3,759 thousand (2021: 3,913 thousand) of securities Triodos Groenfonds N.V.. These securities are included in the above mentioned values of securities in Triodos Fair Share Fund and Triodos Groenfonds N.V.

Accounting policy

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control Triodos Bank are considered to be a related party. In addition, statutory directors and close relatives are regarded as related parties. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Subsequent events

There are no subsequent events that are of material nature for the annual accounts.

Segment reporting

Key figures by banking entity and business unit

Basis for segmentation

Triodos Bank has the following branches and subsidiaries, which are reportable segments. These branches and subsidiaries operate in different countries and therefore are managed separately based on Triodos Bank's management and internal reporting structure.

Reportable segments	Operations
Bank Netherlands	<i>Retail Banking, Business Banking and Private Banking</i>
Bank Belgium	<i>Retail Banking, Business Banking and Private Banking</i>
Bank United Kingdom	<i>Retail Banking and Business Banking</i>
Bank Spain	<i>Retail Banking and Business Banking</i>
Bank Germany	<i>Retail Banking and Business Banking</i>
Investment Management	<i>Impact investing taking place through investment funds or investment institutions bearing the Triodos name</i>
Head Office including TRMC	<i>Unallocated Head office activities and TRMC</i>

Retail Banking: offer our customers products with a purpose including savings, payments, lending, private banking and investments.

Business Banking: lend money to organisations working to stimulate positive and lasting change.

Head office is organised into the following main departments: ICT, Finance, Treasury, Risk Management, Compliance, HR, Group Audit, Corporate Strategy, Legal, Marketing & Communications. The majority of Group Functions' costs are allocated to the businesses.

TRMC: The primary objective is to manage non-consolidated entities that lend, invest or donate money that has as its main goal to make pioneering, transformative initiatives possible.

Information about reportable segments

Information related to each reportable segment is set out on the next page.

Segment statement of profit or loss for the year 2022

Amounts in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
External income			
Material items of income and expense			
- Net interest income	108,544	41,585	53,148
- Investment income			
- Net fee and commission income	44,281	6,626	2,809
- Net income from other financial instruments at FVTPL	-216		
- Other income	3	-	64
- Net intercompany income	-2,912	-1,288	-112
Total segment income	149,700	46,923	55,909
- Personnel and other administrative expenses	-97,704	-38,510	-37,128
- Depreciation and amortisation;	-465	-1,322	-1,195
- Impairment result on financial instruments	1,921	-1,987	-5,628
Total segment expenses	-96,248	-41,819	-43,951
Segment profit before tax	53,452	5,104	11,958
- Taxation on operating result	-13,677	-1,396	-1,172
Net profit	39,775	3,708	10,786
Operating expenses/total income	66%	85%	69%

Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Total
46,393	13,451	263,121	-79	-9,952	253,090
8		8		608	616
7,645	3,802	65,163	54,410	1,330	120,903
2		-214		114	-100
808	67	942	-219	73	796
-946	522	-4,736	-1,383	6,119	-
53,910	17,842	324,284	52,729	-1,708	375,305
-40,692	-14,202	-228,236	-41,063	-5,314	-274,613
-5,496	-526	-9,004	-273	-16,204	-25,481
-2,880	430	-8,144	17	-	-8,127
-49,068	-14,298	-245,384	-41,319	-21,518	-308,221
4,842	3,544	78,900	11,410	-23,226	67,084
-1,404	-1,339	-18,988	-3,013	4,857	-17,144
3,438	2,205	59,912	8,397	-18,369	49,940
86%	83%	73%	78%		80%

Segment statement of profit or loss for the year 2021

Amounts in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
External income			
Material items of income and expense			
- Net interest income	87,432	40,455	42,526
- Investment income			
- Net fee and commission income	42,308	7,517	3,150
- Net income from other financial instruments at FVTPL	1,051		
- Other income	13	78	-40
- Net intercompany income	54	-158	-121
Total segment income	130,858	47,892	45,515
- Personnel and other administrative expenses	-94,167	-32,812	-32,050
- Depreciation and amortisation;	-515	-1,402	-1,142
- Impairment result on financial instruments	1,116	1,881	-2,463
Total segment expenses	-93,566	-32,333	-35,655
Segment profit before tax	37,292	15,559	9,860
- Taxation on operating result	-9,013	-3,963	-739
Net profit	28,279	11,596	9,121
Operating expenses/total income	72%	71%	73%

Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Total
38,562	12,364	221,339	-9	140	221,470
		-		310	310
7,716	3,207	63,898	50,664	1,486	116,048
23		1,074		963	2,037
1,775	63	1,889	115	62	2,066
-838	-53	-1,116	-110	1,226	-
47,238	15,581	287,084	50,660	4,187	341,931
-37,387	-13,727	-210,143	-41,818	3,237	-248,724
-7,395	-552	-11,006	-327	-15,145	-26,478
-382	276	428	-8	-	420
-45,164	-14,003	-220,721	-42,153	-11,908	-274,782
2,074	1,578	66,363	8,507	-7,721	67,149
-972	-642	-15,329	-2,176	1,115	-16,390
1,102	936	51,034	6,331	-6,606	50,759
95%	92%	77%	83%		80%

Selected assets and liabilities per segment 2022

Amounts in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
Loans and advances to customers	5,214,023	1,829,243	1,266,514
Number of loans and facilities	39,270	4,575	7,960
Total assets	8,248,348	2,380,284	2,119,828
Funds under management	752,818	1,142,069	-
Total assets under management	9,001,166	3,522,353	2,119,828
Deposits from customers	6,886,605	2,099,797	1,854,532
Number of accounts	453,327	80,432	108,057
Total liabilities	7,660,623	2,175,092	1,898,337
Average number of FTE's during the year	311.1	162.8	252.2

Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Elimination intercompany transactions	Total
1,799,215	538,462	10,647,457	-	-	-27,781	10,619,676
14,774	16,354	82,933			-2	82,931
2,476,645	925,555	16,150,660	49,228	2,406,732	-2,806,140	15,800,480
27,446	4,366	1,926,699	5,548,436	71,083	-752,818	6,793,400
2,504,091	929,921	18,077,359	5,597,664	2,477,815	-3,558,958	22,593,880
2,224,741	774,313	13,839,988	-	-	-23,648	13,816,340
186,970	55,828	884,614	-	-	-7	884,607
2,298,831	851,697	14,884,580	15,390	1,146,159	-1,505,044	14,541,085
275.0	65.7	1,066.7	205.8	360.1		1,632.6

Selected assets and liabilities per segment 2021

Amounts in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
Loans and advances to customers	4,640,907	1,825,889	1,345,652
Number of loans and facilities	37,378	5,639	7,804
Total assets	8,250,779	2,618,337	2,180,016
Funds under management ¹	902,629	1,230,139	
Total assets under management	9,153,408	3,848,476	2,180,016
Deposits from customers	6,229,171	2,094,492	1,910,796
Number of accounts	457,829	84,892	94,933
Total liabilities	7,673,801	2,408,014	1,957,876
Average number of FTE's during the year	297.7	153.6	210.9

¹ The funds under management have been restated by EUR 33 million due to an improvement to the internal definition of funds under management

Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Elimination intercompany transactions	Total
1,759,937	628,575	10,200,960	-	-	-33,162	10,167,798
16,654	16,913	84,388			-2	84,386
2,791,707	900,530	16,741,369	39,484	2,158,366	-2,435,034	16,504,185
30,239	3,095	2,166,102	6,365,408	66,530	-902,629	7,695,411
2,821,946	903,625	18,907,471	6,404,892	2,224,896	-3,337,663	24,199,596
2,325,401	737,284	13,297,144	-	-	-12,072	13,285,072
196,261	46,467	880,382	-	-	-8	880,374
2,601,204	824,169	15,465,064	14,043	907,351	-1,132,395	15,254,063
276.4	60.8	999.4	203.8	329.5		1,532.7

nt in 2022.

Reconciliation of information on reportable segments to IFRS measures

Amounts in thousands of EUR	2022	2021
i. Income		
Total income for reportable segments	375,305	341,931
Unallocated amounts	-	-
Elimination of inter-segment income	-	-
Consolidated revenue	375,305	341,931
ii. Profit before tax		
Total profit or loss for reportable segments	67,084	67,149
Unallocated amounts	-	-
Consolidated profit before tax	67,084	67,149
iii. Assets		
Total assets for reportable segments	15,800,480	16,504,185
Other unallocated amounts	-	-
Consolidated total assets	15,800,480	16,504,185
iv. Liabilities		
Total liabilities for reportable segments	14,541,085	15,254,063
Other unallocated amounts	-	-
Consolidated total liabilities	14,541,085	15,254,063

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Key figures 2022 by country

Amounts in thousands of EUR	The Netherlands	Belgium
Names	Triodos Bank N.V., Legal Owner Triodos Funds B.V, Triodos Investment Management B.V., Sinopel 2019 B.V.	Triodos Bank N.V., Triodos IMMA BVBA
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking
Geographical location	Driebergen-Rijsenberg	Brussel
Total income	200,721	46,923
Operating expenses	-161,023	-39,832
Impairment losses on financial instruments	1,938	-1,987
Segment profit before tax	41,636	5,104
Taxation on operating result	-11,833	-1,396
Net profit	29,803	3,708
Public subsidies received	-	-
Average number of FTE's during the year	876.9	162.8

United Kingdom	Spain	Germany	Total
Triodos Bank UK Ltd	Triodos Bank N.V.	Triodos Bank N.V.	
Bank	Bank	Bank	
Bristol	Madrid	Frankfurt	
55,909	53,910	17,842	375,305
-38,323	-46,188	-14,728	-300,094
-5,628	-2,880	430	-8,127
11,958	4,842	3,544	67,084
-1,172	-1,404	-1,339	-17,144
10,786	3,438	2,205	49,940
-	-	-	-
252.2	275.0	65.7	1,632.6

Key figures 2021 by country

Amounts in thousands of EUR	The Netherlands	Belgium
Names	Triodos Bank N.V., Stichting Triodos Beleggersgiro, Legal Owner Triodos Funds B.V., Triodos Finance B.V., Triodos Investment Management B.V., Sinopel 2019 B.V.	Triodos Bank N.V., Triodos IMMA BVBA
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking
Geographical location	Driebergen-Rijsenberg	Brussel
Total income	185,705	47,892
Operating expenses	-148,735	-34,214
Impairment losses on financial instruments	1,108	1,881
Segment profit before tax	38,078	15,559
Taxation on operating result	-10,074	-3,963
Net profit	28,004	11,596
Public subsidies received	-	-
Average number of FTE's during the year	831.0	153.6

United Kingdom	Spain	Germany	Total
Triodos Bank UK Ltd	Triodos Bank N.V.	Triodos Bank N.V.	
Bank	Bank	Bank	
Bristol	Madrid	Frankfurt	
45,515	47,238	15,581	341,931
-33,192	-44,782	-14,279	-275,202
-2,463	-382	276	420
9,860	2,074	1,578	67,149
-739	-972	-642	-16,390
9,121	1,102	936	50,759
-	-	-	-
210.9	276.4	60.8	1,532.7

Tax paid by country

Amounts in thousands of EUR	The Netherlands	Belgium	United Kingdom	Spain	Germany	Total
2022						
Tax on Profit	7,916	1,500	1,250	1,559	315	12,540
Value Added Tax (VAT)	13,058	1,211	3,625	2,238	458	20,590
Banking Tax	-	2,755	-	702	-	3,457
2021						
Tax on Profit	9,498	3,011	635	1,017	25	14,186
Value Added Tax (VAT)	11,580	868	2,732	2,242	531	17,953
Banking Tax	-	2,913	-	644	-	3,557

Triodos Bank's approach to tax reflects its values. It sees paying taxes not as a burden, but as a contribution to the societies that the bank operates in. Taxes are an important instrument to fund education, infrastructure and systems. As such, companies should pay taxes as an important part of their role as a responsible business. The VAT included in the table above are the non-deductible VAT paid on invoices to suppliers.

Accounting policy

The segments (branches and subsidiaries) are reported in a manner consistent with the internal reporting provided to the Executive Board. The Executive Board is responsible for allocating resources and assessing performance. Segment profit before tax, as included in internal management reports reviewed by the Group's Management Committee, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries.

Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length. All transactions between segments are eliminated as intercompany income and expenses. Segment assets, liabilities, income and results are measured based on our accounting policies. The geographical analyses are based on the location of the office from which the transactions are originated.

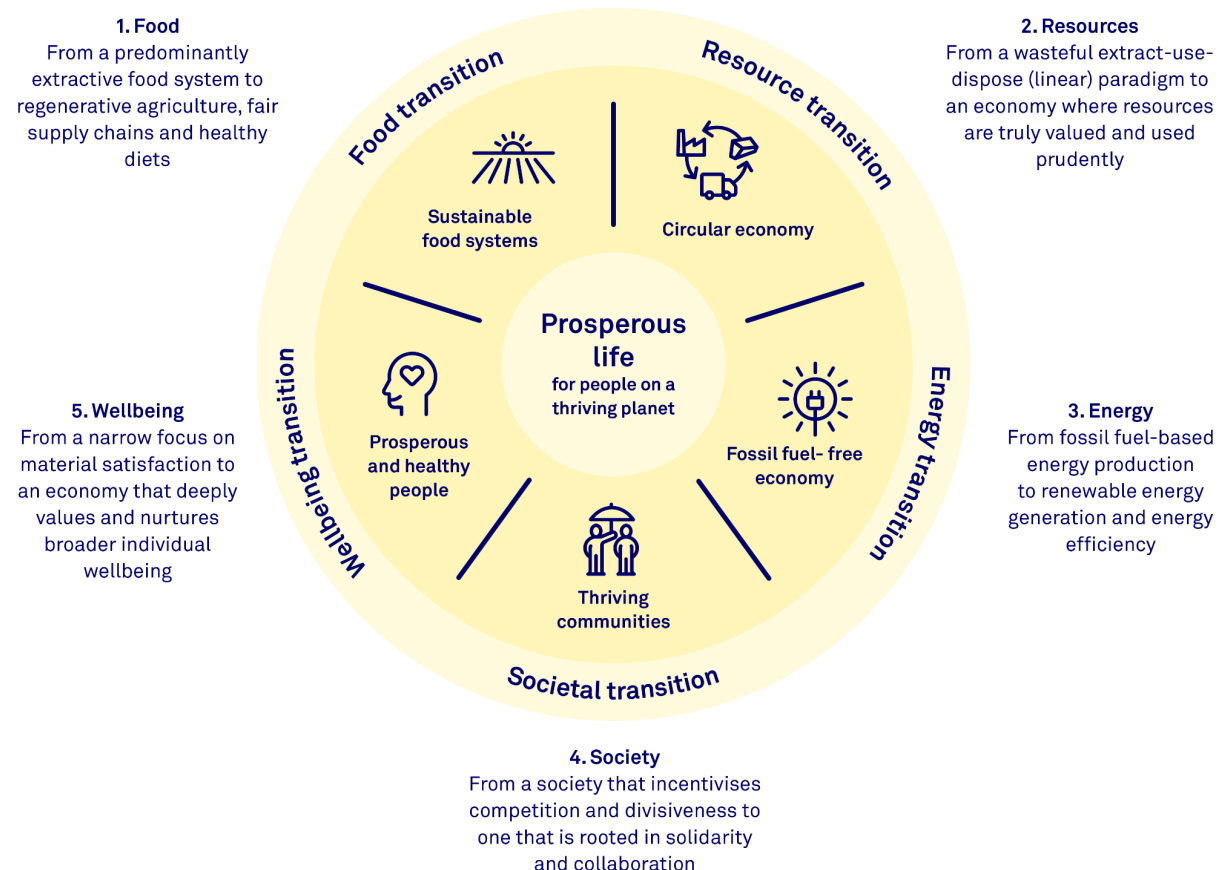
Lending by Sector

The lending by sector provides information about the loans and facilities outstanding per sector and per reportable banking segment. The sectors include loans and current accounts related to business banking, the mortgages are shown separately, and other facilities include private loans, other current accounts and credit cards.

The tables present the gross outstanding balance, the total ECL (stages 1, 2, and 3) and the net amount per sector. The gross outstanding balance includes

interest receivable and the fair value hedge adjustment. The number of loans and facilities excludes the number of current accounts and credit cards with no overdraft balance. Of the number of accounts - loans and advances to customers stated in the key figures (refer to Key figures (see page 6)), 41,355 accounts relate to facilities that have no overdraft balances (2021: 45,509 accounts) and have therefore not been included in the lending by sector overviews. The percentage shown is the percentage of the net amount per sector compared to the total net amount.

Focus on five interlinked transitions



Triodos Bank's redefined transition themes are common to all Triodos entities.

Triodos Bank has developed a Group-wide impact vision in which five transition themes were identified as shown in the diagram below. The lending by sector tables have been rearranged to reflect these five transition themes. Although not included under specific transition themes in the tables, the residential mortgage portfolio contributes to the themes Resources (by innovating new forms of mortgages such as the bio-based mortgage), Energy (by taking energy certificates into account for the interest rate of mortgage products), and Society (by advocating and enabling co-housing and social housing). For more information on these themes, refer to Our impact approach (see page 56).

Lending by sector in 2022

2022		Total				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	168,305	-4,814	163,491	1.5	601
	Organic food	112,552	-4,989	107,563	1.0	565
		280,857	-9,803	271,054	2.5	1,166
Resources	Sustainable property	873,197	-2,498	870,698	8.2	393
	Nature development and Forestry	33,420	-213	33,206	0.3	63
	Retail non-food	25,962	-1,369	24,593	0.2	152
	Production	33,875	-102	33,773	0.3	136
	Professional services	64,375	-1,754	62,621	0.6	310
		1,030,828	-5,937	1,024,891	9.6	1,054
Energy	Renewable energy	1,590,798	-3,180	1,587,618	15.0	925
	Environmental technology	200,104	-4,460	195,644	1.8	287
		1,790,902	-7,640	1,783,262	16.8	1,212
Society	Social housing	527,394	-151	527,243	5.0	420
	Social projects	192,604	-1,197	191,407	1.8	474
	Development cooperation	39,141	-790	38,351	0.4	50
		759,139	-2,138	757,001	7.2	944
Wellbeing	Healthcare	1,118,324	-7,354	1,110,970	10.5	1,367
	Education	309,944	-733	309,211	2.9	506
	Child care	14,593	-22	14,571	0.1	60
	Arts and culture	496,751	-10,430	486,321	4.6	1,513
	Philosophy of life	77,036	-392	76,644	0.7	261
	Recreation	206,900	-4,206	202,694	1.9	416
		2,223,548	-23,137	2,200,411	20.7	4,123
Other	Residential mortgages	4,450,099	-1,802	4,448,297	41.9	18,348
	Municipality loans	124,358	-22	124,336	1.2	12
	Other facilities	11,162	-738	10,424	0.1	14,717
		4,585,619	-2,562	4,583,057	43.2	33,077
Total		10,670,893	-51,217	10,619,676	100.0	41,576

2022		The Netherlands				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	57,227	-105	57,122	1.1	225
	Organic food	22,959	-161	22,798	0.4	130
		80,186	-266	79,920	1.5	355
Resources	Sustainable property	266,701	-712	265,989	5.1	183
	Nature development and Forestry	14,703	-30	14,673	0.3	7
	Retail non-food	4,994	-11	4,983	0.1	46
	Production	14,101	-67	14,034	0.3	35
	Professional services	25,183	-622	24,561	0.5	82
		325,682	-1,442	324,240	6.3	353
Energy	Renewable energy	357,386	-667	356,719	6.9	155
	Environmental technology	5,576	-30	5,546	0.1	18
		362,962	-697	362,265	7.0	173
Society	Social housing	41,750	-16	41,734	0.8	98
	Social projects	4,835	-2	4,833	0.1	20
	Development cooperation	17,737	-712	17,025	0.3	14
		64,322	-730	63,592	1.2	132
Wellbeing	Healthcare	348,030	-260	347,770	6.7	473
	Education	15,680	-1	15,679	0.3	39
	Child care	7,958	-1	7,957	0.2	28
	Arts and culture	169,775	-750	169,025	3.3	228
	Philosophy of life	12,702	-1	12,701	0.2	48
	Recreation	54,446	-212	54,234	1.0	146
		608,591	-1,225	607,366	11.7	962
Other	Residential mortgages	3,688,508	-613	3,687,895	71.1	13,026
	Municipality loans	60,045	-	60,045	1.2	3
	Other facilities	1,011	-92	919	-	3,942
		3,749,564	-705	3,748,859	72.3	16,971
Total		5,191,307	5,065-	5,186,242	100.0	18,946

2022		Belgium				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	4,067	-527	3,540	0.2	53
	Organic food	17,778	-1,068	16,710	0.9	144
		21,845	-1,595	20,250	1.1	197
Resources	Sustainable property	250,050	-594	249,456	13.7	110
	Nature development and Forestry	5,966	-	5,966	0.3	11
	Retail non-food	6,065	-516	5,549	0.3	27
	Production	6,931	-7	6,924	0.4	25
	Professional services	7,787	-107	7,680	0.4	84
		276,799	-1,224	275,575	15.1	257
Energy	Renewable energy	465,403	-1,616	463,787	25.4	360
	Environmental technology	34,872	-123	34,749	1.9	61
		500,275	-1,739	498,536	27.3	421
Society	Social housing	81,005	-76	80,929	4.4	58
	Social projects	29,108	-29	29,079	1.6	111
	Development cooperation	3,505	-12	3,493	0.2	18
		113,618	-117	113,501	6.2	187
Wellbeing	Healthcare	213,332	-2,152	211,180	11.4	316
	Education	100,550	-99	100,451	5.5	216
	Child care	3,150	-18	3,132	0.2	18
	Arts and culture	56,746	-1,121	55,625	3.0	202
	Philosophy of life	5,150	-5	5,145	0.3	24
	Recreation	40,576	-1,213	39,363	2.2	59
		419,504	-4,608	414,896	22.6	835
Other	Residential mortgages	507,473	-990	506,483	27.7	2,726
	Municipality loans	-	-	-	-	-
	Other facilities	2	-	2	-	30
		507,475	-990	506,485	27.7	2,756
Total		1,839,516	-10,273	1,829,243	100.0	4,653

2022		United Kingdom				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	33,987	-585	33,403	2.7	156
	Organic food	15,131	-721	14,410	1.1	26
		49,118	-1,306	47,813	3.8	182
Resources	Sustainable property	12,175	-3	12,171	1.7	19
	Nature development and Forestry	9,651	-113	9,538	-	15
	Retail non-food	9,745	-293	9,452	0.7	9
	Production	7,378	-4	7,374	0.6	5
	Professional services	17,058	-133	16,925	1.3	23
		56,007	-546	55,460	4.3	71
Energy	Renewable energy	261,713	-513	261,200	20.6	252
	Environmental technology	21,056	-108	20,948	1.7	52
		282,769	-621	282,148	22.3	304
Society	Social housing	375,841	-43	375,798	29.7	246
	Social projects	39,006	-344	38,662	3.1	81
	Development cooperation	15,391	-59	15,332	1.2	7
		430,238	-446	429,792	34.0	334
Wellbeing	Healthcare	255,888	-459	255,429	20.2	116
	Education	83,849	-342	83,507	6.6	46
	Child care	1,106	-	1,106	0.1	4
	Arts and culture	51,055	-7,211	43,844	3.4	54
	Philosophy of life	38,390	-288	38,102	3.0	126
	Recreation	29,644	-595	29,049	2.3	50
		459,932	-8,895	451,037	35.6	396
Other	Residential mortgages	-	-	-	-	-
	Municipality loans	-	-	-	-	-
	Other facilities	314	-50	264	-	1,031
		314	-50	264	-	1,031
Total		1,278,378	-11,864	1,266,514	100.0	2,318

2022		Spain				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	73,024	-3,598	69,426	3.9	166
	Organic food	55,646	-3,037	52,609	2.9	259
		128,670	-6,635	122,035	6.8	425
Resources	Sustainable property	161,302	-1,169	160,133	8.9	44
	Nature development and Forestry	3,100	-70	3,030	0.1	30
	Retail non-food	5,158	-549	4,609	0.3	70
	Production	5,465	-24	5,441	0.3	71
	Professional services	14,347	-892	13,455	0.7	121
		189,372	-2,704	186,668	10.3	336
Energy	Renewable energy	389,534	-94	389,440	21.6	113
	Environmental technology	32,735	-4,078	28,657	1.6	130
		422,269	-4,172	418,097	23.2	243
Society	Social housing	28,798	-16	28,782	1.6	18
	Social projects	117,467	-817	116,650	6.5	260
	Development cooperation	2,508	-7	2,501	0.1	11
		148,773	-840	147,933	8.2	289
Wellbeing	Healthcare	227,284	-2,876	224,408	12.5	422
	Education	82,276	-282	81,994	4.6	181
	Child care	2,379	-3	2,376	0.1	10
	Arts and culture	216,647	-1,284	215,363	12.0	1,023
	Philosophy of life	20,794	-98	20,696	1.2	63
	Recreation	55,949	-2,025	53,924	3.0	150
		605,329	-6,568	598,761	33.4	1,849
Other	Residential mortgages	254,118	-199	253,919	14.1	2,596
	Municipality loans	64,313	-22	64,291	3.6	9
	Other facilities	8,047	-536	7,511	0.4	3,144
		326,478	-757	325,721	18.1	5,749
Total		1,820,891	-21,676	1,799,215	100.0	8,891

2022		Germany				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	-	-	-	-	1
	Organic food	1,038	-2	1,036	0.2	6
		1,038	-2	1,036	0.2	7
Resources	Sustainable property	182,968	-20	182,948	34.0	37
	Nature development and Forestry	-	-	-	-	-
	Retail non-food	-	-	-	-	-
	Production	-	-	-	-	-
	Professional services	-	-	-	-	-
		182,968	-20	182,948	34.0	37
Energy	Renewable energy	116,762	-290	116,472	21.6	45
	Environmental technology	105,865	-121	105,744	19.6	26
		222,627	-411	222,216	41.2	71
Society	Social housing	-	-	-	-	-
	Social projects	2,188	-5	2,183	0.4	2
	Development cooperation	-	-	-	-	-
		2,188	-5	2,183	0.4	2
Wellbeing	Healthcare	73,790	-1,607	72,183	13.4	40
	Education	27,589	-9	27,580	5.1	24
	Child care	-	-	-	-	-
	Arts and culture	2,528	-64	2,464	0.5	6
	Philosophy of life	-	-	-	-	-
	Recreation	26,285	-161	26,124	4.9	11
		130,192	-1,841	128,351	23.9	81
Other	Residential mortgages	-	-	-	-	-
	Municipality loans	-	-	-	-	-
	Other facilities	1,788	-60	1,728	0.3	6,570
		1,788	-60	1,728	0.3	6,570
Total		540,801	-2,339	538,462	100.0	6,768

Lending by sector in 2021

2021		Total				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	164,821	-4,521	160,300	1.6	616
	Organic food	123,816	-4,303	119,513	1.2	604
		288,637	-8,824	279,813	2.8	1,220
Resources	Sustainable property	874,503	-2,364	872,139	8.6	409
	Nature development and Forestry	33,878	-202	33,676	0.3	55
	Retail non-food	29,782	-1,470	28,312	0.3	162
	Production	25,650	-143	25,507	0.3	136
	Professional services	62,794	-2,405	60,389	0.6	307
		1,026,607	-6,584	1,020,023	10.1	1,069
Energy	Renewable energy	1,662,965	-3,571	1,659,394	16.3	959
	Environmental technology	187,891	-5,561	182,330	1.8	310
		1,850,856	-9,132	1,841,724	18.1	1,269
Society	Social housing	521,540	-93	521,447	5.1	387
	Social projects	214,352	-1,536	212,816	2.1	498
	Development cooperation	51,672	-966	50,706	0.4	66
		787,564	-2,595	784,969	7.6	951
Wellbeing	Healthcare	1,286,934	-5,740	1,281,194	12.6	1,389
	Education	329,122	-832	328,290	3.2	519
	Child care	15,990	-92	15,898	0.2	62
	Arts and culture	534,338	-5,297	529,041	5.2	1,450
	Philosophy of life	85,644	-178	85,466	0.8	267
	Recreation	239,497	-7,562	231,935	2.3	427
		2,491,525	-19,701	2,471,824	24.3	4,114
Other	Residential mortgages	3,621,347	-1,218	3,620,129	35.6	15,545
	Municipality loans	138,623	-26	138,597	1.4	16
	Other facilities	11,619	-900	10,719	0.1	14,693
		3,771,589	-2,144	3,769,445	37.1	30,254
Total		10,216,778	-48,980	10,167,798	100.0	38,877

2021		The Netherlands				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	53,879	-197	53,682	1.2	210
	Organic food	20,143	-563	19,580	0.4	142
		74,022	-760	73,262	1.6	352
Resources	Sustainable property	288,036	-1,596	286,440	6.2	185
	Nature development and Forestry	22,910	-164	22,746	0.5	8
	Retail non-food	6,299	-25	6,274	0.1	49
	Production	5,636	-20	5,616	0.1	33
	Professional services	33,360	-1,447	31,913	0.7	93
		356,241	-3,252	352,989	7.6	368
Energy	Renewable energy	316,202	-315	315,887	6.9	124
	Environmental technology	7,564	-25	7,539	0.2	17
		323,766	-340	323,426	7.1	141
Society	Social housing	42,604	-22	42,582	0.9	97
	Social projects	4,270	-71	4,199	0.1	18
	Development cooperation	25,560	-888	24,672	0.5	17
		72,434	-981	71,453	1.5	132
Wellbeing	Healthcare	407,436	-553	406,883	8.8	481
	Education	21,944	-6	21,938	0.5	49
	Child care	8,683	-1	8,682	0.2	31
	Arts and culture	253,880	-637	253,243	5.5	261
	Philosophy of life	16,535	-1	16,534	0.4	48
	Recreation	72,915	-3,033	69,882	1.5	155
		781,393	-4,231	777,162	16.9	1,025
Other	Residential mortgages	2,967,899	-521	2,967,378	64.4	10,765
	Municipality loans	40,992	-	40,992	0.9	4
	Other facilities	1,228	-145	1,083	-	4,331
		3,010,119	-666	3,009,453	65.3	15,100
Total		4,617,975	10,230-	4,607,745	100.0	17,118

2021		Belgium				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	4,564	-596	3,968	0.2	60
	Organic food	21,203	-965	20,238	1.1	159
		25,767	-1,561	24,206	1.3	219
Resources	Sustainable property	286,162	-621	285,541	15.7	124
	Nature development and Forestry	6,135	-	6,135	0.3	11
	Retail non-food	6,585	-580	6,005	0.3	28
	Production	7,439	-6	7,433	0.4	23
	Professional services	7,736	-30	7,706	0.4	80
		314,057	-1,237	312,820	17.1	266
Energy	Renewable energy	519,880	-1,645	518,235	28.4	364
	Environmental technology	22,922	-175	22,747	1.3	66
		542,802	-1,820	540,982	29.7	430
Society	Social housing	69,678	-57	69,621	3.8	44
	Social projects	29,350	-27	29,323	1.6	110
	Development cooperation	15,870	-24	15,846	0.8	31
		114,898	-108	114,790	6.2	185
Wellbeing	Healthcare	226,405	-189	226,216	12.4	318
	Education	102,559	-78	102,481	5.6	221
	Child care	3,470	-88	3,382	0.2	16
	Arts and culture	62,996	-695	62,301	3.4	204
	Philosophy of life	5,614	-4	5,610	0.3	24
	Recreation	52,245	-2,038	50,207	2.8	61
		453,289	-3,092	450,197	24.7	844
Other	Residential mortgages	375,943	-540	375,403	20.6	2,100
	Municipality loans	7,491	-	7,491	0.4	1
	Other facilities	-	-	-	-	-
		383,434	-540	382,894	21.0	2,101
Total		1,834,247	-8,358	1,825,889	100.0	4,045

2021		United Kingdom				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	40,902	-1,216	39,686	3.0	174
	Organic food	14,482	-288	14,194	1.1	30
		55,384	-1,504	53,880	4.1	204
Resources	Sustainable property	8,024	-2	8,022	0.7	17
	Nature development and Forestry	2,499	-	2,499	-	11
	Retail non-food	11,351	-346	11,005	0.8	9
	Production	5,645	-44	5,601	0.4	5
	Professional services	11,441	-113	11,328	0.8	19
		38,960	-505	38,455	2.7	61
Energy	Renewable energy	286,790	-820	285,970	21.3	255
	Environmental technology	16,387	-91	16,296	1.2	43
		303,177	-911	302,266	22.5	298
Society	Social housing	374,449	-13	374,436	27.8	230
	Social projects	57,448	-404	57,044	4.2	98
	Development cooperation	7,182	-14	7,168	0.6	6
		439,079	-431	438,648	32.6	334
Wellbeing	Healthcare	318,749	-258	318,491	23.7	127
	Education	73,095	-267	72,828	5.4	47
	Child care	1,202	-	1,202	0.1	4
	Arts and culture	48,822	-2,880	45,942	3.4	49
	Philosophy of life	42,933	-112	42,821	3.2	133
	Recreation	31,420	-518	30,902	2.3	49
		516,221	-4,035	512,186	38.1	409
Other	Residential mortgages	-	-	-	-	-
	Municipality loans	-	-	-	-	-
	Other facilities	247	-30	217	-	907
		247	-30	217	-	907
Total		1,353,068	-7,416	1,345,652	100.0	2,213

2021		Spain				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	65,390	-2,512	62,878	3.6	171
	Organic food	66,892	-2,485	64,407	3.7	267
		132,282	-4,997	127,285	7.3	438
Resources	Sustainable property	127,454	-138	127,316	7.2	47
	Nature development and Forestry	2,333	-37	2,296	0.1	25
	Retail non-food	5,547	-519	5,028	0.3	76
	Production	6,930	-73	6,857	0.4	75
	Professional services	10,257	-815	9,442	0.5	115
		152,521	-1,582	150,939	8.5	338
Energy	Renewable energy	366,483	-150	366,333	20.8	158
	Environmental technology	45,337	-4,965	40,372	2.3	141
		411,820	-5,115	406,705	23.1	299
Society	Social housing	34,809	-1	34,808	2.0	16
	Social projects	121,784	-1,032	120,752	6.9	268
	Development cooperation	3,060	-40	3,020	0.1	12
		159,653	-1,073	158,580	9.0	296
Wellbeing	Healthcare	219,606	-3,136	216,470	12.3	414
	Education	98,441	-451	97,990	5.6	175
	Child care	2,635	-3	2,632	0.1	11
	Arts and culture	167,518	-1,059	166,459	9.4	933
	Philosophy of life	20,562	-61	20,501	1.2	62
	Recreation	55,370	-1,920	53,450	3.0	149
		564,132	-6,630	557,502	31.6	1,744
Other	Residential mortgages	277,505	-157	277,348	15.8	2,680
	Municipality loans	73,609	-26	73,583	4.2	9
	Other facilities	8,640	-645	7,995	0.5	3,387
		359,754	-828	358,926	20.5	6,076
Total		1,780,162	-20,225	1,759,937	100.0	9,191

2021		Germany				
Amounts in thousands of EUR		Gross amount	ECL	Net amount	%	Number
Food	Organic farming	86	-	86	-	1
	Organic food	1,096	-2	1,094	0.2	6
		1,182	-2	1,180	0.2	7
Resources	Sustainable property	164,828	-8	164,820	26.2	36
	Nature development and Forestry	-	-	-	-	-
	Retail non-food	-	-	-	-	-
	Production	-	-	-	-	-
	Professional services	-	-	-	-	-
		164,828	-8	164,820	26.2	36
Energy	Renewable energy	173,610	-641	172,969	27.5	58
	Environmental technology	95,681	-305	95,376	15.2	43
		269,291	-946	268,345	42.7	101
Society	Social housing	-	-	-	-	-
	Social projects	1,500	-2	1,498	0.2	4
	Development cooperation	-	-	-	-	-
		1,500	-2	1,498	0.2	4
Wellbeing	Healthcare	114,738	-1,604	113,134	18.0	49
	Education	33,083	-30	33,053	5.3	27
	Child care	-	-	-	-	-
	Arts and culture	1,122	-26	1,096	0.2	3
	Philosophy of life	-	-	-	-	-
	Recreation	27,547	-53	27,494	4.4	13
		176,490	-1,713	174,777	27.9	92
Other	Residential mortgages	-	-	-	-	-
	Municipality loans	16,531	-	16,531	2.6	2
	Other facilities	1,504	-80	1,424	0.2	6,068
		18,035	-80	17,955	2.8	6,070
Total		631,326	-2,751	628,575	100.0	6,310

Risk management

The Executive Board is responsible for designing, implementing and maintaining an adequate system for internal control over financial reporting. Financial reporting is the product of a structured process carried out by various functions and banking business units under the direction and supervision of the financial management of Triodos Bank.

The Executive Board is responsible for the risk management and compliance functions. The risk management function develops and executes risk policies and procedures involving identification, measurement, assessment, mitigation and monitoring of financial and non-financial risks. The compliance function plays a key role in monitoring Triodos Bank's adherence to external regulations and internal policies. The adequate functioning of the risk management and compliance functions as part of the internal control system is supported by Triodos Bank's culture and discussed with the Audit and Risk Committee.

Triodos Bank's internal audit function provides independent and objective assurance of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. The Executive Board, under the supervision of the Supervisory Board and its Audit and Risk Committee, is responsible for adopting the overall internal audit plan and the monitoring thereof.

The risk management framework is an important building block in the internal control structure of the bank. Triodos Bank is working in a changing environment, which requires regular upgrades of its internal control structure and frameworks. The risk management and control framework cannot guarantee an absolute level of reliability but provides a solid level of assurance regarding the accuracy of financial reporting and the fair presentation of its financial statements.

The Executive Board report provides insight into the functioning of internal controls, compliance and risk management systems. Triodos Bank's risk management and control framework continues to evolve to support the business and to meet regulatory requirements. As per the Corporate Governance Code the Executive Board evaluates the functioning of the internal control functions on an annual basis.

Risk management and governance

Risk statement

The risk management and control framework provides reasonable assurance regarding the reliability of financial reporting and the fair presentation of financial statements.

Objective

The risk management objective of Triodos Bank is to maintain an environment that supports the bank in pursuing its mission and in realising its strategic objectives. This implies that a structural context is

provided to effectively identify and manage the risks inherent in the bank's activities, proportionate to its size and complexity.

The Three Lines Model

The Three Lines Model is an industry-wide applied organisational risk concept that is integrated in the internal governance and organisation of Triodos Bank. The concept strengthens Triodos Bank's risk control by consistently assigning and embedding clearly defined risk management roles and responsibilities within the organisation. The rationale behind the three lines concept is that risk management can only be effective when it is embedded and exercised in all constituent parts of the bank. For the same reason that risks may, in principle, surface and manifest themselves anywhere within the bank, risk awareness is to be maintained at all levels throughout the bank. The risk function is not solely responsible for the management of risk. All co-workers share responsibility for risk taking and risk management. The three lines concept offers an effective framework to identify and adequately address the risks that may jeopardise the realisation of the bank's strategic objectives in a timely way. This contributes to a sound risk culture in line with Triodos Bank's mission and values.

The first line is primarily responsible for managing the risks it incurs in conducting business activities and operations within its span of control. The first line therefore has the 'ownership' of these risks. From a functional area perspective, first-line responsibilities are shared by the respective functional areas.

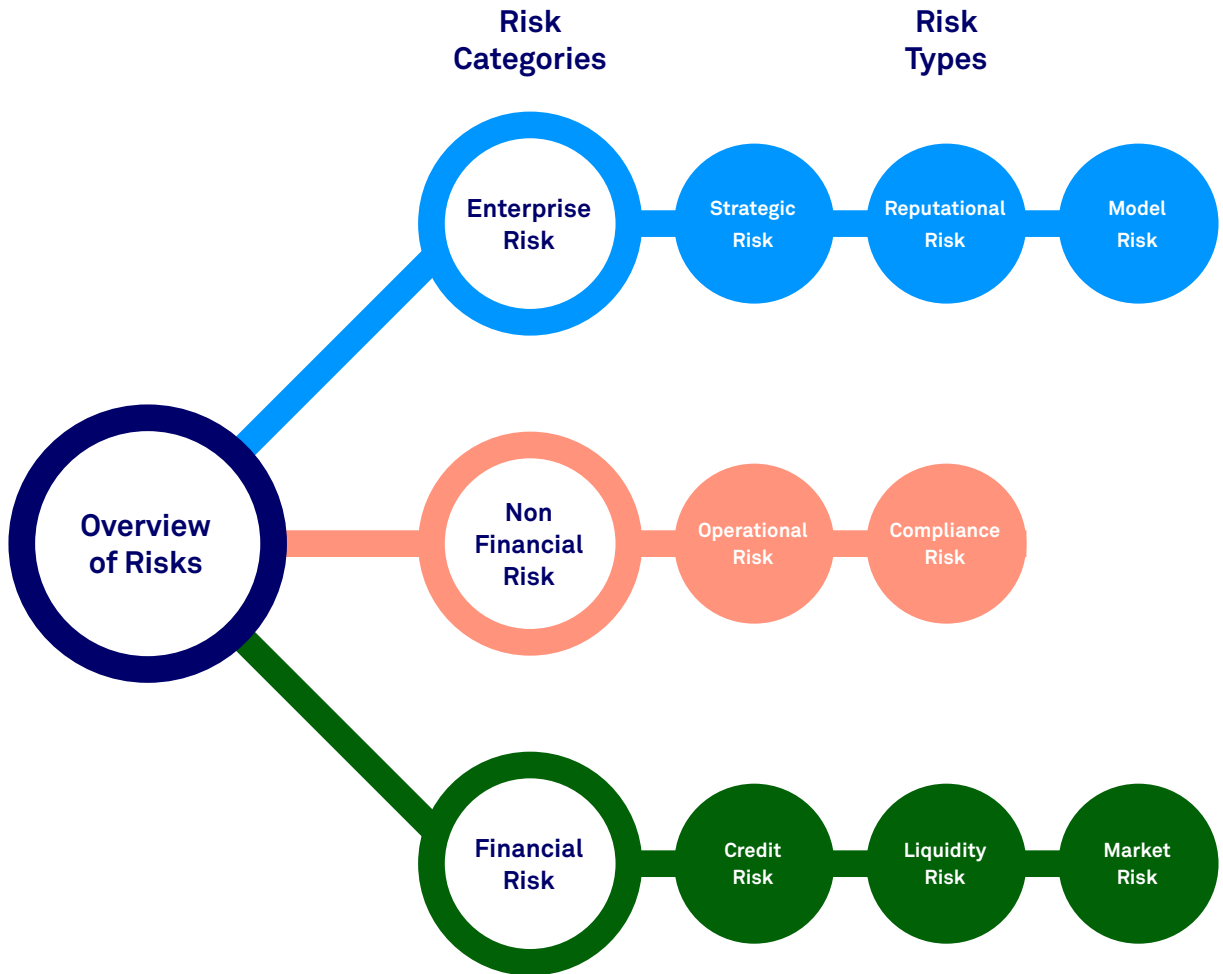
The second line consists of the risk management and compliance functions. Both functions are present at local business unit level and at Group level. Whereas the first line exercises 'risk ownership', the second line exercises 'risk oversight'. The second line supports and facilitates a sound risk management and control framework throughout the bank, oversees the control processes and controls in place at the first line to ensure proper design and effectiveness and actively engages with the first line to jointly enhance the functioning of the risk management and control framework of the bank.

The third line consists of the internal audit function, which provides 'risk assurance' by providing risk-based independent and objective assurance, advice and insight to the Executive Board, Supervisory Board, senior management and managers at Group and business unit level. This is done by a structured and balanced approach of evaluation, reporting and advising regarding the corporate governance structure, internal control, compliance and risk management functions of the bank.

Risk organisation

The risk management and compliance functions provide relevant independent information, analyses and expert judgement on risk exposures, and advise on whether proposals and risk decisions to be made by the Executive Board and business or support business units are consistent with the institution's risk appetite. The risk management and compliance functions recommend improvements to the risk management framework and monitor breaches of risk policies, procedures and limits.

The structure of the risk organisation meets banking industry standards and covers all identified relevant risks for Triodos Bank within three main risk categories: enterprise risk, financial risk and non-financial risk. Each risk category consists of a number of risk types (see diagram below).



The Executive Board has (partly) delegated decision-making authority to the following risk committees at a central level:

- for enterprise risk, the Enterprise Risk Committee has authority to decide on strategic, model and reputational risk issues;
- for financial risk, the Central Credit Committee has authority to take decisions on credit risks, both on an individual debtor level and on a credit portfolio level; the Asset and Liability Committee has authority to decide on market risks and liquidity risk;
- for non-financial risk, the Non-financial Risk Committee has authority to decide on operational and compliance risk matters. The Group Product Governance Committee has the authority to approve new products and review existing products. The Anti-Money Laundering and Countering Terrorist Financing Risk Committee oversees management of risks related to the regulation and associated measures to combat money laundering and counter the financing of terrorism. The Regulatory Change Committee steers, monitors and takes decisions on regulatory change management to ensure a timely and traceable implementation of regulatory changes across Triodos Bank Group.

Business units have local decision-making committees in place, such as a local Non-financial Risk Committee and a local Anti-Money Laundering and Countering Terrorist Financing Risk Committee. In addition, the business units that engage in local lending have a local Credit Committee in

place. The processes and mandates for the local decision-making committees are captured in their respective charters.

The Supervisory Board's Audit and Risk Committee supervises the activities of the Executive Board with respect to the operation and adequacy of internal risk management and control systems. The task of the Audit and Risk Committee is to prepare the discussions and decision-making of the Supervisory Board on financial reporting, audit issues and risk management. The (entire) Supervisory Board remains responsible for decisions prepared by the Audit and Risk Committee. The Audit and Risk Committee consists of at least three members of the Supervisory Board, appointed by the Supervisory Board. Members of this Committee are Sebastien D'Hondt (Chair), Danielle Melis and Susanne Hannestad. The Audit and Risk Committee met eight times in 2022. The Group Directors of Risk and the Group Director Compliance report directly to the Chief Risk Officer. The head of the risk function (the CRO) and the head of the compliance function (the Group Director Compliance), have direct access to the Supervisory Board to raise concerns and escalate issues whenever required.

Risk culture

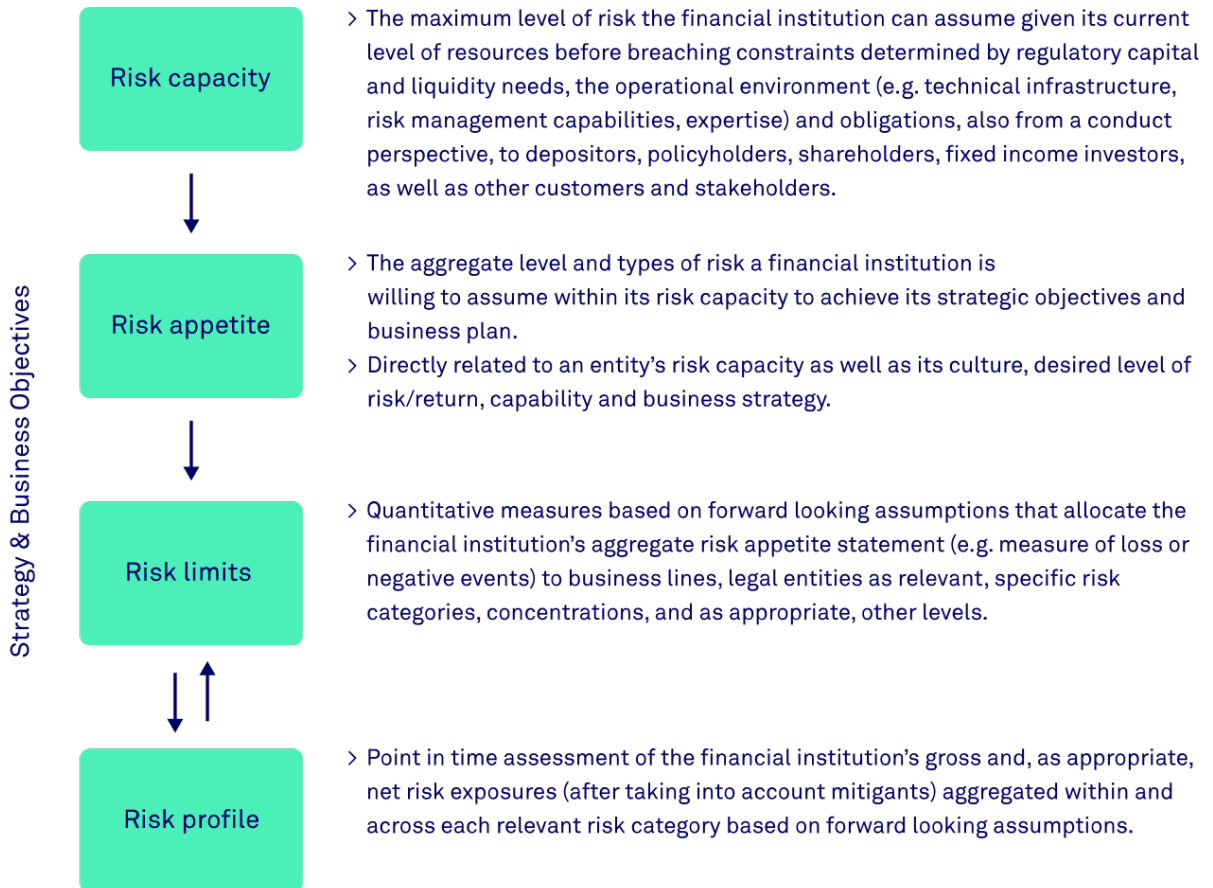
Risk mitigation is an essential component of Triodos Bank's mission and business model. In addition, the risk management framework ensures co-workers at all levels have the same risk perspective and that formal structures and policies are addressed in a unified and congruent manner across the bank. Triodos Bank strives for a risk culture that is both robust and embedded. An environment of open communication and effective challenge, in which decision-making processes encourage a broad range of views and a constructive critical attitude such that sound and informed decisions can be made, is important to such a culture. Risk-conscious leadership is key to establishing and enhancing the risk attitude and behaviour. Leading by example and setting the tone at the top are prerequisites for the aspired risk culture.

Enterprise risk

The enterprise risk discipline synthesises the risks of all risk areas and performs analyses to determine at a strategic level which circumstances and developments may potentially influence Triodos Bank's risk profile. Triodos Bank manages enterprise risk by means of specific tasks and related activities: performing strategic risk assessments, defining the risk appetite, assessing capital and liquidity requirements, and monitoring the risk profile through periodic enterprise risk management (ERM) reporting.

Risk appetite

Triodos Bank's risk appetite process aligns its risk profile with the willingness to take risk in delivering its business objectives. The Risk Appetite Statement is reviewed yearly and is endorsed by the Supervisory Board based on advice from the Audit and Risk Committee. Triodos Bank's risk appetite and the connection with the strategy and business objectives are illustrated below:



The risk appetite is based on three objectives that match Triodos Bank's corporate goals and ensure a sustainable banking model. These objectives are: (1) to protect identity and reputation, (2) to maintain sound balance sheet relations, and (3) to realise adequate financial returns.

Triodos Bank uses a defined set of key risk indicators and limits to test the actual risk profile of Triodos Bank against its risk appetite. Triodos Bank strives for an overall modest risk profile. The risk limits, determined at Group level, are cascaded for each business unit. Breaches of risk appetite limits are governed by a specific breach procedure.

Enterprise risk reporting

The principal objective of the ERM report is to set the actual risk profile of Triodos Bank against its risk appetite, to assess if key risk indicators have been breached and to determine what actions may need to be taken. In addition, the ERM report creates a single point of reference for all risk-related profiles and activities within Triodos Bank. The ERM report provides insights into specific risk themes and provides an integrated picture of risk at corporate level. This report is discussed in the Enterprise Risk Committee and the Executive Board, and shared with the Audit and Risk Committee and the Supervisory Board.

Every risk discipline reports on a regular and periodic basis depending on the characteristics of the respective risk types. These risk reports are discussed in corresponding risk committees and measures are taken whenever needed. On a quarterly basis, they are integrated in the ERM report, which provides insights into the aggregated Triodos Bank risk profile in relation to its risk appetite.

Stress testing

Stress testing is part of Triodos Bank's risk management practice. It is of critical importance, in establishing a well-balanced forward-looking management view, to incorporate adverse developments and circumstances that the bank might be exposed to. Stress testing exercises provide valuable insights into the exposure of the portfolio to risk events. Stress testing for capital and liquidity adequacy at Triodos Bank is conducted at several levels: Group-wide, by at-risk domain and at sector level. Sensitivity tests are also carried out as part of the annual business banking sector analyses.

The firm-wide scenario stress-test analysis process may be broken down into a sequence of phases, which translate defined stress scenarios into risk events and indicators that measure their associated risk levels. After determination of the impact and the aggregation of the results, the outcome is reported and discussed in the Enterprise Risk Committee. Scenarios that are assessed are of a varied nature, including climate stress, macro-economic stress and idiosyncratic stress (e.g. operational and reputational stress).

Recovery

The Recovery Plan specifies measures that allow Triodos Bank to recover from possible severe circumstances. The aim of the Recovery Plan is to be prepared for such events, ready to act if there are any breaches forecasted and to identify and quantify the effectiveness of measures in different stress scenarios.

Strategic risk

Strategic risk may be described as the risk of a lack of achievement of the bank's overall objectives due to internal and/or external causes. Strategic risk can be broken down into three subcategories:

- Direction risk: the risk that Triodos Bank does not select the optimal strategy given the status of, and outlook on, the external and internal environment.
- Execution risk: the risk that the selected strategy is not implemented and/or executed adequately as per planning, budget or other requirements.
- Modification risk: the risk that the selected strategy becomes obsolete due to changes in the external and/or internal environment.

The external landscape is subject to constant change and related uncertainty. In particular, geopolitical circumstances, the interest rate environment, climate change, energy transition, regulatory requirements and technological progress are examples of relevant developments. Additionally, more sudden and disruptive events may occur, such as the COVID-19 pandemic and the Ukraine crisis. The challenges that arise from these changes continuously influence Triodos Bank. The strategy of Triodos Bank is therefore assessed from a strategic risk perspective to ensure timely adjustment if deemed necessary.

Environmental, social and governance risks

Environmental, social and governance (ESG) risks refer to the non-financial risks, stemming from the current or prospective impacts of ESG factors on the bank's counterparties, that may negatively affect the bank's financial performance. The ESG factors are described in the following paragraphs.

Environmental factors

Climate change and environmental degradation are sources of structural change that affect the quality of life and economic activity as well as the financial system. Climate-related and environmental factors can be divided into two distinct categories:

Physical: The physical environmental factors refer to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate and of environmental degradation (e.g. pollution, biodiversity loss and deforestation). The physical driver is categorised as 'acute' when it arises from extreme events (e.g. droughts, floods and storms) or 'chronic' when it arises from progressive shifts (e.g. sea-level rises and resource scarcity).

Transitional: The transitional factors refer to the possible financial loss that may result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy (e.g. due to a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences).

Social factors

Social factors are related to the rights, well-being and interests of people and communities and include factors such as equality, health, inclusiveness, labour relations and workplace health and safety. In general, it concerns the bank's interaction with its social environment, i.e. the relationships with its broader stakeholder audience: clients, co-workers, regulators and relevant communities/markets in which it operates.

Three main sources from which social factors - and subsequent risks - may originate are distinguished:

- **Environment:** The continuous deterioration of environmental conditions implies heightened social risks, such as when climate-related physical change or water stress affect (deprived parts of) a geographical area and (already disadvantaged) populations. Environmental degradation can exacerbate migration and social and political unrest in the most affected regions, with potentially more devastating repercussions and contagion across the globe.
- **Market and social sentiment:** The ongoing evolution of collective value systems brings forth new social frameworks of reference. The social transformation towards a more inclusive, equitable society is an example of such an evolution.
- **Policy actions:** Policy actions can and have been taken in response to social movements (e.g. demanding equal pay or equal representation, in addition to workforce diversity). Such policy actions may constitute a risk for companies that are not prepared or willing to adapt.

Governance factors

Governance factors cover governance practices, including executive leadership, executive pay, audits, internal controls, board independence, shareholder rights and the ways in which banks include environmental and social factors in their policies and procedures. Note that governance factors in the ESG context do not refer to the regular governance arrangements of the bank, but instead to governance factors that have an impact on or are impacted by the bank's counterparties or invested assets, including governance arrangements for the environmental and social factors in counterparty policies and procedures. Governance factors may be part of national legislation, such as corporate governance codes, that aim at long-term sustainable value creation (rather than short-term benefits).

Management of ESG risks

Triodos Bank employs strict criteria to ensure the sustainability of products and services. It employs both positive criteria, to ensure it is actively doing good, and negative criteria for exclusion, to ensure it does not do any harm. The negative criteria exclude loans and investments in sectors or activities that are damaging to society and environment. The positive criteria identify leading businesses and encourage their contributions to a sustainable society.

Triodos Bank's strategy, credit granting process and product approval process are aligned with its sustainable and values-based mission. Triodos Bank assesses the impact, risk and return of its business decisions in line with its mission and Risk Appetite Statement. The Minimum Standards set out the

absolute minimum requirements that Triodos Bank applies to its banking and investment activities. In its day-to-day decision-making Triodos Bank is guided by its Business Principles. All sustainability criteria referred to in this section can be found on the bank's website. Lending criteria and minimum standards are available on the website.

Because the sustainable and values-based mission is the starting point of its lending process, Triodos Bank's exposure to transition risks is considered minimal. Business banking lending is focused on financing enterprises that contribute to a low-carbon future. As a strategic target, Triodos Bank has set itself the objective of reaching a net-zero emission level by 2035, underlining its commitment to contribute to a sustainable future.

As a result of climate change Triodos Bank's portfolio is exposed to physical climate risks. On an annual basis, Triodos Bank carries out climate-risk stress tests, to assess the potential impact of extreme weather events such as storms, floods and droughts to its asset portfolio. Within the financial planning period a material impact of physical climate risk is considered to be unlikely.

The Executive Board, under the supervision of the Supervisory Board, is accountable for the management of environmental and climate-related risks as well as for setting and overseeing Triodos Bank's strategy in this respect. The approach to managing environmental and climate-related risks is assigned to the Enterprise Risk Committee. At board level the Chief Risk Officer is primarily responsible for the oversight of environmental and climate-related risks. The Enterprise Risk Management department is responsible for the framework that governs environmental and climate-related risks and ensures alignment with relevant risk policies within the larger risk policy framework.

ESG considerations are shared at all levels of Triodos Bank and are an integral part of its management, including the evaluation of risks. ESG-related aspects are taken into account in all day-to-day business decisions whenever relevant. ESG-related risk factors all have their specific characteristics and are captured in the relevant policies and guidelines. Triodos Bank is currently in the process of combining these different policies and guidelines in one single overarching Group ESG framework to further improve the effectiveness of its risk management.

Reputational risk

Triodos Bank defines reputational risk as the risk arising from negative perception by customers, counterparties, shareholders or regulators, which can adversely affect the bank's ability to maintain existing, or establish new, (business) relationships and continued access to sources of funding.

As a values-based bank, Triodos Bank's reputation is vital to its ability to pursue its mission. As such, Triodos Bank's reputation is managed in a proactive manner, for the most part by 'doing things right' and 'doing right in line with Triodos Bank's mission'. Generally, proactively managing its reputation implies for Triodos Bank: (1) attracting and retaining qualified employees that have a strong affinity with Triodos Bank's mission and values; (2) maintaining a sound risk governance structure that enables the correct execution and control of bank-related processes; and (3) actively positioning Triodos Bank's identity, its positive impact (for the longer term) and connection to society.

Model risk

Model risk refers to the potential for negative consequences arising from the decisions made based on incorrect or misused model outputs and reports. It can result in financial loss, poor decision-making, and damage to the reputation of Triodos Bank.

Triodos Bank develops and uses internal models to quantify the risk for most risk types in the risk taxonomy. The models for credit, market, liquidity and strategic risk are the most widely used to measure the level of risk. Model outputs are used to support day-to-day decision-making and as input in management and regulatory reporting.

New models require approval before being implemented and used. Internal approval for the use (or continued use) of a model is obtained from the Model Approval and Review Committee (MARC). The Group Modelling and Valuation department develops models in close cooperation with the relevant business and risk experts.

Model Risk Management proposes and maintains standards for the model lifecycle and validation, and facilitates model risk identification and measurement and reports on model risk in line with the model risk management framework, which includes model validation standards and procedures. Model data, methodology, performance and implementation are checked according to these standards and reviewed against internal and regulatory requirements.

Non-financial risk

Non-financial risk includes all the risks faced in Triodos Bank's regular activities and processes, that are not categorised as enterprise risk or financial risk. Triodos Bank has subdivided non-financial risk into operational risk and compliance risk. Monitoring these risks is particularly important to ensure that Triodos Bank can continue to offer quality financial services to its stakeholders.

Operational risk

Operational risks relate to losses that Triodos Bank could incur as a result of inadequate or failing internal processes, systems, human behaviour or external events. Triodos Bank limits these risks with clear policies, procedures and controls for all business processes.

Operational risk management (ORM) consists of identifying, managing and monitoring the risks within several subcategories including information security, business continuity, tax risk and financial reporting risk.

Activities to manage risks related to these subjects are, from a second-line perspective, executed under the responsibility of the Chief Risk Officer (CRO) in line with the ORM framework. At Triodos Bank Head Office, the Group Head of ORM reports to the CRO. The Group risk management function is mirrored locally in each business unit. At business unit level, the local Head of ORM reports hierarchically to the local Head of Risk and functionally to the Group Head of ORM. The local Head of Risk reports hierarchically to the Managing Director and functionally to the Chief Risk Officer.

The Non-financial Risk Committee is a Group-level decision-making risk committee delegated by the Executive Board to take decisions related to the non-financial risk profile and mitigating measures. When it comes to the non-financial risk appetite the EB remains the final decision-making body. This committee meets both locally and at a Group level on a monthly basis. In 2022, appetite levels of the non-financial key risk indicators were reviewed, updated and cascaded to the business units.

The ORM framework follows the principles set out by the Bank for International Settlements in 'Sound Practices for the Management and Supervision of Operational Risk', which provides guidelines for the qualitative implementation of ORM.

The ORM framework uses several tools and technologies to identify, measure and monitor risks and monitors the level of control on an operational, tactical and strategic level. In 2022, control testing and key control management measures were extended to support the monitoring of the deposit guarantee scheme related control objectives. The ORM department performs analyses on a continuous basis according to a risk event management process and maintains strong reporting and communication lines between local Operational Risk departments and Group ORM.

The In-Control Statement framework describes the methodology and process to achieve this objective. Next to the ability to demonstrate control, the bank recognises and appreciates the inherent value that comes with performing the control assessments and processes underlying the actual In-Control Statement, such as the conversation on how to further improve on controlling risks of relevant processes and value chains.

The In-Control Statement (ICS) methodology adopted by Triodos Bank originates from the COSO framework; the most widely adopted control framework. The COSO control components, as embodied in the 'key responsibilities' of each role description, form the basis for the control assessment(s) within Triodos Bank. Depending on the role, specific control components may be more emphasised than other components. The control components: 'risk assessment' (risk identification) and 'control activities' (risk mitigation) play a predominant role in the control framework of the bank.

Information security

Cyber threats are considered to be at a high level in the financial sector. Triodos Bank performs periodic cyber-threat assessments and risk self-assessments to determine the adequacy of its information security strategy and to further strengthen its security controls. The information security management system is set up in line with the European Banking Authority (EBA) Guidelines on ICT and security risk management. A Security Operations Centre (SOC) detects and responds to cyber-security events. The roll-out of a security awareness and behaviour programme in all business units supports co-worker security awareness. Triodos Bank performs the periodic threat intelligence based ethical red-teaming (TIBER) test as part of ICT and security management. The IT risk management process is fully aligned with the operational risk management framework. Key controls are defined and tested accordingly.

Business continuity management

Business continuity management (BCM) is the management process that identifies potential threats to business processes of Triodos Bank and the impact on business operations if those threats materialise. BCM provides a framework for building organisational resilience by developing an effective preparation and response capability that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities in case identified threats occur. The purpose of BCM is to ensure that Triodos Bank's critical processes can be maintained or recovered in a timely way after a disruption or incident, to minimise negative personal, operational, financial, legal and/or reputational impact. Within the Risk Management framework, the governance of the BCM process is described in the Group BCM policy. The policy is written in line with the applicable regulations and guidelines.

Tax risk

Triodos Bank is subject to international tax risks due to its operations in a number of Western European countries. The local tax risks are managed by the respective local Triodos Bank business units in close cooperation with the Tax department at Group level. Triodos Investment Management investment funds

operate worldwide. All tax-risk-related issues are handled by a dedicated tax department in close cooperation with Group Tax.

Fraud risk

Triodos Bank performs a yearly Systematic Integrity Risk Analysis (SIRA) to assess its vulnerabilities to, amongst others, fraud.

The number of internal fraud incidents within Triodos is relatively low. Controls like internal training and awareness are in place and Triodos has pre- and in-employment procedures resulting in a low-risk culture in relation to fraud. The number of incidents has been limited in the last years and the impact minimal.

External fraud is much more common, as it is with peers in the sector. Triodos has implemented a number of extra fraud monitoring controls over the past years. More specifically, the number of (generic) rules to recognise social engineering attacks has increased significantly in the last years. In addition, there have been adjustments at the product level to mitigate fraud risk. For instance, the default online payment limits have been decreased and the duration after a limit adjustment was deliberately lengthened. Moreover, the information on our secure banking webpage has been updated, further expanded, made more easily available and better explained in short videos. And lastly, we invested more in warning our customers even more specifically about fraud attacks.

The impact of fraud on the annual results is limited. Within Triodos, a central KYC and Financial Crime domain has been set-up with a Group Director to functionally steer Triodos Bank's policy and practice on financial crime at Group level.

Financial reporting risk

Triodos Bank is subject to financial reporting risk which relates to interpretation of regulations, data quality and estimations and assumptions applied as disclosed in the financial statements. Triodos Bank is continuously improving its reporting and the risk and control frameworks surrounding the reporting processes. Projects and improvement programmes have been set up to ensure effective and efficient usage and analysis of data to support its decision-making processes.

Compliance risk

Triodos Bank defines compliance risk as the risk of legal or regulatory sanctions, material financial loss or loss to reputation that Triodos Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory standards and codes of conduct applicable to its banking activities. Internal policies, procedures and awareness activities are in place to guarantee that co-workers in all functions comply with relevant laws and regulations.

The compliance function independently monitors and challenges the extent to which Triodos Bank complies with laws, regulations and internal policies, with an emphasis on customer due diligence, anti-money laundering, treating customers fairly, preventing and managing conflicts of interest, data protection and the integrity of co-workers.

Triodos Bank has a Group compliance team which is led by the MT Compliance chaired by the Group Director Compliance, who is also the Group Data Protection Officer. Compliance Officers and Data Protection Officers are appointed in every banking business unit with a functional line to the central Compliance department. The Heads of Compliance from all entities form the MT Compliance. The Group

Director Compliance reports to the Chief Risk Officer. An escalation line to the Chair of the Audit and Risk Committee supports the independence of the compliance function.

Triodos Bank aims to serve the interests of all stakeholders by actively fulfilling its role as a gatekeeper in the financial system and by countering money laundering and terrorism financing. The bank applies various procedures and measures in this respect.

Legal risk

In October 2022 Stichting Certificaatouders Triodos Bank filed with the Enterprise Chamber in Amsterdam a request for an inquiry into the policy and affairs of Triodos Bank. Triodos Bank asked the Enterprise Chamber to reject the request in December 2022. Shortly after finalisation of this Annual Report, the decision by the Enterprise Chamber will probably be announced. Some individual DR holders have decided to pursue legal actions leading to court cases. We refer to the Annual Accounts for more information about this.

Triodos Bank was not involved in any other material legal proceedings or any other further sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability.

Financial risk

Financial risk is an umbrella term for a variety of risk types associated with the balance sheet and financial performance of Triodos Bank. Financial risk is subdivided into three types: credit risk, liquidity risk and market risk.

Credit risk

Credit risk management

Credit risk is the risk that a counterparty does not fulfil its financial obligations. Triodos Bank manages its credit risk at client and portfolio level. It operates within a predefined set of criteria for accepting credits. Credits are extended within the target markets and lending strategy in accordance with Triodos Bank's mission and expertise. Before accepting a credit facility, Triodos Bank assesses the customer's risk profile, cash flows, available collateral and the requested transaction, including an assessment of the integrity and reputation of the borrower or counterparty. Analysis of compliance with Triodos Bank's lending criteria is an integral part of each credit proposal.

Triodos Bank has developed an internal rating-based economic capital model that estimates a counterparty's probability of default and the expected loss of a credit exposure.

Credit risk organisational structure

Each banking business unit has a credit risk team headed by a Head of Credit Risk. The teams comprise credit risk analysts and special asset managers. They have a functional reporting line to the Group Head of Credit Risk at Head Office. At Group level, a dedicated team is in place with credit analysts, data analysts and special asset management specialists.

At local and group level, individual files have a second-line review and the portfolio is monitored and reviewed on a continuous basis. The aggregated portfolio is monitored at Group level. The resulting analysis is provided to the local and/or Central Credit Committee for decision-making on approvals for individual files, lending criteria for sectors and limits on sectors, countries or individual obligors.

Business units need to prove, both after initial implementation and in case of changes to policies, that requirements are met in local documentation by showing in which local documents each requirement is written down. Evidence of the implementation is derived from the key controls. Deviations from this policy should be approved via the monthly Central Credit Committee or Non-financial Risk Committee.

Key controls related to policies are defined in our Risk Control Self-Assessment (RCSA), based on the standardised process as described in the Corporate Lending Handbook. The key controls contain a risk-based subset of the requirements. The first line is responsible for enacting the key controls within its processes. Periodically, within the regular operational risk management cycle, key controls will be tested for their operational effectiveness by the first line. At the local level, management information dashboards are in place to monitor the risks on a continuous basis. Internal Audit performs audits on the lending activities on a regular basis.

Concentration risk

Loans are provided to businesses and projects that contribute to achieving Triodos Bank's mission. Given that this involves a small number of sustainable sectors, a certain level of sector concentration is inherent to the loan portfolio. Concentration in the existing sectors is acceptable as Triodos Bank has considerable expertise in these sectors, actively invests in further increasing its knowledge and actively diversifies through geographies.

Triodos Bank focuses primarily on the quality and diversification of its loan portfolio. Triodos Bank puts extra effort into identifying loans to frontrunners with a track record in their sectors, the entrepreneurs developing the sustainable industries of the future.

A diversified credit risk portfolio is the result of assets spread over many debtors, sectors and geographies that are not inter- or intra-related. In order to manage concentration risks and face an economic downturn with confidence, Triodos Bank maintains a set of concentration limits. The limits are based on the bank's capital base and reflect the risk appetite.

Triodos Bank measures and limits the following concentration risks in its lending activities:

- Obligor exposures
- Group exposures
- Top 20 exposures excluding (sub-)government exposures
- Government exposures
- Sector exposures
- Non-bank financial intermediation (shadow banking) exposures
- Mortgage exposures
- Country exposures

Besides lending activities, Triodos Bank has established limits related to the investment portfolio:

- Maximum exposure on government and sub-governments
- Maximum exposure on supranational institutions
- Maximum exposure on banks and financial institutions

Sector concentrations

Triodos Bank is active in well-defined sectors where it has extensive expertise and which are in line with its mission. It has set limits on sectors, based on actual own funds, at Group and banking entity level. Sector studies have shown relatively low correlations of risk drivers in sectors that Triodos Bank finances in multiple countries.

At Group level, Triodos Bank divides the sector concentration limits into different levels. Specific limits for each sector per country are set by the Executive Board within these levels, taking account of the specific risks of each sector and country. Furthermore, risk-weighted assets (RWAs) are assigned to the different sectors and countries, with regard to these risks, the impact they generate and the return on capital they provides.

Larger sectors are strategic for Triodos Bank. These are well distributed across banking business units (and countries) and have an overall low risk profile that justifies a higher consolidated concentration. Sector analyses are performed on an annual basis and are presented to the Central Credit Committee to be able to respond swiftly to developments that may affect the risk profile of the portfolio. Group Credit Risk can request sector updates at shorter intervals if there is a change to a sector risk profile.

Sector limits are approved on the basis of thorough annual sector analyses demonstrating an in-depth knowledge of the sector and Triodos Bank's track record.

Country concentrations

Triodos Bank is a European bank, acting under the European Banking Directive since 1993, with banking business units in four countries (The Netherlands, Belgium, Spain and Germany), a subsidiary in the United Kingdom and additional exposures in, among others, France and Ireland.

Triodos Bank does not set country limits for the countries it operates in as long as these countries have a credit rating of AA- or better. Specific limits are defined for countries with a credit rating of A+ or lower.

Obligor risk

An obligor is a single legal entity that commits to the terms and conditions of a loan agreement. The obligor is thoroughly analysed on meeting Triodos Bank's lending criteria and its capacity to repay a loan. The risk related to the obligor is that it fails to meet its contractual obligations. Obligors are rated through an internal rating methodology.

A thorough assessment of each obligor and the structure of their loan is made before any loan is provided. A review of approved credit is made once a year, as a minimum, to assess the evolution of the client's capacity to meet its obligations. The high quality of securities (collateral) against outstanding loans reduces credit risk. Examples of principal collateral include: mortgage registrations for business or private properties, securities from public authorities, companies or private individuals, and rights of lien on receivables and/or contracts for projects.

Triodos Bank aims to finance specific projects and assets that are in line with its mission. When financing a project, the bank has a pledge on the underlying contracts. For the financing of objects, Triodos Bank will take a pledge or mortgage on the specific object. It applies haircuts, in all cases, on the market value. The level of this haircut will depend on the marketability of the asset in a negative scenario. This allows Triodos Bank to make a proper assessment of the overall risk of the loan and the value of the asset in case of a downturn. The value of the collateral is reviewed on a yearly basis. An external valuation by an expert is requested, at a minimum every three years, for large loans with a mortgage.

The Triodos Bank early-warning system helps identify problem loans early on, to allow for more available options and remedial measures. Once a loan is identified as being in default (i.e. unlikely to pay or overdue payments beyond 90 days), it is managed under a dedicated remedial process, with a focus on full recovery.

Group exposures

The risk related to a group is that if one obligor fails to meet its contractual obligations, so will the remaining obligors within the group. A group is defined as two or more obligors that are interrelated in such a way that they are considered as a single risk.

Each group obligor and the group as a whole are analysed on all aspects, from meeting Triodos Bank's lending criteria to their capacity to repay the loan.

Credit risk investment portfolio

Liquidity not invested in loans to customers is invested in deposits with banks (including central banks) or bonds. Triodos Bank's policy is to primarily invest the liquidity in the countries where it has branches or subsidiaries. The bond portfolio of Triodos Bank comprises (local) government bonds (from countries where Triodos Bank has a branch or subsidiary) and investment-grade bonds issued by European supranational organisations (e.g. European Investment Bank), European financial institutions and corporates.

There are no regulatory restrictions to exposures on governments. Triodos Bank sets limits based on the country risk.

There are also no regulatory restrictions to exposures on multilateral development banks where the institution has a credit risk weight of 0% for regulatory capital requirements. Triodos Bank has set limits to avoid concentration risk in these exposures.

Credit risk banks

Banks are selected according to their creditworthiness and screened on their sustainability performance. Exceptions can only occur when in a country no banks meet our minimum sustainability standards. In such cases, deposit maturity periods will not exceed three months. All counterparty limits for banks are set by either the Executive Board or the Central Credit Committee. Banking business units place excess liquidity with the country's central banks (minimum reserve requirements and deposit facility). There are no regulatory restrictions on exposures to central banks.

The Capital Requirements Regulation large exposures regime limits the maximum exposure to a bank at 25% of its Tier 1 capital plus (if available) Tier 2 with a maximum of one-third of Tier 1 capital. To avoid the interbank exposure exceeding the regulatory maximum, Triodos Bank applies a maximum exposure below the limit defined by the large exposures regime. Limits are further adapted according to the external rating of the counterparty. Deposits on banks are limited to a maximum maturity of one year.

Credit risk private mortgages

Private mortgages are treated as a sector and form an integral part of the impact strategy of the bank. Interest rate differentiation on the mortgages based on energy labels incentivises lower energy consumption. In general, mortgage products are highly standardised and regulated. This is the case in the three countries we offer this product. The amounts in the portfolio are usually small and the portfolio is often well diversified (e.g. in terms of geography, source of repayment or maturity). This mitigates credit risk to a large degree, which is evidenced by low defaults. Triodos Bank limits the overall exposure to mortgages as a percentage of the balance sheet to have a balanced mix between business loans and mortgages to private individuals.

Credit risk related to derivatives

Triodos Bank has exposure to credit risk resulting from outstanding foreign exchange (FX) contracts (spot, forward and swap transactions) with financial institutions and with funds managed by Triodos Investment Management. Triodos Bank serviced these funds by providing hedges for the FX risk of these funds' investments.

Triodos Bank is not entering into new FX deals with Triodos Investment Funds because of new regulation. Current derivative contracts will not be renewed after maturity.

Triodos Bank has limited exposure to credit risk resulting from outstanding interest rate swaps (IRS). The IRS are all centrally cleared with LCH Clearnet. Daily margining minimises the (potential) credit risks.

A limit is set per counterparty based on the expected amount of outstanding FX transactions and the corresponding expected exposure. This limit is subject to the overall counterparty limit Triodos Bank has per counterparty.

Any collateral needed for FX transactions is calculated and managed daily. In the liquidity stress tests, the amount of collateral needed for FX transactions is stressed to calculate the potential impact on Triodos Bank's liquidity position.

Credit quality of assets

Business loans in the portfolio are periodically reviewed on an individual basis. Their frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates. Small business and private loans are reviewed at portfolio level, and on an individual basis when appropriate.

The credit committees discuss and, if necessary, take action with respect to overdue payments from debtors. If there is any doubt regarding the continuity of the debtor's core operations and/or a debtor fails to settle agreed interest and repayment instalments for a prolonged period, this debtor falls under the category of doubtful debtors and will be managed intensively.

Provisions for loan losses are taken for doubtful debtors at an individual level based on the difference between the total amount of the debtor's outstanding liability to Triodos Bank and the future expected cash flows, discounted at the original effective interest rate of the contract. These individual provisions include provisions for concessions or refinancing given to debtors who face financial difficulties. They are only granted to the debtor in question in order to overcome their difficulties in these exceptional circumstances. These are described as forbearance measures.

The credit risk in the loan portfolio is reported each month to the Central Credit Committee, and quarterly to the Audit and Risk Committee as part of the Enterprise Risk Management report.

In addition to our check on minimum standards, external credit ratings – if available – are used to determine the creditworthiness of the counterparties of our investment portfolio, including banks and some corporates. External ratings are also used to calculate the minimum capital requirement for credit risk under the standardised approach. For this purpose, we use the ratings of Fitch and Moody's.

Credit risk quantitative disclosures

Credit quality analysis

The following tables set out information about the credit quality of financial assets, loan commitments and guarantee contracts. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent, respectively, the amounts committed or guaranteed.

The following table shows the loans and advances to banks at amortised cost, which are all in stage 1.

Loans and advances to banks at amortised cost	2022	2021
Amounts in thousands of EUR	Stage 1	Stage 1
Gross amount	332,500	265,820
Allowance for expected credit losses	-7	-24
Carrying amount	332,493	265,796

Triodos Bank applies ratings to its loans and advances to customers based on its credit risk policy. Within the policy, clients with total business loans above EUR 250 thousand are rated. Clients with retail mortgage loans and total business loans below EUR 250 thousand have no rating appointed. These are represented in the Not rated category. The below table shows the loans and advances to customers within the rating categories.

Loans and advances to customers at amortised cost	2022			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Rating 1-9: Normal risk	4,568,561	1,181,486	-	5,750,047
Rating 10-13: Increased risk	142	189,048	-	189,190
Rating 14: Default	-	-	314,121	314,121
Not rated — business loans	95,070	24,429	-	119,499
Not rated — mortgages	4,285,682	12,354	-	4,298,036
Gross amount	8,949,455	1,407,317	314,121	10,670,893
Allowance for expected credit losses	-6,314	-5,695	-39,208	-51,217
Carrying amount	8,943,141	1,401,622	274,913	10,619,676

Loans and advances to customers at amortised cost	2021			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Rating 1-9: Normal risk	5,519,854	586,885	-	6,106,739
Rating 10-13: Increased risk	24,364	135,437	-	159,801
Rating 14: Default	-	-	244,320	244,320
Not rated — business loans	133,571	8,945	-	142,516
Not rated — mortgages	3,537,624	25,778	-	3,563,402
Gross amount	9,215,413	757,045	244,320	10,216,778
Allowance for expected credit losses	-8,675	-3,418	-36,887	-48,980
Carrying amount	9,206,738	753,627	207,433	10,167,798

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3.

Loans and advances to customers at amortised cost		2022			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total	
Current	8,871,917	1,376,413	-	10,248,330	
Overdue < 90 days	77,538	30,904	-	108,442	
Overdue > 90 days	-	-	314,121	314,121	
Total	8,949,455	1,407,317	314,121	10,670,893	

Loans and advances to customers at amortised cost		2021			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total	
Current	9,215,413	751,907	-	9,967,320	
Overdue < 90 days	-	5,138	-	5,138	
Overdue > 90 days	-	-	244,320	244,320	
Total	9,215,413	757,045	244,320	10,216,778	

All debt securities at amortised cost are within stage 1. The below table sets out the debt securities per rating.

Debt securities at amortised cost	2022	2021
Amounts in thousands of EUR	Stage 1	Stage 1
AAA	656,768	34,263
AA	587,417	509,173
A	390,156	539,528
BBB	55,471	400,424
Allowance for expected credit losses	-32	-10
Carrying amount	1,689,780	1,483,378

The expected credit loss (ECL) of loan commitments is determined based on the business loans and mortgage loans portfolios. The outcome is presented in the table below.

Loan commitments Amounts in thousands of EUR	2022		
	Stage 1	Stage 2	Total
Gross commitment amount (off-balance)	723,419	168,862	892,281
Allowance for expected credit losses (recognised as provision on balance sheet)	-645	-531	-1,176
Carrying amount	722,774	168,331	891,105

Loan commitments Amounts in thousands of EUR	2021		
	Stage 1	Stage 2	Total
Gross commitment amount (off-balance)	1,065,319	77,377	1,142,696
Allowance for expected credit losses (recognised as provision on balance sheet)	-1,103	-292	-1,395
Carrying amount	1,064,216	77,085	1,141,301

All financial guarantee contracts are within stage 1 and stage 2 as shown in the table below.

Financial guarantee contracts Amounts in thousands of EUR	2022			2021		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross carrying amount	22,044	4,946	26,990	37,712	-	37,712
Allowance for expected credit losses (recognised as provision on balance sheet)	-41	-81	-122	-21	-	-21
Carrying amount	22,003	4,865	26,868	37,691	-	37,691

Collateral held and other credit enhancements

Triodos Bank can hold collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		
	2022	2021	Principal type of collateral held
Non-trading derivatives	100	100	Cash collective
Loans and advances to customers			
<i>Mortgage lending</i>	98	98	Residential property
<i>Business lending</i>	60	63	Commercial property, Other
<i>Current accounts</i>	-	-	None

The following table stratifies credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated according to changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

LTV ratio (amounts in thousands of EUR)	2022	2021
Less than 65%	2,833,441	1,669,593
65-75%	366,903	501,592
75-90%	641,469	609,655
More than 90%	605,356	840,288
Total residential mortgage lending	4,447,170	3,621,128

Details of financial and non-financial assets obtained during the year by taking possession of collateral held as security against loans and advances and held at the year-end are shown below.

Amounts in thousands of EUR	2022	2021
Property	180	81

Triodos Bank sometimes repossesses assets. These assets are collaterals of an executed loan. A part of the repossessed assets however will not be sold immediately because Triodos Bank has opted to add value by letting these assets; these are therefore presented as investment properties.

Allowance for expected credit losses

The following tables show reconciliations from the opening to the closing balance of the allowance for expected credit losses by class of financial instrument.

Triodos Bank uses three stages to classify the expected credit loss (ECL) for financial instruments. The ECL for stages 1 and 2 is determined by the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) per exposure, which are determined with the use of a model that includes several drivers. These drivers can be client-specific or based on macro-economic scenarios.

- Stage 1 includes the financial instruments that have (close to) similar credit risk since origination. For this category ECL is determined based on the PD, LGD, and EAD over the 12 months after balance sheet date.
- Stage 2 includes the financial instruments which have had a significant increase in credit risk since origination. The ECL for stage 2 is determined based on the PD, LGD, and EAD over the entire lifetime of the financial instrument.
- Stage 3 includes the financial instruments which are in default. The ECL for this stage is also determined over the entire lifetime, considering default-specific scenarios.

The ECL provision represents an estimate of the expected credit loss over the current portfolio. The future development of the underlying parameters can influence this estimate positively (or negatively) leading to a decrease (or increase) of expected credit losses in future periods. If economic growth is expected to develop positively in future periods, fewer defaults are expected. This will have a positive effect on the ECL and result in lower ECL provision for stage 1 and 2.

Newly originated financial instruments are initially included in stage 1. Changes in ratings of clients may trigger reclassification in different stages. When a rating declines significantly, the loan is transferred from stage 1 to stage 2. If the decline persists and the loan goes into default, it is moved into stage 3. In case the default is cured and the credit rating goes up, the loan can be transferred back to stage 2 or stage 1 after a probation period.

When the drivers of the PD and LGD are changed, the ECL amounts per financial instrument are recalculated. This is captured in the net remeasurement of allowance for expected credit losses. The net remeasurement can be broken down into multiple parameters that influence the PD and LGD:

1. remeasurement in calculated ECL of individual loans which have transferred between stage 1 and stage 2;
2. changes in forward-looking macro-economic scenarios;
3. changes in individual loan or advance behaviour such as changes in rating not triggering stage transfer or loan amount due to repayment.

The total expected credit loss allowances can be broken down as follows:

Total expected credit loss allowances	2022			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
ECL loans and advances to banks at amortised cost	7	-	-	7
ECL loans and advances to customers at amortised cost — business loans and current accounts	5,622	5,281	38,900	49,803
ECL loans and advances to customers at amortised cost — mortgages	692	414	308	1,414
ECL debt securities at amortised cost	32	-	-	32
ECL financial guarantees	41	80	-	121
ECL loan commitments issued	645	531	-	1,176
ECL other assets	12	-	476	488
Total expected credit loss allowances	7,051	6,306	39,684	53,041

Total expected credit loss allowances	2021			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
ECL loans and advances to banks at amortised cost	24	-	-	24
ECL loans and advances to customers at amortised cost — business loans and current accounts	8,058	3,057	36,787	47,902
ECL loans and advances to customers at amortised cost — mortgages	617	361	100	1,078
ECL debt securities at amortised cost	10	-	-	10
ECL financial guarantees	21	-	-	21
ECL loan commitments issued	1,103	292	-	1,395
ECL other assets	12	-	1,107	1,119
Total expected credit loss allowances	9,845	3,710	37,994	51,549

The table on the next page presents the movements of the ECL allowance. For the movements of the ECL allowances per financial instrument, refer to the relevant notes of each financial instrument.

Expected credit losses	2022			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	9,845	3,710	37,994	51,549
Net remeasurement of allowance for expected credit losses	-2,770	2,226	8,092	7,548
<i>of which:</i>				
- Effect of transition between stages	-1,078	2,636	510	2,068
- Macro-economic forward-looking impact	-2,567	-106	-	-2,673
- Individual loan or advance behaviour	455	113	7,582	8,150
- Update ECL model	420	-417	-	3
Net portfolio growth	43	438	-	481
Other transfers	-	-	-	-
Write-offs	-	-	-6,033	-6,033
Exchange rate differences	-67	-68	-369	-504
Balance at 31 December	7,051	6,306	39,684	53,041

Expected credit losses	2021			
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	9,277	10,592	34,133	54,002
Net remeasurement of allowance for expected credit losses	-868	-6,803	6,025	-1,646
<i>of which:</i>				
- Effect of transition between stages	851	-266	395	980
- Macro-economic forward-looking impact	-3,942	-7,221	-	-11,163
- Individual loan or advance behaviour	1,317	1,450	5,630	8,397
- Update ECL model	906	-766	-	140
Net portfolio growth	1,342	-196	-	1,146
Other transfers	-	-	-	-
Write-offs	-	-	-2,306	-2,306
Exchange rate differences	94	117	142	353
Balance at 31 December	9,845	3,710	37,994	51,549

Allowance for expected credit losses reconciliation to statement of profit or loss

The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of allowance for expected credit losses per class of financial instrument; and
- the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income, refer to 29 Impairment result on financial instruments.

Impairment result on financial instruments		2022		
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks	-18	-	-	-18
Loans and advances to customers	-2,286	2,359	8,076	8,149
Debts securities at amortised cost	21	-	-	21
Financial guarantees	20	79	-	99
Loan commitments issued	-465	222	-	-243
Other assets	-	-	15	15
Impairment result on financial instruments for the year	-2,728	2,660	8,091	8,023

Impairment result on financial instruments		2021		
Amounts in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks	6	-	-	6
Loans and advances to customers	447	-6,067	5,613	-7
Debts securities at amortised cost	-53	-	-	-53
Financial guarantees	7	-	-	7
Loan commitments issued	65	-932	-	-867
Other assets	3	-	411	414
Impairment result on financial instruments for the year	475	-6,999	6,024	-500

Triodos Bank has an annual incurred loss rate of 8 bps (2021: 6 bps). The annual incurred loss rate is the ratio of stage 3 impairment losses over the average loan book.

Credit-impaired financial assets

The following table sets out a reconciliation of changes in the net carrying amount of credit-impaired loans and advances to customers.

Amounts in thousands of EUR	2022	2021
Credit-impaired loans and advances to customers at 1 January	36,887	33,438
Addition	15,574	11,662
Write-off	-5,386	-2,306
Release	-7,498	-6,049
Exchange rate differences	-369	142
Balance sheet value as at 31 December	39,208	36,887

Modified financial assets

The following table provides information on financial assets that were modified during the reporting period. The net modification result comprises the modification result minus modification fees or penalty interest received.

Amounts in thousands of EUR	2022	2021
Financial assets modified during the period		
Amortised cost before modification	56,110	92,441
Net modification result	268	-27

Offsetting financial assets and financial liabilities

Triodos Bank does not make use of any netting under master agreements for its financial instruments.

The International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, Triodos Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Triodos Bank receives and gives collateral in the form of cash in respect of the derivatives held for risk management. This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

The impact of potential collateral requirements is increasing at Triodos Bank. The amount deposited with central and commercial banks for payment system purposes increased in 2022 and is expected to increase further with the growth of Triodos Bank.

Collateral needs stemming from FX forwards decreased in 2022 because of EUR/GBP exchange rate developments. At the end of 2022, a total net amount of EUR 6.7 million cash collateral was posted (2021: EUR 13.5 million).

Interest rate swaps are centrally cleared with LCH Cleernet. At the end of 2022, a total net amount of EUR 73 million cash collateral was posted for initial margin requirements. Due to the increase in interest rates in 2022 the variation margin resulted in cash collateral received of EUR 284.9 million at the end of 2022. Both the cash collateral received and placed are part of the clearing agreement.

Debt securities and loans are deposited with the Dutch Central Bank for a possible debit balance and participation in open market operations of the European Central Bank. At the end of 2022, a collateral value of EUR 2,373 million was deposited with the Dutch Central Bank (2021: EUR 1,749 million).

Liquidity risk

Liquidity risk management

Triodos Bank only lends to and invests in sustainable enterprises in the real economy. Funds are attracted from depositors and shareholders, supplemented with the issuance in 2021 of a green subordinated Tier 2 bond, which diversified the capital and funding base of the bank.

Triodos Bank does not invest in complex financial instruments with leverage features. The growth of the bank is primarily driven by steadily growing sustainable lending (asset side) and solid growth of funds entrusted (liability side). Triodos Bank is managing a sufficient liquidity buffer supporting a healthy and resilient liquidity coverage ratio (LCR). Triodos Bank does not act as correspondent bank, which minimises changes of liquidity shortages during the day.

As a mid-sized European bank with total funds entrusted of EUR 13,816 million per the end of December 2022, liquidity risk is an important risk for Triodos Bank. The bank has intensively worked on the development of a solid liquidity framework always to have sufficient funds to meet sudden and (un)expected short-term liquidity needs. The high cash liquidity buffer in combination with a high-quality investment portfolio reflects the low risk appetite for liquidity risk.

For its funding, Triodos Bank mainly depends on funds entrusted from retail and business banking clients, consisting of current accounts, saving accounts and fixed-term accounts.

The liquidity portfolio decreased in 2022 due to repayment of our participation in the targeted longer-term refinancing operation (TLTRO) of the euro system. Triodos Bank's policy is to hold a sound liquidity buffer. Liquidity is invested according to Triodos Bank's minimum standards on sustainability, in highly liquid assets and (short-term) cash loans, which count as inflow in the liquidity coverage ratio (LCR) 30 days before maturity. Around forty percent of our liquidity is invested, mainly in bonds and to a small extent in cash loans. The rest is mainly placed at the current accounts of the national central banks of Triodos Bank's local business units and, to some extent, at sight with commercial banks to facilitate payment systems. Most bonds qualify as high-quality liquid assets (HQLA) and are issued by central governments, regional governments and/or agencies in the Netherlands, Belgium, Spain, Germany and the UK without a solvency weight. There are small positions in some green bonds issued by banks and corporates for reasons of diversification.

Liquidity risk management organisation

In the Three Lines Model, the Treasury department is, as owner of liquidity risk, the first line. Recently, also a second line risk management function has been established for liquidity and market risk.

Daily liquidity management is currently executed at banking entity level. This reflects Triodos Bank's business strategy of keeping this process close to client-related activities so as to be able to provide detailed cash forecasts. At the aggregated level, Group Treasury monitors the liquidity buffer versus the internal limits daily.

Triodos Bank has the following committees for managing liquidity risk:

- The Enterprise Risk Committee oversees liquidity risk as a focus area of financial risks.
- The Asset and Liability Committee serves as delegated body by the Executive Board to monitor and take decisions related to the management of liquidity risk positions of Triodos Bank to make sure that they are in line with the defined liquidity risk appetite. General roles and responsibilities are defined in the Asset and Liability Committee charter.

The management of the liquidity position under 'normal' conditions is described in the Liquidity Risk Management policy. Whenever circumstances require an exception to this policy, which is nevertheless prudent, the Chief Financial Officer (CFO) is authorised to approve the policy exception. No such exception may be authorised, however, if it would cause the bank to violate an applicable law or regulation. All authorised policy exceptions must be reported to the Asset and Liability Committee and must be affirmed by the Asset and Liability Committee.

Reporting and measurement systems

Triodos Bank monitors and reports its liquidity position at different levels and frequencies. Firstly, the total liquidity position is monitored by Group Treasury and the individual banking business units on a daily basis. Secondly, the detailed liquidity position is reported to the Chief Financial Officer (CFO) and Chief Risk Officer (CRO) on a weekly basis. Finally, every month the liquidity ratios are reported to the Asset and Liability Committee. The main liquidity ratios are part of the quarterly ERM report.

Liquidity Risk Management policy

The liquidity buffer is the source of funds in case of liquidity needs. The Cash and Liquidity Management policy describes the requirements related to liquidity placements, investments and the investment portfolio, where the goal is to optimise the risk-return trade-off in a manner consistent with the mission and vision of Triodos Bank.

The Liquidity Risk Management policy describes the actions to manage the liquidity position of Triodos Bank.

The Internal Liquidity Adequacy Assessment Process (ILAAP) assesses Triodos Bank's liquidity adequacy and liquidity management during normal business activities and in times of stress. This process is performed at least once a year and the results are submitted to DNB as part of the Supervisory Review and Evaluation Process (SREP). The ILAAP Report is an internal document. The goal of this report is to properly evaluate liquidity and funding risks and Triodos Bank's corresponding liquidity levels and the quality of liquidity management.

Contingency funding plans

The Liquidity Contingency Plan and the Recovery Plan describe the main items that should be considered in managing the liquidity position of Triodos Bank in a 'stressed situation'. This includes liquidity stress indicators and trigger levels for management actions.

To increase the possibility of recovery in periods of liquidity stress, Triodos Bank executed an increase of the retained securitisation transaction of Dutch mortgage loans (Sinopel 2019) in 2022 and mobilised extra credit claims (loans to regional government entities) to the euro system as collateral to be able to participate in monetary (liquidity providing) operations.

Stress testing

Triodos Bank manages the liquidity position to withstand a liquidity crisis without damaging the ongoing viability of its business. The potential but unlikely event of an upcoming liquidity crisis requires a set of early-warning indicators and triggers, a set of potential early-warning and recovery measures, and a dedicated organisation, including a communication strategy, to handle such a crisis. A list of potential early-warning and recovery measures is included in the Recovery Plan. The other aspects mentioned are described in the Liquidity Contingency Plan.

The EB has delegated responsibility to the Asset and Liability Committee with regard to the overall management and procedure of liquidity stress testing. The liquidity stress testing within the framework of the mandate is delegated to Group Treasury. Group Modelling and Valuations manages the liquidity stress testing models.

Triodos Bank conducts liquidity stress tests on a monthly basis.

Declaration

A robust framework is in place at Triodos Bank to identify, measure and manage liquidity risk in line with Basel Committee on Banking Supervision / European Banking Authority principles. An integrated overview of the Group cash position and liquidity metrics is available on a daily and weekly basis.

Liquidity risk statement

Triodos Bank uses funds entrusted for lending purposes that have a positive impact on society. Triodos Bank wants to meet its obligations to all clients at all times without incurring additional costs and/or resulting in reputational issues. Triodos Bank therefore has a low risk appetite for liquidity risk with limits regarding the size and quality of the liquidity buffer accordingly.

Triodos Bank ensures availability of a sufficient liquidity buffer of high credit quality and a stable funding base. The total amount of funds entrusted is EUR 13,816 million at year-end 2022 of which 76.2% are deposits insured by the deposit guarantee scheme.

In 2022, the undrawn credit lines granted by central banks increased from EUR 224 million ultimo 2021 to EUR 1,527 million ultimo 2022 because of the ending of the participation in the targeted long-term refinancing operation of the euro system in November and an additional amount of Sinopel 2019 Class A notes deposited at DNB. The remaining collateral needs stem from market value changes in interest rate swap positions (to manage the interest rate risks) and in FX forwards (because of hedging the currency risk of the UK subsidiary equity participation of Triodos Bank), which are cash collateral requirements.

Interest rate swaps are centrally cleared with LCH Clearnet. At the end of 2022, a total net amount of EUR 73 million cash collateral was posted for initial margin requirements. Due to the increase in interest rates in 2022 the variation margin resulted in cash collateral received of EUR 285 million at the end of 2022. Both the cash collateral received and placed are part of the clearing agreement.

Debt securities (including the Class A notes of Sinopel 2019) and loans are used as collateral with the Dutch Central Bank for a possible debit balance and participation in open market operations of the European Central Bank. In 2022, Triodos Bank repaid the participation in two TLTROs for an amount of EUR 1,550 million, freeing up collateral. Still, in total an amount of EUR 2,373 million was placed as collateral with the Dutch Central Bank at year-end (2021: EUR 1,749 million). This increase is mainly caused by the increase in Class A notes due to the restructuring of the RMBS transaction Sinopel 2019 which took place in November 2022.

The liquidity risk appetite as determined by the Executive Board and Enterprise Risk Committee (ERC) is reviewed and approved by the Supervisory Board. With this governance structure in place, the risk appetite regarding liquidity is well anchored within the senior management team of the bank. The Three Lines Model organisational structure, with independent control, compliance, audit and risk management functions, ensures a clear division of tasks, power and responsibility is in place.

Periodically, the Liquidity Contingency Plan is tested and reviewed thoroughly to achieve a solid crisis management structure in case a liquidity crisis at Triodos Bank emerges.

A limit structure is in place to manage the inherent funding mismatch other than in exceptional circumstances. Triodos Bank follows the Basel Committee on Banking Supervision (BCBS)/EBA principles considering its sustainable profile, the very strong relationship with its customers, the granularity of funds entrusted and the conservative and robust liquidity management framework it has integrated in its business processes.

Triodos Bank has a sufficient, good quality liquidity buffer resulting in a proper liquidity coverage ratio (LCR) and a proper net stable funding ratio (NSFR) above regulatory minimum requirements. In all liquidity stress-test scenarios (with the exception of reverse stress-test scenarios) Triodos Bank has sufficient liquidity to survive the total stress period.

The increased levels of interest rates in 2022 have a positive impact on the returns made on the liquidity buffer. This has influenced the trade-off between having sufficient liquidity versus the costs of holding that liquidity. In 2022, the liquidity buffer started to be a contributor to the bank's overall profitability.

Securitisation

In 2022, Triodos increased its retained residential mortgage-backed securities (RMBS) transaction called Sinopel 2019 B.V. (Sinopel) in order to further increase the liquidity contingency potential. A securitisation is a transaction where a pool of assets is sold to a special purpose vehicle (SPV). The special purpose vehicle issues notes with different tranches to finance the purchase price of the assets. Sinopel 2019 adheres to the simple transparent and standardised (STS) securitisation framework.

With Sinopel, Triodos Bank structured a retained RMBS whereby Triodos Bank is the sole buyer of the issued notes and as such has not transferred any credit risk. Through the retained RMBS, Triodos Bank strengthens its financial resilience and gains additional access to (central bank) liquidity by pledging the notes as collateral with DNB. The Sinopel RMBS is collateralised by Dutch residential mortgage loans. The structure is fully compliant with the EU's STS regulation. DBRS Ratings Limited and S&P Global Ratings

Europe were external credit assessment institutions (ECAIs) for notes issued by Sinopel 2019 B.V.; they have reaffirmed their ratings in 2022 for the increase of notes issued under the Sinopel transaction.

As there is no risk transfer with the Sinopel transaction, the securitisation exposures (notes) are not separately risk weighted. The securitised assets (mortgage loans) are taken into account as if they were not securitised. Triodos Bank consolidates Sinopel in its annual accounts.

Apart from the Sinopel transaction Triodos Bank is not active as originator, investor or sponsor of securitisation exposures. As a result, Triodos Bank does not hold any re-securitisation positions and does not provide securitisation-related services to any other SPV.

The Class A notes of the retained securitisation are deposited as collateral with the Dutch central bank. The collateral value of the Class A notes deposited as collateral is EUR 1,346.5 million (2021: EUR 568.8 million) reflecting the restructuring of the Sinopel 2019 transaction in 2022.

Quantitative liquidity risk disclosures

Maturity analysis for financial liabilities and financial assets

The following tables set out the earliest possible contractual maturities of Triodos Bank's financial liabilities and financial assets.

2022	Less than	1–3
Amounts in thousands of EUR	1 month¹	months
Financial asset by type		
Cash and cash equivalents	2,581,140	-
Loans and advances to banks	186,444	1,358
Loans and advances to customers	160,530	451,023
Debt securities at amortised cost	75,296	55,765
Investment securities	-	-
Non-trading derivatives	430	3,709
Other assets ²	23,942	7,519
Total assets	3,027,782	519,374
Financial liability by type		
Deposits from banks	284,881	80
Deposits from customers	13,049,386	382,973
Non-trading derivatives	-	8
Debt issued and other borrowed funds	-	5,116
Other liabilities ³	76,201	14,832
Total liabilities	13,410,468	403,009
Off-balance sheet liabilities by type		
Contingent liabilities	4,058	160
Irrevocable facilities	99,198	55,204
Total off-balance sheet liabilities	103,256	55,364

¹ Includes assets and liabilities on demand.

² Includes intangible assets, property and equipment, investment property, right-of-use assets, deferred tax assets, other assets and non-current assets.

³ Includes lease liabilities, deferred tax liabilities, current tax liability and other liabilities as presented in the consolidated balance sheet.

3 months –1 year	1–5 years	More than 5 years	No maturity	Total
-	-	-	-	2,581,140
-	-	-	144,691	332,493
972,909	3,672,590	5,362,624	-	10,619,676
286,967	1,113,554	158,198	-	1,689,780
-	-	-	45,718	45,718
1,399	6,527	283,631	-	295,696
10,091	3,659	10,059	180,707	235,977
1,271,366	4,796,330	5,814,512	371,116	15,800,480
-	29,730	22,396	-	337,087
248,409	109,685	25,887	-	13,816,340
1,241	-	-	-	1,249
-	-	254,768	-	259,884
15,103	10,955	7,894	1,540	126,525
264,753	150,370	310,945	1,540	14,541,085
1,549	5,866	37,439	-	49,072
233,729	630,421	834,615	-	1,853,167
235,278	636,287	872,054	-	1,902,239

nt assets held for sale as presented in the consolidated balance sheet.

2021 Amounts in thousands of EUR	Less than 1 month ¹	1–3 months
Financial asset by type		
Cash and cash equivalents	4,277,589	-
Loans and advances to banks	145,217	1,426
Loans and advances to customers	186,558	520,850
Debt securities at amortised cost	54,289	26,290
Investment securities	-	-
Non-trading derivatives	-	-
Other assets ²	32,812	10,571
Total assets	4,696,465	559,137
Financial liability by type		
Deposits from banks	13,460	2,815
Deposits from customers	12,460,790	355,454
Non-trading derivatives	1,176	1,408
Debt issued and other borrowed funds	-	-
Other liabilities ³	48,707	7,566
Total liabilities	12,524,133	367,243
Off-balance sheet liabilities by type		
Contingent liabilities	3,033	325
Irrevocable facilities	116,740	53,068
Total off-balance sheet liabilities	119,773	53,393

¹ Includes assets and liabilities on demand.

² Includes intangible assets, property and equipment, investment property, right-of-use assets, deferred tax assets, other assets and non-current assets.

³ Includes lease liabilities, deferred tax liabilities, current tax liability and other liabilities as presented in the consolidated balance sheet.

3 months –1 year	1–5 years	More than 5 years	No maturity	Total
-	-	-	-	4,277,589
-	1,000	-	118,153	265,796
896,227	3,600,046	4,964,117	-	10,167,798
399,691	801,118	201,990	-	1,483,378
-	-	-	39,976	39,976
695	1,104	17,851	-	19,650
4,807	3,734	3,727	194,347	249,998
1,301,420	4,407,002	5,187,685	352,476	16,504,185
1,536,708	14,513	40,810	-	1,608,306
279,934	155,121	33,773	-	13,285,072
1,083	3,166	114	-	6,947
916	-	254,699	-	255,615
17,122	16,433	8,018	277	98,123
1,835,763	189,233	337,414	277	15,254,063
6,676	11,197	50,813	-	72,044
251,860	788,548	902,908	-	2,113,124
258,536	799,745	953,721	-	2,185,168

nt assets held for sale as presented in the consolidated balance sheet.

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Contingent and irrevocable facilities	Contractual maturity date of the off-balance facility. Contingent facilities relate to credit and non-credit substitute guarantees. Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks. Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. Many of these guarantees are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows. Irrevocable facilities mainly constitute accepted loans not yet paid out. Many of these facilities are for a fixed duration and bear interest at a floating rate.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.

Triodos Bank's expected cash flows on some financial assets and financial liabilities can vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of up to 35 years, however early repayment options and refinancing is expected within the mortgage portfolio.

Liquidity reserves

Amounts in thousands of EUR	2022	2021
	Carrying amount	Carrying amount
Balances with central banks	2,581,140	4,277,589
Cash and balances with other banks	332,493	265,796
Unencumbered debt securities issued by sovereigns	1,338,256	191,736
Undrawn credit lines granted by central banks ¹	1,527,299	223,772
Other assets eligible for use as collateral with central banks	-	-
Total liquidity reserves	5,779,188	4,958,893

¹ The amount is the actual credit line available.

Financial assets available to support future funding

2022	Pledged as collateral		
	Amounts in thousands of EUR	Encumbered	Unencumbered
Cash and cash equivalents	-	2,581,140	2,581,140
Loans and advances to banks	144,691	187,802	332,493
Debt securities at amortised cost	-	1,689,780	1,689,780
Loans and advances to customers	-	10,619,676	10,619,676
Investment securities	-	45,718	45,718
Non-financial assets	-	531,673	531,673
Total assets	144,691	15,655,789	15,800,480

2021	Pledged as collateral		
	Amounts in thousands of EUR	Encumbered	Unencumbered
Cash and cash equivalents	-	4,277,589	4,277,589
Loans and advances to banks	118,161	147,635	265,796
Debt securities at amortised cost	1,089,745	393,633	1,483,378
Loans and advances to customers	757,482	9,410,316	10,167,798
Investment securities	-	39,976	39,976
Non-financial assets	-	269,648	269,648
Total assets	1,965,388	14,538,797	16,504,185

The decrease in encumbered assets is caused by the repayment of TLTRO III which resulted in releasing debt securities which were held as collateral. In addition, Triodos Bank has an obligation to maintain a reserve with local central banks. As at 31 December 2022, the minimum mandatory reserve deposits with various central banks amount to EUR 124.3 thousand (2021: EUR 115.9 thousand).

Market risk

Market risk management

Market risk is the risk of losses in on- and off-balance positions arising from movements in market prices. For Triodos Bank, this means changes in interest rates and FX rates in particular. Interest rate risk is present in the banking book. Triodos Bank defines IRRBB as the risk that changes in prevailing interest rates will adversely affect the market value of assets versus that of liabilities and/or income versus expenses.

FX risk is the current or prospective risk to earnings and capital that arises from adverse movements in FX rates. Triodos Bank's base currency is the euro. The base currency of the UK subsidiary of Triodos Bank is British pounds.

The FX position is monitored at least monthly and discussed in the Asset and Liability Committee. Limits are agreed by the Asset and Liability Committee.

Market risk structure and organisation

Triodos Bank has exposure to credit risk resulting from outstanding FX contracts (spot, forward and swap transactions) with financial institutions and with funds managed by Triodos Investment Management. Triodos Bank services these funds by providing hedges for the FX risk of these funds' investments.

Triodos Bank has limited exposure to credit risk resulting from outstanding IRS. The IRS are all centrally cleared with the LCH Clearnet. The daily margining minimises the (potential) credit risks.

A limit is set per counterparty based on the expected amount of outstanding FX transactions and the corresponding expected exposure. This limit is subject to the overall counterparty limit Triodos Bank has per counterparty.

Market risk measurement systems

Any collateral needed for FX transactions is calculated and managed daily. In the liquidity stress tests, the amount of collateral needed for FX transactions is stressed in order to calculate the potential impact on Triodos Bank's liquidity position.

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is inherent in regular customer-related banking activities, due to the fact that short-term funding is invested in long-term loans. Triodos Bank uses mainly retail funding to finance clients and projects which aim to improve society and the environment. In addition, the bank has issued a green subordinated Tier 2 bond in 2021 to diversify its capital and funding base.

Triodos Bank identifies the following three main sources of IRRBB:

- Gap risk: the risk of adverse consequences due to differences in timing of the impact of interest rate changes on the value and interest of assets and liabilities, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by tenor (non-parallel risk).
- Basis risk: the risk of adverse consequences from changes in the difference between two or more rates for different financial instruments with the same interest maturity but with different benchmark rates on which the pricing is based.
- Option risk: the risk that changes in market interest rates prompt changes in the value or maturity of financial instruments, due to explicit or implicit optionality embedded in the bank's products.

Interest rate risk is managed in a four-stage risk control cycle. In this cycle, first the relevant definitions, indicators, measurement methods and analysis for IRRBB are set. Next, the limits for the main IRRBB indicators are specified in the risk appetite statement. The third stage defines the roles and responsibilities for IRRBB management, model governance and escalation procedures and exceptions. Lastly, the risks are monitored, reported and mitigated if necessary.

The local balance sheet development in the individual banking business units is an important driver for how the interest rate risk position develops. Each banking business unit sets up a budget for the next three years and updates it on a quarterly basis with a forecast. The budgets are consolidated and compliance with the risk appetite is checked. Hedging is applied to keep the risk position within the risk appetite and regulatory limits. Adherence to the budget means that asset and liability management is predictable and therefore the fulfilment of the budget is closely monitored.

Interest rate risk management and mitigation strategies

Triodos Bank manages its interest rate risk position in three ways.

- Firstly, Triodos Bank is able to steer the volume and interest rate terms of new assets and the interest rate of its liabilities to a limited extent to maintain the interest rate risk exposure within limits. However, changes in client rates and terms will not be made to the extent that they would materially impair Triodos Bank's customer service, market position, profitability, capital adequacy and reasonable customer expectations.
- Secondly, the amount and duration of the marketable investments in the liquidity buffer can be adjusted.
- Finally, Triodos Bank uses interest rate swaps (IRS) to maintain the bank's IRRBB exposure within the limits if the first two methods are not effective enough. The consequent positions are taken into account in all the IRRBB calculations, subject to hedge accounting, to avoid profit or loss volatility.

Monitoring and decision-making related to the management of the IRRBB is delegated to the Asset and Liability Committee (ALCo). Additionally, the Model and Assumptions Review Committee (MARC) approves material changes to IRRBB models and changes to important model assumptions. Finally, the ALCo decides on approval of and monitors adherence to the Group-wide pricing framework for retail and business banking products.

One of Triodos Bank's strategic risks is a renewed period of low interest rates. Although interest rates have increased significantly during 2022, there is a possibility that central banks will have to decrease policy rates in the coming years, with a negative impact on Triodos Bank's interest margin.

Main measures

Triodos Bank uses various indicators to measure interest rate risk. The interest rate risk position is monitored by the ALCo on a monthly basis and reported quarterly to the Executive Board. The main IRRBB indicators used are earnings at risk (also referred to as net interest income (NII) at risk), economic value of equity at risk, modified duration of equity and gap analysis. Below follows a brief description:

- Net interest income at risk: a short-term indicator which shows the effect of an interest rate shock on Triodos Bank's net interest income over a one-year and two-year horizon.
- Economic value of equity at risk: a long-term indicator which represents the change of the economic value of equity (EVE) in the event of an interest rate shock. EVE is defined as the net present value of the future cash flows of all assets netted with the net present value of the future cash flows of liabilities.
- Supervisory outlier test: this is the economic value of equity at risk relative to either CET1 or actual own funds for several interest rate shocks, as specified in the EBA Guidelines on IRRBB.
- Modified duration of equity: an indicator that expresses the sensitivity of the EVE in the event of parallel interest rate changes.
- Gap analysis: this provides a quick and intuitive sense of how Triodos Bank is positioned by comparing the values of the assets and liabilities that roll over – or reprice – at various time periods in the future. While a gap analysis is a good measure of repricing risk, it is not able to measure interest rate risk stemming from option risk and basis risk. Therefore, Triodos Bank monitors the sensitivity of economic value of the banking book items to interest rate changes for different parts of the yield curve by calculation of key rate durations.
- Option risk arises from caps and/or floors on floating interest rates and as a result of client and bank behaviour, i.e. due to prepayments on loans and mortgages, withdrawal of funds entrusted, and the discretion to change the interest rate on savings and current accounts. Both embedded options and behavioural characteristics are considered in the IRRBB measures.

Due to the continued growth of the mortgage portfolio, Triodos Bank continues to work on improving the data and modelling of off-balance commitments. Fixed-rate commitments in particular (often present in new mortgages to be paid out) add to the interest rate position of the Bank.

Triodos Bank runs a variety of interest rate scenarios to assess its level of interest rate risk. The scenarios are expressed as shocks to the market rate curve. These shocks can vary from parallel shocks to non-parallel shocks, downward to upward shocks, and instant to gradual shocks. Part of the shocks are prescribed by regulatory guidelines whereas other shocks are developed internally. The interest rate scenarios are regularly reviewed and approved in the ALCo.

Modelling and parametric assumptions

The model used for calculating IRRBB measures complies with the EBA guidelines. The balance sheet in Triodos Bank's model develops according to the budget/forecasts for earnings calculations and uses a run-off profile for the EVE calculations. In modelling of IRRBB, client behaviour is complex as it depends on many factors and, as a result, IRRBB models in general build on many assumptions. A brief description of relevant assumptions used in Triodos Bank's IRRBB modelling follows.

First, behavioural models are used to assess the interest rate risk in savings and current accounts. The interest rate risk stemming from these products is difficult to quantify since these accounts typically have

variable interest rates and no fixed maturity. The objective of the models is to forecast the future outflow of the non-maturing deposits and their sensitivities to market conditions based on historical data, taking into consideration the statistical significance of that data. The model combines the relationship between client interest rates and market interest rates and outflow predictions.

Secondly, prepayments on loans and mortgages affect interest rate risk on the asset side of the balance sheet and depend on customer behaviour as well. Due to the change in interest rate environment and the maturity of the portfolio, prepayments decreased during the last year. Therefore, behavioural assumptions are present in the risk model and the level of prepayments is included in the measurement of IRRBB. Currently, a constant prepayment rate is used, consistent with the forecast made by the banking business units. Triodos Bank uses sensitivity analyses to measure the correlation between interest rate levels and prepayment behaviour.

Thirdly, some of Triodos Bank's loans and mortgages contain caps and floors to prevent interest rates increasing or decreasing below a certain level. This affects the level of IRRBB in these products and both are taken into account in the economic value and earnings analysis. The economic value of the pipeline, which contains loans with a set interest rate which are committed but not yet remitted, is also considered.

The EVE measures, duration of equity and outlier criterion measures are determined using risk-free discounting and commercial margins. Other spread components are excluded from the cash flow calculations.

Interest rate risk is hedged through the purchase of interest rate swaps. On a monthly basis, an assessment is made of the need to hedge, based on the current interest rate risk position, the forecasted position and market circumstances.

Triodos Bank applies macro hedge accounting to its interest rate hedges to resolve the accounting asymmetry between the portfolio of hedged items (loans and mortgages), measured at amortised cost, and the interest rate derivatives, measured at fair value through the profit or loss statement. As a consequence, hedge ineffectiveness is automatically reflected in the profit or loss.

Explanation of the significance of the IRRBB measures and significant variations

Economic value of equity at risk (EVE at risk) slightly increased in 2022. The increasing market rates caused a large shift in expected repricing of savings rates, lowering the duration of the savings accounts and increasing the economic value at risk. The growing mortgage portfolio also caused an increase. These effects were partly offset by hedging with interest derivatives. All in all, EVE at risk, as measured under a parallel-up scenario, increased from 7.7% to 9.2%.

Net interest income increased in 2022 due to the rising rate environment. This also led to higher net interest income at risk as the higher income could be lost when rates decrease. The change in net interest income at risk under the parallel-down scenario increased from 1.2% to 10.6%.

Changes in net interest income are measured with the following assumptions:

- The upward and downward scenarios reflect a parallel shock of 200 basis points for EUR and 250 basis points for GBP curves.
- Both shocks are applied gradually over a period of 12 months.
- The magnitude of the downward scenario is updated frequently and based on the latest interest rate outlook.
- In both scenarios no floors are applied to the market interest rates.

- The net interest income sensitivity is measured over a period of 12 months.
- Projected future volumes of the different balance sheet items are used in the calculations.

The average repricing maturity assigned to non-maturity deposits is 2.1 years, and the longest assigned repricing maturity assigned is equal to 7 years.

Below follows a short summary of the main developments in the main interest rate risk indicators.

Net interest income at risk

Net interest income at risk is measured with a one- and two-year horizon. One-year net interest income at risk increased from 1.2% to 10.6% in 2022, and two-year net interest income at risk increased from 4.4% to 18.2%. Both indicators show their worst-case outcome in a scenario where interest rates are shocked parallel downwards.

Supervisory outlier test

In 2022, the supervisory outlier test increased from 8.7% to 10.8%. The increase is mainly caused by a shorter duration of the savings accounts and the growing mortgage portfolio, these effects are partly offset by additional hedging using interest rate derivatives. The supervisory outlier test worst-case outcome is measured in the parallel-up scenario where rates increase 200 basis points for the EUR and 250 basis points for GBP.

EVE at risk

EVE at risk increased from 7.7% to 9.2% in 2022. As with the supervisory outlier test, the parallel-up scenario is the worst-case scenario for EVE at risk.

Duration of equity

Duration of equity increased from 3.2 to 5.0 years over the course of 2022. The developments resembled those of EVE at risk since the underlying drivers are similar to those for the supervisory outlier test and EVE at risk, although one difference is that duration of equity is calculated under the assumption of a 100 basis point parallel shift in interest rates.

Quantitative market risk disclosures

Interest rate risk in the banking book

The following table shows the interest rate risk within Triodos Bank:

2022 Amounts in thousands of EUR	Floating- rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	2,580,062	-	-	-	-	2,580,062
Banks	315,497	1,355	-	15,447	-	332,299
Loans	1,155,515	588,138	1,521,685	3,115,842	4,555,452	10,936,632
Hedged loans	20,000	629,400	727,400	-81,800	-1,295,000	-
Interest-bearing securities	-	149,004	265,344	1,121,756	137,309	1,673,413
Total	4,071,074	1,367,897	2,514,429	4,171,245	3,397,761	15,522,406
Interest-bearing liabilities						
Banks	285,077	989	3,682	33,168	14,156	337,072
Subordinated loans	-	98	295	254,375	-	254,768
Funds entrusted	25,140	1,664,787	1,934,151	7,056,395	3,127,545	13,808,018
Total	310,217	1,665,874	1,938,128	7,343,938	3,141,701	14,399,858

2021 Amounts in thousands of EUR	Floating- rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	4,277,972	-	-	-	-	4,277,972
Banks	145,276	1,427	-	119,161	-	265,864
Loans	1,194,547	842,981	1,679,114	3,290,098	3,181,410	10,188,150
Hedged loans	12,500	600,200	362,900	-113,400	-862,200	-
Interest-bearing securities	-	98,104	391,805	828,236	124,218	1,442,363
Total	5,630,295	1,542,712	2,433,819	4,124,095	2,443,428	16,174,349
Interest-bearing liabilities						
Banks	1,551,364	4,143	6,896	20,470	41,047	1,623,920
Subordinated loans	-	-	-	6,822	247,876	254,698
Funds entrusted	9,555	1,611,065	2,079,901	6,741,792	2,852,440	13,294,753
Total	1,560,919	1,615,208	2,086,797	6,769,084	3,141,363	15,173,371

Only interest-bearing assets and liabilities are reported in this table, which results in differences with the balance sheet figures. No allowance for expected credit losses, net modification of amortised cost or interest amounts is shown. Interest-bearing securities are valued at redemption value including bond premium and after deduction of discounts. For funds entrusted without a fixed-interest-rate term, the outcome of the quantitative savings and current account model, as mentioned before, is used. All other interest-bearing assets and liabilities are reported as floating rates or are broken down in the maturity calendar by their remaining contractual interest rate term.

Foreign exchange risk

Triodos Bank aims to avoid net currency positions, with the possible exception of those arising from strategic investments. The currency risk of the UK subsidiary equity participation was hedged during 2022. The position also contains the currency derivatives of Triodos Investment Funds which are nearly fully hedged.

There is a trade-off between FX-risk-hedging and capital-ratio-hedging. If the FX risk of the participation is hedged, the effect will be that the capital ratio will change as result of FX rate changes. And if the FX risk is not hedged, the effect will be that the value of our capital will change, however the capital ratio will remain stable.

The following table shows Triodos Bank's foreign currency position in thousands of EUR as at 31 December.

2022 Amounts in thousands of EUR	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	2,091,298	1,866,187	-	222,116	2,995	-
USD	17,533	718	5,605	5,605	16,815	-
NOK	95	-	-	-	95	-
AUD	1	-	-	-	1	-
SEK	49	-	-	-	49	-
INR	-	-	1,418	1,418	-	-
Total	2,108,976	1,866,905	7,023	229,139	19,955	-

Net open foreign currency position (total of net positions debit and credit): EUR 20.0 million.

2021 Amounts in thousands of EUR	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	2,143,735	1,918,230	-	221,436	4,069	-
USD	17,671	382	5,277	5,277	17,289	-
NOK	100	-	-	-	100	-
AUD	1	-	-	-	1	-
SEK	52	-	-	-	52	-
INR	-	-	4,453	4,453	-	-
Total	2,161,559	1,918,612	9,730	231,166	21,511	-

Net open foreign currency position (total of net positions debit and credit): EUR 21.5 million.

Capital management

Regulation and capital requirements

The banking industry is highly regulated. Regulations play an important role in society to ensure banks operate safely. Triodos Bank pays constant attention to comply with all regulation.

Basel III is a worldwide standard for regulation, supervision and risk management of the banking sector, developed by the Basel Committee on Banking Supervision. Basel III has been transposed by the European Union into the Capital Requirements Regulation and the Capital Requirements Directive. The Capital Requirements Regulation is directly applicable and the Capital Requirements Directive was transposed into local law by each of the members of the European Union. As Triodos Bank is formally domiciled in the Netherlands, the Dutch implementation of the Capital Requirements Directive is applicable.

There is no difference in the scope of consolidation for accounting and for prudential reporting purposes. Except for transfer of own funds of Triodos Bank UK Ltd, there is not any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among Triodos Bank and its consolidated companies. All subsidiaries are included in the consolidation. Triodos Bank has not made use of a derogation option with regard to the application of prudential requirements on an individual basis.

Capital requirements

Triodos Bank calculates its internal capital adequacy requirements based on minimum requirements (Pillar 1) and supplemented with additional capital charges (Pillar 2), as described in the Capital Requirements Regulation.

The total capital ratio decreased by 0.3% from 21.3% at year-end 2021 to 21.0% at year-end 2022. This ratio is well above the regulatory minimum requirement. In October 2021, Triodos Bank issued a green subordinated Tier 2 bond in the amount of EUR 250 million to further strengthen and diversify its capital base. This green bond qualifies as Tier 2 capital in line with prudential regulations.

Minimum capital requirements (Pillar 1)

The total minimum regulatory requirement consists of capital charges for credit risk, operational risk and market risk:

- Credit risk – Triodos Bank applies the standardised approach for calculating its minimum capital requirements for credit risk and the financial collateral simple method for credit risk mitigation. The risk-weighted asset calculations apply to all on-balance sheet exposures (including the loan book and the investment book), and off-balance sheet items (such as loan offers not yet accepted) and derivatives exposures.
- Operational risk – Based on the size and limited complexity of the Triodos Bank organisation, the basic indicator approach (BIA) is used for calculating the capital requirement for operational risk, which equals 15% of the average over three years of Triodos Bank's gross income.
- Market risk – The capital charge for Triodos Bank's market risk is related to its exposure to FX risk. The requirement is calculated as the sum of the bank's overall net FX position, multiplied by 8%. Triodos Bank only accepts limited net FX positions in strategic investments and in its UK activities in GBP. However, when the regulatory threshold of 2% of the actual own funds is not exceeded, the capital charge for market risk is zero.

- Credit valuation adjustment risk – A capital charge is applied for the counterparty risk of derivative transactions that are not cleared through a qualified central counterparty. Triodos Bank applies the standardised method for calculating the capital requirements.

Additional capital requirements

In order to determine its economic capital, Triodos Bank also calculates additional capital requirements. These consist of charges for risks or parts of risks that are not covered by Pillar 1. This consists of items in the areas of credit risk, strategic risk, interest rate risk in the banking book (IRRBB), model risk and operational risk. The total capital requirement consists of the Pillar 1 and 2 requirements and these combined buffer requirements.

Internal capital

The capital strategy of Triodos Bank is assessed in its Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP covers, for example, the measurement of risks requiring an adequate capital buffer, stress testing, capital contingency and the allocation of available capital to the different Triodos Bank business units. The ICAAP is subject to the Supervisory Review and Evaluation Process (SREP) of DNB, which is conducted on a yearly basis.

The actual capital position is stressed regularly based on a number of stress scenarios. A capital contingency process is set up for Triodos Bank in case of a (potential) shortfall in available capital, which can be a threat to its solvency. For this purpose, the Recovery Plan contains measures for restoring the bank's solvency by reducing risks and/or increasing capital and provides a specific governance structure for managing such stressed situations.

Capital strategy

Triodos Bank aims for a sound and resilient capital base supporting our sustainable and targeted lending growth strategy.

The objective of Triodos Bank's capital strategy is to ensure its viability by:

- maintaining sufficient capital to absorb current and future business losses, also in extreme situations (stress);
- allocating sufficient capital to its business units; and
- ensuring compliance with all applicable capital legislation and regulation at all times.

Triodos Bank's own funds consists of Common Equity Tier 1 (CET1) capital and Tier 2 capital.

In 2021, Triodos Bank has issued the green subordinated Tier 2 bond for an amount of eur 250 million, which matures in 2032 with the option of Triodos Bank to repay early, starting in 2027. This might result in a refinancing risk, the possibility that Triodos Bank is not able or only at high costs to attract investors to invest in a newly issued Tier 2 bond that replaces the (early) matured one.

Capital allocation and monitoring

Equity is allocated to banking business units in the yearly budget and planning process based on the forecasted return on risk-weighted assets, contribution to our mission and dynamic sector strategy. Triodos Bank works with a rolling three-year capital forecast.

The Asset and Liability Committee monitors Triodos Bank's capital position and advises the Executive Board on capital adequacy. The Asset and Liability Committee also assesses whether available capital is sufficient to support current and future bank activities on a monthly basis.

During 2022, available capital has been at sufficient levels at all times, in line with external regulatory minimum requirements. A retained portion of the 2022 profit will be added to reserves in 2023.

Leverage ratio and management of excessive leverage

The leverage ratio is a measure indicating the level of the Tier 1 capital compared to the total exposure. Its aim is to assess the risk of excessive leverage of the institution.

The risk of excessive leverage is managed inclusively in Triodos Bank's Capital Management strategy and procedures. Triodos Bank aims for a sound capital base by avoiding high leverage risks.

Triodos Bank's risk appetite level related to the leverage ratio is set at 5%, which is significantly above regulatory requirements. At year-end, the relevant capital used to calculate the leverage ratio consists only of CET1 capital. Triodos Bank's capital base to calculate the leverage ratio is therefore not subject to refinancing risks. The leverage ratio is part of Triodos Bank's three-year budget. Compliance with Triodos Bank's risk appetite level is part of the budget requirements.

In 2022, Triodos Bank repaid the participations in the TLTRO tender III.5 and tender III.7. This has a positive impact on the leverage ratio. However, compared to 2021 year-end figures, the repayment does not result in an improvement of the leverage ratio as at that time ECB regulation was in place that allowed banks to leave out amounts placed with central banks from the leverage ratio calculation.

Fair value of financial instruments

Valuation models

Triodos Bank measures fair values using the following fair-value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are, directly or indirectly, observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Triodos bank determines the fair value of its financial instruments using the following bases. The fair value of listed debt securities at amortised cost is the market value. The fair value of unlisted debt securities at amortised cost is public quoted information if available or nominal value. The fair value of loans and advances to banks, lease liabilities, deposits from banks, deposits from customers and debt issued and other borrowed funds has been determined by calculating the net present value of expected interest and redemption cash flows, based on market interest rates as at the end of the year. The fair value of loans and advances to customers (including mortgages) has been determined by calculating the net present value of the interest and redemption cash flows, with account taken of expected prepayment behaviour. The net present value is calculated by using market data, i.e. zero coupon rates, as at the end of the year, which are adjusted with a Triodos Bank-specific spread. The spread is based on the expected margin the business units expect to make over the market base rates in the coming years on their production of business loans and mortgages. Part of the corporate loans and mortgages includes caps and/or floors on interest rates. The fair value of other assets and liabilities is assumed to be equal to the balance sheet value.

Investment securities comprise participating interests and debt where no significant influence can be exercised and are carried at fair value through either comprehensive income or profit or loss. In the case of an investment security that is listed on an active stock exchange, the fair value will be deemed to be equal to the most recently published stock exchange price. In the case of an investment security not listed on an active stock exchange or where there is no regular price quotation, the fair value will be determined to the best of our ability using all available data, including an annual report audited by an external independent auditor, interim financial information from the institution and any other relevant data provided to Triodos Bank.

Derivatives held for risk management are carried at fair value through profit or loss. These instruments are split between interest rate swaps and foreign exchange rate forward contracts. The interest rate swaps are valued using the appropriate discount curve to calculate the net present value of expected cash flows under the contracts. This curve is openly observable from market data. The foreign exchange rate forward contracts are valued using the forward exchange rate for the corresponding currency, as observable from market data.

Financial instruments measured at fair value – fair-value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair-value hierarchy into which the fair-value measurement is categorised. There have been no transfers of financial instruments between different levels during the reporting period.

2022				
Amounts in thousands of EUR	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management				
Interest rate	-	290,310	-	290,310
Foreign exchange	-	5,386	-	5,386
Total	-	295,696	-	295,696
Investment securities				
Equities	17,073	13,866	5,153	36,092
Debt	-	190	-	190
Total	17,073	14,056	5,153	36,282
Derivative liabilities held for risk management				
Interest rate	-	-	-	-
Foreign exchange	-	1,249	-	1,249
Total	-	1,249	-	1,249

2021				
Amounts in thousands of EUR	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management				
Interest rate	-	17,983	-	17,983
Foreign exchange	-	1,667	-	1,667
Total	-	19,650	-	19,650
Investment securities				
Equities	11,739	13,784	4,705	30,228
Debt	-	5,463	-	5,463
Total	11,739	19,247	4,705	35,691
Derivative liabilities held for risk management				
Interest rate	-	2,757	-	2,757
Foreign exchange	-	4,190	-	4,190
Total	-	6,947	-	6,947

Level 3 valuations relate to participating interest which are valued at fair-value through other comprehensive income. Total fair value changes amount to EUR 431.0 (2021: EUR 135.0).

Financial instruments not measured at fair value

The following table sets out the dirty fair values of financial instruments not measured at fair value and analyses them by the level in the fair-value hierarchy into which each fair-value measurement is categorised. The dirty fair value includes the current interest accrual.

2022 Amounts in thousands of EUR	Level 1	Level 2	Level 3	Total fair values	Total Carrying
Assets					
Debt securities at amortised cost	1,487,611	108,395	-	1,596,006	1,689,780
Loans and advances to banks	-	-	332,012	332,012	332,493
Loans and advances to customers	-	-	9,890,824	9,890,824	10,619,676
Investment securities	9,436	-	-	9,436	9,436
Liabilities					
Deposits from banks	-	-	332,740	332,740	337,087
Deposits from customers	-	-	12,832,274	12,832,274	13,816,340
Subordinated debt	-	-	202,927	202,927	259,884
Lease liabilities	-	-	12,566	12,566	13,924
2021 Amounts in thousands of EUR					
	Level 1	Level 2	Level 3	Total fair values	Total Carrying
Assets					
Debt securities at amortised cost	1,407,965	85,174	-	1,493,139	1,483,378
Loans and advances to banks	-	-	266,300	266,300	265,796
Loans and advances to customers	-	-	10,357,966	10,357,966	10,167,798
Investment securities	4,285	-	-	4,285	4,285
Liabilities					
Deposits from banks	-	-	1,605,889	1,605,889	1,608,306
Deposits from customers	-	-	13,276,234	13,276,234	13,285,072
Subordinated debt	-	-	255,233	255,233	255,615
Lease liabilities	-	-	19,730	19,730	17,425

Fair-value of the cash and cash equivalents approximates the total carrying amount as these are on demand balances and therefore not included in the above table.

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. Financial instruments are either measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or at amortised cost.

2022 Amounts in thousands of EUR	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI – equity instruments	Amortised cost ¹	Total carrying amount
Cash and cash equivalents	-	-	-	2,581,140	2,581,140
Debt securities at amortised cost	-	-	-	1,689,780	1,689,780
Loans and advances to customers	-	-	-	10,619,676	10,619,676
Loans and advances to banks	-	-	-	332,493	332,493
Investment securities	190	-	36,092	9,436	45,718
Other assets	-	-	-	235,977	235,977
Derivative assets held for risk management	295,696	-	-	-	295,696
Total financial assets	295,886	-	36,092	15,468,502	15,800,480
Derivative liabilities held for risk management	1,249	-	-	-	1,249
Deposits from banks	-	-	-	337,087	337,087
Deposits from customers	-	-	-	13,816,340	13,816,340
Lease liabilities	-	-	-	13,924	13,924
Subordinated debt	-	-	-	259,884	259,884
Other liabilities	-	-	-	112,601	112,601
Total financial liabilities	1,249	-	-	14,539,836	14,541,085

¹ The amortised cost column also includes other valuation principles to create the reconciliation with the balance sheet (e.g. equity method, historical cost). See the accounting principles for all valuation principles applied.

2021 Amounts in thousands of EUR	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI – equity instruments	Amortised cost¹	Total carrying amount
Cash and cash equivalents	-	-	-	4,277,589	4,277,589
Debt securities at amortised cost	-	-	-	1,483,378	1,483,378
Loans and advances to customers	-	-	-	10,167,798	10,167,798
Loans and advances to banks	-	-	-	265,796	265,796
Investment securities	5,463	-	30,228	4,285	39,976
Other assets	-	-	-	249,998	249,998
Derivative assets held for risk management	19,650	-	-	-	19,650
Total financial assets	25,113	-	30,228	16,448,844	16,504,185
Derivative liabilities held for risk management	6,947	-	-	-	6,947
Deposits from banks	-	-	-	1,608,306	1,608,306
Deposits from customers	-	-	-	13,285,072	13,285,072
Lease liabilities	-	-	-	17,425	17,425
Subordinated debt	-	-	-	255,615	255,615
Other liabilities	-	-	-	80,698	80,698
Total financial liabilities	6,947	-	-	15,247,116	15,254,063

¹ The amortised cost column also includes other valuation principles to create the reconciliation with the balance sheet (e.g. equity method, historical cost). See the accounting principles for all valuation principles applied.

Non-trading derivatives and hedge accounting

Non-trading derivatives

The following table describes the fair values of derivatives held for risk management purposes by type of instrument.

Amounts in thousands of EUR	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Instrument type				
Interest rate				
Designated in fair value hedges	290,310	-	17,675	2,757
Other derivatives	-	-	308	-
Total interest rate	290,310	-	17,983	2,757
Foreign exchange				
Designated in a net investment hedge	4,126	-	-	2,568
Other derivatives	1,260	1,249	1,667	1,622
Total foreign exchange	5,386	1,249	1,667	4,190
Total non-trading derivatives	295,696	1,249	19,650	6,947

Fair-value hedges of interest rate risk

Triodos Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate euro loans and advances in respect of a benchmark interest rate (mainly EURIBOR). Triodos Bank applies the EU carve-out under IAS 39 and applies macro fair-value hedge accounting. In this hedge relationship, hedged items and hedging instruments are designated on a portfolio basis into fair-value hedge relationships.

Triodos Bank determines hedged items by identifying portfolios of homogeneous loans based on their contractual interest rates, maturity and other risk characteristics. Loans within the identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets. Hedge effectiveness is measured on a monthly basis, by comparing fair-value movements of the designated proportion of the bucketed loans due to the hedged risk against the fair-value movements of the derivatives.

At the time of designation of the hedge relationship for macro hedge accounting, a prospective test of the hedge relationship is performed to evidence the existence of an economic relationship. Fair value of hedged items and hedging instruments is calculated as at the designation date. In addition, the fair values are recalculated by applying at +/-50bps shift on the EURIBOR zero curve and the OIS zero curve. If the

changes in fair value of hedged item and hedging instrument are within 80-125% of each other, the hedge relationship can be expected to be highly effective.

The retrospective test is performed each month-end by calculating the fair value of the hedged items and hedging instruments at that date. The hedge relationship is considered to be highly effective if the deltas in fair value between hedging instrument and hedged item as per designation date and as per period end-date are in the 80-125% bandwidth, the so-called dollar-offset method.

When the outcome of the effectiveness test is outside the bandwidth, the hedge relationship for the tested month is discontinued. This means that the fair-value changes of the hedging instruments continue to be recorded through profit or loss, but no offsetting fair-value adjustment is recognised on the hedged items. At de-designation, the fair-value hedge accounting adjustments are amortised on a straight-line basis over the original hedged life.

Triodos Bank discloses its risk management related to interest rate risk in Market risk management on page 294.

Hedge relationships designated under this policy are expected to be highly effective. However, some degree of ineffectiveness is expected due to:

- Discounting of assets with the curve of the payment frequency where the swaps are discounted using the OIS curve; and
- Fair value changes in the floating leg of the swaps.

2022		Carrying amount			
Hedging instruments Amounts in thousands of EUR	Nominal amount	Assets	Liabilities	Change in fair value	Ineffective- ness
Interest rate swaps – portfolio hedge accounting	1,415,600	290,310	-	276,498	1,325

2022		Nominal amount	Fair value hedge adjustments		Change in fair value
Hedged item Amounts in thousands of EUR	Assets	Debit adjustment	Credit adjustment		
Loans and advances to customers	1,415,600	-	289,691	-275,173	

2021		Carrying amount			
Hedging instruments Amounts in thousands of EUR	Nominal amount	Assets	Liabilities	Change in fair value	Ineffective- ness
Interest rate swaps – portfolio hedge accounting	1,042,400	17,675	2,757	20,525	34

2021	Nominal amount	Fair value hedge adjustments		
		Debit adjustment	Credit adjustment	Change in fair value
Hedged item Amounts in thousands of EUR	Assets			
Loans and advances to customers	1,042,400	-	14,709	-20,491

The significant increase of the market interest rates has resulted in a sharp increase of the fair values of the interest rate swaps that has offset the decrease in fair value of the fixed rate loans. Due to the large fair-value movements, marginal ineffectiveness has resulted in ineffectiveness recorded in the profit or loss accounts of EUR 1.3 million.

Net investment hedge

Triodos Bank enters into GBP foreign currency forward contracts to hedge the currency risk of the UK subsidiary equity participation of Triodos Bank. Triodos Bank hedges up to a maximum of 100% of the UK subsidiary to maintain effectiveness. The GBP foreign currency contracts are designated in net investment hedge relationship to hedge the net asset value of the UK subsidiary.

Triodos Bank discloses its risk management related to foreign exchange risk in Market risk management on page 294.

Triodos Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. This qualitative assessment is supplemented quantitatively using the hypothetical derivative method for the purposes of assessing hedge effectiveness. Triodos Bank assesses effectiveness by comparing past changes in the fair value of the derivative with changes in the fair value of a hypothetical derivative. The hypothetical derivative is constructed to have the same critical terms as the net investment designated as the hedged item and a fair value of zero at inception. The net investment is held for a period longer than the maturity of the forward foreign exchange contracts, Triodos Bank hedges the net investment only to the extent of the nominal amount of the foreign exchange leg of the derivative.

2022	Nominal amount	Carrying amount		Change in Ineffectiveness	Change in fair value
		Assets	Liabilities		
Hedging instruments Amounts in thousands of EUR					
Foreign currency forward contracts (EUR:GBP)	196,650	4,126	-	-11,741	-55

2022	Nominal amount	Carrying amount		Change in fair value	Foreign currency translation reserve
		Assets	Liabilities		
Hedged item Amounts in thousands of EUR					
GBP net investment in UK subsidiary	196,097	221,491	-	11,434	-4,426

2021		Carrying amount			
Hedging instruments Amounts in thousands of EUR	Nominal amount	Assets	Liabilities	Change in fair value	Ineffective- ness
Foreign currency forward contracts (EUR:GBP)	186,300	-	2,568	13,120	-

2021		Carrying amount			
Hedged item Amounts in thousands of EUR	Nominal amount	Assets	Liabilities	Change in fair value	Foreign currency translation reserve
GBP net investment in UK subsidiary	186,886	222,140	-	-13,196	-4,364

Parent company financial statements

The company balance consist of Triodos Bank N.V. including the branches. Subsidiaries are not consolidated in the parent company financial statements. For the consolidated financial statements, refer to Consolidated financial statements (see page 128).

Parent company balance sheet as at 31 December 2022

Before appropriation of profit			
Amounts in thousands of EUR	Note ¹	2022	2021
ASSETS			
Cash resources		2,174,625	3,832,078
Receivables from credit institutions	31	271,485	186,729
Claims on customers	32	9,380,943	8,855,308
Bonds and other fixed-income securities	33	1,299,198	1,163,603
Shares and other variable-yield securities	34	102	85
Participating interests in group companies	35	255,356	247,609
Other participations	36	41,405	35,605
Intangible assets	37	49,157	45,942
Property and equipment	38	75,563	80,448
Investment property	39	6,739	7,905
Right-of-use assets	40	12,073	15,196
Non-trading derivatives		295,696	19,650
Deferred Tax Assets		12,920	13,334
Current tax receivable		4,043	1,730
Other assets	41	40,217	45,356
Accrued assets	42	21,122	19,411
Non-current Assets Held for Sale	43	4,750	12,679
Total assets		13,945,394	14,582,668

Before appropriation of profit			
Amounts in thousands of EUR	Note¹	2022	2021
LIABILITIES			
Amounts owed to credit institutions	44	337,087	1,608,305
Amounts owed to customers	45	11,984,252	11,386,200
Lease liabilities	40	12,635	15,858
Non-trading derivatives		1,249	6,947
Deferred Tax Liabilities		10,876	6,327
Current tax liabilities		6,450	7,687
Other debts	46	19,096	15,221
Accrued liabilities	47	54,340	35,068
Provisions	48	6,605	2,137
Subordinated liabilities	49	253,409	248,796
Total liabilities		12,685,999	13,332,546
EQUITY			
Share Capital	50	723,353	723,353
Share premium reserve	50	200,811	200,811
Translation reserve		-4,426	-4,482
Cost of hedging reserve		369	117
Revaluation reserve		4,032	82
Statutory reserve	50	49,568	46,431
Retained earnings	50	240,724	233,051
Result for the period		<i>49,940</i>	50,759
Interim dividends		<i>-4,976</i>	-
Unappropriated result for the period		44,964	50,759
Equity		1,259,395	1,250,122
Total equity and liabilities		13,945,394	14,582,668
Contingent liabilities	51	66,143	89,042
Irrevocable facilities	52	1,712,549	1,929,582
		1,778,692	2,018,624

¹ These are the references to the notes to the parent company financial statements. These notes form an integral part of the parent company financial statements.

Parent company profit or loss account 2022

Amounts in thousands of EUR	Note ¹	2022	2021
INCOME			
Interest income	53	225,146	200,766
Interest expense	54	-25,014	-21,590
Net interest income		200,132	179,176
Income from participating interests	55	19,798	15,692
Fee and Commission income	56	72,874	67,814
Fee and Commission expense	57	-7,806	-5,571
Net fee and commission income		65,068	62,243
Net result from other financial instruments at FVTPL	58	-100	2,037
Other income	59	950	1,991
Other income		850	4,028
Total income		285,848	261,139
EXPENSES			
Personnel expenses	60	123,436	111,493
Other administrative expenses	60	72,983	63,300
Amortisation and value adjustments of intangible assets	61	13,452	11,551
Depreciation and value adjustments of property and equipment	61	10,561	13,458
Operating expenses		220,432	199,802
Impairment result on financial instruments	62	2,516	-2,891
Total expenses		222,948	196,911
Operating result before taxation		62,900	64,228
Taxation on operating result	63	-12,960	-13,469
Net profit		49,940	50,759

¹ These are the references to the notes to the parent company financial statements. These notes form an integral part of the parent company financial statements.

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Parent company statement of changes in equity 2022

Amounts in thousands of EUR	Share capital	Share premium
Equity as at		
1 January 2021	723,353	200,811
Result for the period		
Foreign operations – foreign currency translation differences		
Cost of hedging of net investments in foreign operations		
Equity investments at FVOCI – net change in fair value		
Total comprehensive income	-	-
Increase of share capital		
Stock dividend	-	-
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash		
Transfer to other reserve for development costs		
Dividend tax on withdrawn own depository receipts		
Purchasing or sale of own depository receipts		
Equity as at		
31 December 2021	723,353	200,811

Translation reserve	Cost of hedging reserve	Revaluation reserve	Statutory reserve	Retained earnings	Unappropriated result for the period	Total equity
-4,385	-55	-2,025	43,806	219,504	27,203	1,208,212
					50,759	50,759
-97						-97
	172					172
		2,107		-		2,107
-97	172	2,107	-	-	50,759	52,941
						-
						-
				17,962	-17,962	-
					-9,241	-9,241
				-		-
			2,625	-2,625		-
				-890		-890
				-900		-900
-4,482	117	82	46,431	233,051	50,759	1,250,122

Amounts in thousands of EUR	Share capital	Share premium
Equity as at		
1 January 2022	723,353	200,811
Result for the period		
Foreign operations – foreign currency translation differences		
Cost of hedging of net investments in foreign operations		
Equity investments at FVOCI – net change in fair value		
Total comprehensive income	-	-
Increase of share capital		
Stock dividend		
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash		
Extraordinary dividend		
Interim dividend		
Transfer to other reserve for development costs		
Dividend tax on withdrawn own depository receipts		
Purchasing or sale of own depository receipts		
Equity as at		
31 December 2022	723,353	200,811

Translation reserve	Cost of hedging reserve	Revaluation reserve	Statutory reserve	Retained earnings	Unappropriated result for the period	Total equity
-4,482	117	82	46,431	233,051	50,759	1,250,122
					49,940	49,940
56						56
-	252					252
		3,950				3,950
56	252	3,950	-	-	49,940	54,198
						-
						-
				25,169	-25,169	-
					-25,590	-25,590
				-		-
				-14,359		-14,359
					-4,976	-4,976
			3,137	-3,137		-
				-		-
				-		-
-4,426	369	4,032	49,568	240,724	44,964	1,259,395

Notes to the parent company financial statements

General

The general information is the same as those for the consolidated Annual Accounts. For the general information, refer to the general information in the consolidated financial statements.

Basis of preparation

The parent company's financial statements are prepared in accordance with the legal requirements for the Annual Accounts of banks contained in Title 9 Book 2 of The Netherlands Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board, with application of the IFRS recognition and measurement principles. Except for the participating interests in group companies, which are recognised at net asset value. Triodos Bank complies with article 362 of Title 9 Book 2 of The Netherlands Civil Code, also known as combination 3.

The accounting principles for recognition and measurement are the same as for the consolidated financial statements. For the relevant accounting principles and the information regarding risk management, refer to the accounting principles, the relevant notes and the risk management section in the consolidated financial statements.

Accounting principles

Participating interests

Participating interests are valued based on the equity method. On initial recognition, the investment in the participating interest is recognised at cost. In subsequent periods, the carrying amount of the investment is adjusted for the following:

- Increase (or decrease) in the value of the investment for Triodos Bank's share of the participating interest's Net Income (or Net Loss) for the period
- Decrease in the value of the participating interest for distribution of dividends received from the participating interest, where dividends received from the participating interest are not recorded in the Profit & Loss account
- Increase (or decrease) in the value of the investment for Triodos Bank' share of the participating interest's Other Comprehensive Income for the period.

For those items not included in the Notes to the parent company financial statements, please see the Notes to the consolidated financial statements.

Notes to the parent company balance sheet

31 Receivables from credit institutions

Amounts in thousands of EUR	2022	2021
On demand deposits with banks	144,671	119,162
Deposits with banks	126,617	67,612
Interest receivable	199	-44
Allowance for ECL	-2	-1
Balance sheet value as at 31 December	271,485	186,729

Received cash collateral regarding forward currency contracts and interest rate swaps is presented as loans and advances to banks. The increase in received cash collateral is caused by fair value changes in interest rate swaps.

An amount of EUR 144.7 million of the deposits is encumbered (2021: EUR 118.2 million). These are on demand deposits at Cecabank in the amount of EUR 1.0 million (2021: EUR 1.0 million), ING Bank EUR 13.0 million (2021: EUR 13.0 million), Banco Cooperativo EUR 1.5 million (2021: EUR 1.5 million) The Dutch Central Bank EUR 50.0 million (2021: EUR 50.0 million), Rabobank EUR 6.7 million (2021: EUR 13.5 million) and ABN AMRO EUR 72.5 million (2021: 39.2 million). A deposit of EUR 0.0 million (2021: EUR 1.0 million) is subordinated. All other deposits can be freely disposed of.

32 Claims on customers

Amounts in thousands of EUR	2022	2021
Loans	9,420,296	8,896,871
Allowance for ECL	-39,353	-41,563
Balance sheet value as at 31 December	9,380,943	8,855,308

Amounts in thousands of EUR	2022		
	Gross carrying amount	Allowance for ECL	Carrying amount
Business loans	5,027,637	-35,497	4,992,140
Mortgage lending	4,447,170	-1,414	4,445,756
Short term loans ¹	60,000	-	60,000
Current accounts and credit cards	154,841	-2,442	152,399
Fair value hedge accounting	-289,691	-	-289,691
Interest receivables	20,339	-	20,339
Balance sheet value as at 31 December	9,420,296	-39,353	9,380,943

¹ These are loans, mostly to local municipalities, with a maximum maturity of one year and one day.

Amounts in thousands of EUR	2021		
	Gross carrying amount	Allowance for ECL	Carrying amount
Business loans	4,955,244	-38,043	4,917,201
Mortgage lending	3,621,128	-1,078	3,620,050
Short term loans ¹	138,628	-	138,628
Current accounts and credit cards	181,190	-2,442	178,748
Fair value hedge accounting	-14,709	-	-14,709
Interest receivables	15,390	-	15,390
Balance sheet value as at 31 December	8,896,871	-41,563	8,855,308

¹ These are loans, mostly to local municipalities, with a maximum maturity of one year and one day.

Claims on customers classified by residual maturity:

Amounts in thousands of EUR	2022	2021
Payable on demand	156,117	181,837
1 to 3 months	409,918	482,181
3 months to 1 year	837,089	770,856
1 to 5 years	3,227,655	3,104,344
Longer than 5 years	4,750,164	4,316,090
Balance sheet value as at 31 December	9,380,943	8,855,308

The claims on customers includes an amount of EUR 27.8 million (2021: EUR 33.2 million) regarding loans provided to consolidated participating interests.

A breakdown related to received collateral, relevant industries, sectors and per geographic region can be found in the pillar 3 report 2022 which can be found on the website of Triodos Bank.

33 Bonds and other fixed-income securities

Amounts in thousands of EUR	2022	2021
Dutch government bonds	9,940	69,667
Belgian government bonds	76,843	108,035
Spanish government bonds	98,356	51,733
Other bonds	1,106,615	925,731
Interest receivable	7,122	7,797
Fair value hedge accounting	350	645
Allowance for ECL	-28	-5
Balance sheet value as at 31 December	1,299,198	1,163,603

The movement in bonds is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	1,163,603	1,146,456
Acquisitions	619,635	238,254
Repayments	-474,029	-211,023
Sale	-	-
Amortisation difference between acquisition price and redemption value	-9,018	-8,932
Exchange rate differences	-	-
Interest receivable movement	-675	-697
Fair value hedge accounting movement	-295	-501
Net movement in allowance for ECL	-23	46
Balance sheet value as at 31 December	1,299,198	1,163,603

34 Shares and other variable-yield securities

Amounts in thousands of EUR	2022	2021
Participating equity at fair value through profit or loss	102	85
Balance sheet value as at 31 December	102	85

The movement in the participating equity at fair value through profit or loss is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	85	80
Acquisitions	-	-
Revaluation	17	5
Sales	-	-
Balance sheet value as at 31 December	102	85

35 Participating interests in group companies

The participating interests in group companies relate to the subsidiaries of Triodos Bank, mainly being Triodos Bank UK limited and Triodos Investment Management B.V.

Amounts in thousands of EUR	2022	2021
Investments in credit institutions	221,491	222,140
Other	33,865	25,469
Balance sheet value as at 31 December	255,356	247,609

The movement of the participating interests in group companies is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	247,609	223,810
Acquisitions	-	-
Increase of capital	-	-
Result on participating interests	19,182	15,382
Transfer from or to provision for negative equity of participating interests	-	-
Dividend paid	-	-2,673
Revaluation	-	-
Repayment of capital	-	-2,106
Sale	-	-
Exchange rate result on foreign currency	-11,435	13,196
Balance sheet value as at 31 December	255,356	247,609

Accounting policy

Participating interests are valued based on the equity method. On initial recognition, the investment in the participating interest is recognised at cost. In subsequent periods, the carrying amount of the investment is adjusted for the following:

- Increase (or decrease) in the value of the investment for Triodos Bank's share of the participating interest's
- Net Income (or Net Loss) for the period
- Decrease in the value of the participating interest for distribution of dividends received from the participating interest, where dividends received from the participating interest are not recorded in the Profit & Loss account
- Increase (or decrease) in the value of the investment for Triodos Bank' share of the participating interest's Other Comprehensive Income for the period.

For those items not included in the Notes to the parent company financial statements, please see the Notes to the consolidated financial statements.

36 Other participations

Amounts in thousands of EUR	2022	2021
Participating interests designated at fair value through OCI	35,990	30,143
Participating debt at fair value through profit or loss	189	5,462
Associates at equity value	5,226	-
Balance sheet value as at 31 December	41,405	35,605

This relates to equity participations that are held long-term for business operation purposes. The statement of equity participations in accordance with Section 2:379 of The Netherlands Civil Code is included under the accounting principles for consolidation in the Notes to the consolidated Annual Accounts.

The movement of the other participating interest designated at fair value through OCI is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	30,143	26,673
Acquisitions	-	-
Increase of capital	594	691
Revaluation	4,873	1,801
Repayment of capital	-	-
Divestments	-	-
Exchange rate differences	380	978
Balance sheet value as at 31 December	35,990	30,143

The movement of the participating debt at fair value through profit or loss is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	5,462	4,460
Acquisitions	-	-
Increase of capital	-	16
Revaluation	-542	654
Repayment of capital	-156	-
Divestments	-5,272 ¹	-
Exchange rate differences	697	332
Balance sheet value as at 31 December	189	5,462

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) as at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate at equity value as this is a Triodos Investment Fund.

The movement in the associates at equity value is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	-	-
Acquisitions	5,272 ¹	-
Revaluation	-46	-
Sales	-	-
Balance sheet value as at 31 December	5,226	-

¹ Sustainability – Finance – Real Economies SICAV-SIF public limited liability company (SFRE SIF) merged into Triodos Microfinance Fund (TMF) as at 16 September 2022. As a result of the merger, SFRE SIF ceased to exist and Triodos Bank received shares in TMF equal in value to the previous investment in SFRE SIF. The investment in TMF is classified as associate at equity value as this is a Triodos Investment Fund.

37 Intangible assets

Amounts in thousands of EUR	2022	2021
Research and development costs	48,151	44,746
Concessions, licenses and intellectual property	1,006	1,196
Balance sheet value as at 31 December	49,157	45,942

Research and development costs

The research and development costs relate to the development costs for the banking system. The movement is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	77,429	65,633
Cumulative amortisation as at 1 January	-32,683	-23,794
Balance sheet value as at 1 January	44,746	41,839
Internal development	16,295	13,830
Amortisation	-12,890	-10,605
Impairments	-	-318
Balance sheet value as at 31 December	48,151	44,746
Purchase value as at 31 December	94,656	77,429
Cumulative amortisation as at 31 December	-46,505	-32,683
Balance sheet value as at 31 December	48,151	44,746

Concessions, licences and intellectual property

Concessions, licenses and intellectual property relates to computer software that has been purchased. The movement in computer software is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	3,330	3,191
Cumulative amortisation as at 1 January	-2,134	-1,909
Balance sheet value as at 1 January	1,196	1,282
Purchases	372	542
Amortisation	-562	-613
Impairments	-	-15
Balance sheet value as at 31 December	1,006	1,196
Purchase value as at 31 December	3,704	3,330
Cumulative amortisation as at 31 December	-2,698	-2,134
Balance sheet value as at 31 December	1,006	1,196

38 Property and equipment

Amounts in thousands of EUR	2022	2021
Property for own use	57,515	59,147
Equipment	18,048	21,301
Balance sheet value as at 31 December	75,563	80,448

The movement in the property for own use is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	65,625	65,413
Cumulative revaluation as at 1 January	-1,595	-1,595
Cumulative depreciation as at 1 January	-4,883	-3,260
Balance sheet value as at 1 January	59,147	60,558
Purchases	-	212
Depreciation	-1,632	-1,623
Impairments	-	-
Balance sheet value as at 31 December	57,515	59,147
Purchase value as at 31 December	64,019	65,625
Cumulative revaluation as at 31 December	-	-1,595
Cumulative depreciation as at 31 December	-6,504	-4,883
Balance sheet value as at 31 December	57,515	59,147

The movement in equipment is as follows:

Amounts in thousands of EUR	2022	2021
Purchase value as at 1 January	52,957	52,263
Cumulative depreciation as at 1 January	-31,656	-25,111
Balance sheet value as at 1 January	21,301	27,152
Purchases	2,301	1,976
Sales	-4	-261
Depreciation	-5,694	-6,188
Impairments	144	-1,378
Balance sheet value as at 31 December	18,048	21,301
Purchase value as at 31 December	52,315	52,957
Cumulative depreciation as at 31 December	-34,267	-31,656
Balance sheet value as at 31 December	18,048	21,301

Fully depreciated equipment with a total purchase value of EUR 2.4 million (2021: EUR 1.0 million) has been disposed of.

39 Investment property

Triodos Bank sometimes repossesses assets which come from acquisition in public auctions. These assets are collaterals of an executed loan. A part of the repossessed assets however will not be sold immediately because Triodos Bank has opted to add value by letting these assets and are therefore presented as investment property.

The movement in the investment property is as follows:

Amounts in thousands of EUR	2022	2021
Acquisition value as at 1 January	10,463	12,788
Cumulative depreciation as at 1 January	-2,558	-1,874
Balance sheet as at 1 January	7,905	10,914
New foreclosed assets	35	-
Sales	-1,037	-1,874
Depreciation	-164	-239
Impairments	-	-896
Balance sheet value as at 31 December	6,739	7,905
Purchase value as at 31 December	8,699	10,463
Cumulative depreciation as at 31 December	-1,960	-2,558
Balance sheet value as at 31 December	6,739	7,905

40 Leases

Triodos Bank leases many assets including land and buildings, vehicles, and IT equipment. Information about leases for which Triodos Bank is a lessee is presented below.

Right-of-use assets

Amounts in thousands of EUR	2022				2021			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Balance at 1 January	13,693	1,122	381	15,196	16,062	1,137	449	17,648
Depreciation	-2,288	-633	-55	-2,976	-2,370	-651	-68	-3,089
Additions	1,594	348	318	2,260	173	677	-	850
Disposals	-2,187	-	-220	-2,407	-172	-41	-	-213
Balance sheet value as at 31 December	10,812	837	424	12,073	13,693	1,122	381	15,196

Lease liabilities

Amounts in thousands of EUR	2022			2021				
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,091	695	56	2,842	2,222	824	72	3,118
More than one year	9,272	149	372	9,793	12,124	301	315	12,740
Balance sheet value as at 31 December	11,363	844	428	12,635	14,346	1,125	387	15,858

Amounts in thousands of EUR	2022			2021				
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Maturity analysis – contractual undiscounted cash flows								
Less than one year	2,272	452	56	2,780	2,181	519	72	2,772
One to five years	5,202	390	372	5,964	5,115	596	205	5,916
More than five years	4,485	-	-	4,485	7,154	-	110	7,264
Undiscounted lease liabilities at 31 December	11,959	842	428	13,229	14,450	1,115	387	15,952

41 Other assets

The balance sheet value of the other assets as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Receivable regarding the deposit guarantee scheme	2,700	2,700
Other	38,005	43,775
Allowance for ECL	-488	-1,119
Balance sheet value as at 31 December	40,217	45,356

Of the other assets, EUR 14.1 million has a maturity of less than one year (2021: EUR 19.6 million). Due to the nature and the maturity of the other assets, the fair value approximates the carrying value.

The other assets includes an amount of EUR 2.6 million (2021: EUR 1.3 million) regarding receivables from consolidated participating interests.

42 Accrued assets

Of the accrued assets, EUR 10.2 million has a maturity of less than one year (2021: EUR 12.4 million). Due to the nature and the maturity of the accrued assets, the fair value approximates the carrying value.

43 Non-current Assets Held for Sale

The balance sheet value of the assets held-for-sale as at 31 December can be broken down as follows:

Amounts in thousands of EUR	2022	2021
Repossessed assets	4,750	6,544
Own property held for sale	-	6,135
Balance sheet value as at 31 December	4,750	12,679

Triodos Bank can acquire the collateral under non performing loans, all assets acquired are real estate. It is the intention of Triodos Bank to dispose of these assets as they are not part of the primary business of the Bank. If permitted by the underlying contracts of the acquired assets, these assets are presented as real estate for sale, using a realtor.

The sale of own property held for sale has been finalised in May 2022.

44 Amounts owed to credit institutions

Amounts in thousands of EUR	2022	2021
Deposits from banks	337,072	73,919
Deposits from Central Banks (TLTRO)	-	1,550,000
Interest payable	15	-15,614
Balance sheet value as at 31 December	337,087	1,608,305

45 Amounts owed to customers

Amounts in thousands of EUR	2022	2021
<i>Business clients:</i>		
Saving accounts	1,215,835	1,235,538
Fixed term deposits	151,551	101,866
Current accounts	2,862,805	2,424,143
<i>Retail clients:</i>		
Saving accounts	5,390,139	5,332,991
Fixed term deposits	312,981	373,985
Current accounts	2,049,225	1,916,959
Interest payable	1,716	718
Balance sheet value as at 31 December	11,984,252	11,386,200

The amounts owed to customers include an amount of EUR 23.6 million (2021: EUR 12.2 million) for deposits from consolidated participating interests.

Amounts owed to customers classified by residual maturity:

Amounts in thousands of EUR	2022			2021		
	Business clients	Retail clients	Total	Business clients	Retail clients	Total
Payable on demand	4,102,632	7,419,638	11,522,270	3,690,041	7,224,401	10,914,442
1 to 3 months	71,647	63,886	135,533	8,101	73,215	81,316
3 months to 1 year	37,566	157,774	195,340	33,422	173,778	207,200
1 to 5 years	16,344	88,878	105,222	26,240	123,229	149,469
Longer than 5 years	2,608	23,279	25,887	3,980	29,793	33,773
Balance sheet value as at 31 December	4,230,797	7,753,455	11,984,252	3,761,784	7,624,416	11,386,200

46 Other debts

The other debts fall due within one year for an amount of EUR 19.0 million (2021: EUR 15.2 million). Due to the nature and the maturity of the other debts, the fair value approximates the carrying value.

The other debts includes an amount of EUR 0.0 million (2021: EUR 0.0 million) regarding payables to consolidated participating interests.

47 Accrued liabilities

The accrued liabilities fall due within one year for an amount of EUR 53.7 million (2021: EUR 34.9 million). Due to the nature and the maturity of the accrued liabilities, the fair value approximates the carrying value.

48 Provisions

Amounts in thousands of EUR	2022	2021
ECL on financial guarantee contracts issued	112	20
ECL on loan commitments issued	927	1,055
Other provisions	5,566	1,062
Balance sheet value as at 31 December	6,605	2,137

In May 2022 Triodos Bank announced its intention to optimise its resources and deliver increased impact for the bank's customers and investors. This restructure will help the bank to realise cost savings of approximately EUR 11-12 million. The restructuring is aiming to optimise the Bank through integration. To enable this restructuring Triodos Bank has recorded a restructuring provision of EUR 4.3 million, representing the cost related to redundancies. Any costs related to ongoing business such as retraining or

relocating employees and consulting fees are not provided for. Further details over the restructuring plan can be found under note 16 Provisions, within the consolidated accounts of Triodos Bank.

In 2021, a provision of EUR 2.3 million was recorded in relation to a sale in 2019 of an investment within a managed investment fund that had been marked, in retrospect, for a fiscal claim, in which case part of the received management fee might need to be repaid. This provision has been derecognised in 2022 due to developments that have made the probability of future payments highly unlikely.

The movement of the other provisions is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	1,062	1,501
Addition	5,482	511
Withdrawal	-112	-182
Release	-866	-768
Exchange rate differences	-	-
Balance sheet value as at 31 December	5,566	1,062

49 Subordinated liabilities

Amounts in thousands of EUR	2022	2021
<i>Subordinated Tier 2 instruments:</i>		
Subordinated Green Bond (institutional investors)	248,336	247,930
Interest payable	5,073	866
Balance sheet value as at 31 December	253,409	248,796

In 2021 Triodos Bank realised a successful placement of a subordinated Green Bond. The Green Bond has a nominal value of EUR 250 million, a tenor of 10.25 years, and a coupon of 2.25% for the first five and a quarter years after which there is an option to early redeem the bond. If the bond is not early redeemed, the interest rate is reset to maturity at 2.4% above the annual Euro mid swap rate. The Green Bond has been placed below nominal value at 99.497%. The placement of the Green Bond results in an increase of the Tier 2 Capital which is a diversification of the Total Capital of Triodos Bank.

The Green Bond has been issued taking into account the ICMA Green Bond Principles, Climate Bond Initiative Standards and the EU Taxonomy recommendations. It has been assessed by a Second Party Opinion as best market practice on all components. This confirms Triodos Bank's ambition to 'change finance, by financing change' and underlines its position as frontrunner in sustainable banking.

The movement of the subordinated Green Bond issued is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	248,796	-
Issuance	-	247,868
Amortisation	406	62
Interest payable	4,207	866
Balance sheet value as at 31 December	253,409	248,796

50 Equity

Share capital

The authorised capital totals to an amount of EUR 1.5 billion and is divided into 30 million ordinary shares, each with a nominal value of EUR 50. At year-end, there were 14,467,056 ordinary shares (2021: 14,467,056 shares), each of EUR 50, issued to and fully paid up by Stichting Administratiekantoor Aandelen Triodos Bank. As at the same date, Stichting Administratiekantoor Aandelen Triodos Bank had also issued 14,467,056 depository receipts (2021: 14,467,056 depository receipts), each with a nominal value of EUR 50.

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to the Other reserves. Any balance remaining after the re-issuing of all own depository receipts purchased shall be placed at the disposal of the Annual General Meeting.

The movement in the number of shares is as follows:

Amounts in thousands of EUR	2022	2021
Number of shares as at 1 January	14,467,056	14,467,056
Increase of share capital	-	-
Number of shares as at 31 December	14,467,056	14,467,056

Share premium reserve

This item includes the share premium reserve, which is composed of deposits that exceed the nominal capital, after deduction of capital transfer tax. The full balance of the share premium reserve has been recognised as such for tax purposes.

Statutory reserve

The statutory reserve is a regulatory reserve for in-house developed intangible assets and is not available for distribution to shareholders.

Amounts in thousands of EUR	2022	2021
Development costs	49,568	46,431
Balance sheet value as at 31 December	49,568	46,431

The movement is as follows:

Amounts in thousands of EUR	2022	2021
Balance sheet value as at 1 January	46,431	43,806
Transfer of retained earnings	3,137	2,625
Balance sheet value as at 31 December	49,568	46,431

Retained earnings

The movement in retained earnings includes purchasing of own depository receipts. At year-end 2022, Triodos Bank had purchased 250,634 own depository receipts amounting to EUR 21,556 thousand (2021: 250,634 amounting to EUR 21,556 thousand).

51 Contingent liabilities

This item relates to credit-substitute guarantees and non-credit-substitute guarantees that are partly secured by blocked accounts for the same amount.

Amounts in thousands of EUR	2022	2021
Credit substitute guarantees	25,295	35,929
Non-credit substitute guarantees	40,848	53,113
Total contingent liabilities	66,143	89,042

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks. Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:

- Obligations to purchase sustainable goods, such as wind turbines.
- Obligations to decommission equipment or reinstate property (mostly related to project finance provided by Triodos Bank).

During 2020, Triodos Bank has provided a guarantee with a maximum of EUR 20 million to Triodos Investment Management relating to a transaction that was made on behalf of an investment fund managed by Triodos Investment Management. Triodos Bank receives a fee of 0.1% per annum over the maximum guarantee.

The decrease of the credit substitute guarantees is mainly due to the conversion, by a client, of a large credit substitute guarantee into a loan agreement with Triodos Bank.

The decrease of the non-credit substitute guarantees is mainly due to the termination of a few large bank guarantees.

Contingent liabilities - Legal proceedings

Triodos Bank is involved in a number of legal proceedings. Management assesses the outcome of litigation matters, and takes provisions when expected losses with respect to such matters are more likely than not. Provisions are not recognised for matters against Triodos Bank for which an expected outflow of resources cannot be reliably estimated or that are not more likely than not to lead to an outflow of resources. Therefore, per year end Triodos Bank has a contingent liability due to legal proceedings in relation to Depository Receipts. For more information on the contingent liability, refer to 19 Contingent liabilities (see page 198).

52 Irrevocable facilities

These relate to the total liabilities in respect of irrevocable undertakings, which may lead to a further loan.

Amounts in thousands of EUR	2022	2021
Undrawn debit limits on current accounts and credit cards	362,338	370,066
Accepted loans not yet paid out	1,274,781	1,430,467
Valid loan offers not yet accepted	74,393	127,829
Other facilities	1,037	1,220
Total irrevocable facilities	1,712,549	1,929,582

Notes to the parent company profit or loss account

53 Interest income

Amounts in thousands of EUR	2022	2021
Loans and advances to customers	191,296	169,624
Loans and advances to banks	9,628	50
Debt securities at amortised cost	7,850	8,241
Negative interest expense on TLTRO III	10,055	13,703
Negative interest expense deposits from customers	5,683	6,441
Other interest income	634	2,707
Total interest income	225,146	200,766

The interest income includes income derived from loans and related transactions, as well as related commissions, which by their nature are similar to interest payments. The interest-bearing securities item does not include sales result (2021: nil).

The interest income includes income derived from loans provided to consolidated participating interest in the amount of EUR 109.0 thousand (2021: EUR 129 thousand).

54 Interest expense

Amounts in thousands of EUR	2022	2021
Deposits from customers	-2,601	-2,719
Deposits from banks	-1,026	-656
Subordinated liabilities	-6,030	-928
Negative interest income loans and advances to banks	-8,175	-13,598
Negative interest income debt securities	-1,463	-1,009
Other interest expense	-5,719	-2,680
Total interest expense	-25,014	-21,590

55 Income from participating interests

Amounts in thousands of EUR	2022	2021
Dividend from investment securities	616	310
Result on group companies after taxation	19,182	15,382
Total investment income	19,798	15,692

56 Fee and commission income

Amounts in thousands of EUR	2022	2021
Guarantee commission	633	849
Transaction fee securities	1,249	1,319
Payment transactions ¹	31,174	29,395
Lending	13,492	11,308
Asset Management ¹	15,227	15,577
Management fees	8,161	5,017
Other commission income	2,938	4,349
Total fee and commission income	72,874	67,814

¹ Service fees on investment accounts are reclassified from payment transactions to asset management. The comparative figures in the amount of EUR 6.5 million are adjusted accordingly.

57 Fee and commission expense

Amounts in thousands of EUR	2022	2021
Commission to agents	39	295
Asset Management	1,934	916
Other commission expense	5,833	4,360
Total fee and commission expense	7,806	5,571

58 Net result from other financial instruments at FVTPL

Amounts in thousands of EUR	2022	2021
Hedge accounting ineffectiveness	1,245	34
Fair value movement of derivatives not yet in a hedge relationship	-1,461	1,017
Fair value movement of participating debt at fair value through profit or loss	116	986
Net result from other financial instruments at FVTPL	-100	2,037

59 Other income

Amounts in thousands of EUR	2022	2021
Exchange results for foreign currency transactions	-3	2
Transaction results on currency forward contracts	17	23
Realised results assets not in use ¹	219	1,225
Income assets not in use ¹	70	183
Modification result	268	94
Other income	379	464
Total other income	950	1,991

¹ Assets not in use relates to acquired collateral on written off loans.

For further information on the hedge accounting ineffectiveness, refer to Non-trading derivatives and hedge accounting (see page 311).

The other income relates to fees for other services performed and results from asset disposals.

60 Personnel and other administrative expenses

Amounts in thousands of EUR	2022	2021
Personnel expenses		
• salary expenses	78,286	71,026
• pension expenses ¹	10,022	9,446
• social security expenses	14,842	13,185
• temporary co-workers	23,311	21,532
• other staff costs	8,236	5,974
• capitalised co-worker costs	-11,261	-9,670
Total personnel expenses	123,436	111,493
Other administrative expenses		
• IT costs	16,807	17,392
• external administration costs	11,804	10,635
• advertising charges	6,173	6,325
• office costs	3,600	3,521
• accommodation expenses	4,276	4,473
• fees for independent auditor ¹	18,482	13,278
• travel and lodging expenses	994	710
• other expenses ²	10,847	6,966
Total other administrative expenses	72,983	63,300
Total personnel and other administrative expenses	196,419	174,793
Average number FTE's during the year³	1,181.4	1,097.7

¹ The details of the pension scheme and of the auditor fees are included in note 27 Personnel and other administrative expenses of the financial statements.

² The other expenses has increased due to the creation of a reorganisation provision in the amount of EUR 4.3 million.

³ Of which 501.7 FTE (2021: 491.2 FTE) works outside of the Netherlands.

61 Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

Amounts in thousands of EUR	2022	2021
Amortisation of intangible fixed assets	13,452	11,218
Impairment of intangible fixed assets	-	333
Amortisation & impairment charge for the year	13,452	11,551
Depreciation of property and equipment	10,469	11,139
Impairment of tangible fixed assets	92	2,319
Amortisation & impairment charge for the year	10,561	13,458

Depreciation has been reduced by the part that is charged on to related parties.

62 Impairment result on financial instruments

This item consists of expenses associated with write-downs on loans and other receivables.

Amounts in thousands of EUR	2022	2021
Allowance for expected credit loss	2,414	-2,969
Other impairments on financial instruments	102	78
Total impairment result on financial instruments for the year	2,516	-2,891

63 Taxation on operating result

Amounts in thousands of EUR	2022	2021
Taxation to be paid	11,621	12,827
Deferred taxation	1,339	642
Total taxation on operating result	12,960	13,469

Reconciliation of effective tax rate

Amounts in thousands of EUR	2022	2021
Result before taxation	62,900	64,228
Result on group companies after taxation	19,182	15,382
Statutory result before taxation	43,718	48,846
Statutory tax rate	25.8%	25.0%
Statutory tax amount	11,279	12,211
Income Non Taxable	2	-222
Tax Deduction Not Expensed	-	-
Expenses Non Deductible	1,927	1,266
Impact tax rate differences - statutory rate foreign jurisdictions	389	268
Restatement of deferred taxation items as the result of amended tax rates	-	194
Incentives for gifts, community investment and innovation	-329	-326
Other reconciling items	-308	78
Effective tax amount	12,960	13,469
Effective tax rate	20.6%	21.0%

Subsequent events

There are no subsequent events that are of material nature for the annual accounts.

Driebergen-Rijsenburg, 15 March 2023

Supervisory Board,

Executive board,

Mike Nawas, Chair

Jeroen Rijpkema, CEO, Chair

Danielle Melis, Vice-Chair

Kees van Kalveen, CFO

Sébastien D'Hondt

Marjolein Landheer, CRO a.i.¹

Kristina Flügel

Jacco Minnaar, CCO

Susanne Hannestad

Nico Kronemeijer, COO

¹ Marjolein Landheer temporarily replaces the current CRO, Carla van der Weerd, who is recovering from the health impact of long COVID-19.

Other information

Profit appropriation

The appropriation of profit as set in the articles of association is presented under note 18 Equity on page 195.

The appropriation of profit in the Articles of Association is as follows:

Part of the profit as reported in the adopted profit or loss account shall be used by the Executive Board to form or add to the reserves to the extent that this is deemed desirable. The remaining profit shall be distributed to the shareholders, unless the General Meeting decides otherwise.

Banking entities

In addition to its head office in The Netherlands, Triodos Bank has banking entities in The Netherlands, Belgium, Spain, Germany and a subsidiary in the United Kingdom.

Combined independent auditor’s and assurance report

General

The purpose of Triodos Bank N.V. (‘the Bank’), as disclosed in the annual report on page 11, is to connect depositors and investors with socially responsible businesses to build a movement for a sustainable, socially inclusive society, built on the conscious use of money. This purpose makes that customers and other stakeholders are interested in more than just the financial performance of the Bank.

Our assurance procedures consisted of an audit of the annual accounts (‘the financial statements’) of Triodos Bank N.V. and limited assurance procedures (review procedures) over the sustainability information in the Bank’s annual report.

Our scope can be summarised as follows:

Triodos Bank N.V.
Annual Report 2022

<p>Consolidated and company financial statements</p> <p>Audit scope</p> <p><i>Reasonable assurance</i></p>	<p>Sustainability information (refer to assurance report)</p> <p>Review scope</p> <p><i>Limited assurance</i></p>
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Other information in the Annual Report

Verified consistency with financial statements and performed procedures in line with Dutch Standard 720

Independent auditor's report

To: the general meeting and the supervisory board of Triodos Bank N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of Triodos Bank N.V., together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code; and
- the parent company financial statements of Triodos Bank N.V., ('the Bank') give a true and fair view of the financial position of the Bank as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Triodos Bank N.V., Driebergen-Rijsenburg. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022;
- the following statements for 2022: the consolidated profit and loss account, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, comprising a summary of the significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at 31 December 2022;
- the parent company profit or loss account for the year then ended;
- the parent company statement of changes in equity; and
- the notes to the parent company financial statements, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 Book 2 of the Dutch Civil Code for the parent company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Triodos Bank N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach on fraud risk and the audit approach on going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Triodos Bank N.V. is a bank which operates on the basis of adding cultural value and benefiting people and the environment. The Group operates in Europe and the United Kingdom and is comprised of several components (refer to the consolidation principles on page 147 of the financial statements for an overview of the companies and branches included in the consolidation), therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. Through these components, the Bank primarily offers retail and business banking as well as investment management services.

Over the past year, several important decisions have been taken concerning the 'organisation in transition' and way forward but full and due execution may not be without challenges. This transition seeks to improve the efficiency of the Bank on multiple levels and boost profitability on the longer term and includes several topics. The topics relevant for our audit were the listing of the Bank's depository receipts on a Multilateral Trading Facility ('MTF'), which is now scheduled for Q2 2023, the intention for optimisation of resources under the Target Operating Model ('TOM') and the several important changes in the leadership of Triodos Bank at all levels in a relatively short period of time. As also described in the section 'Risk management' in the financial statements and 'an organisation in transition' in the annual report there has been significant, formal and informal, communication and interaction with DR holders. This has also been further explained in note 19 of the 'off-balance sheet liabilities'. These developments at the Bank have affected our risk assessment, approach and audit procedures as set out in the section 'Key audit matters' and also resulted in this year's key audit matter 'organisation in transition'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgments, for example, in respect of significant accounting estimates that involved making assumptions

and considering future events that are inherently uncertain. In the section 'Critical judgements and estimates' of the financial statements, the Bank describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Of the estimates and judgements mentioned in this section, we considered the allowance for expected credit losses on loans and advances to customers, given the complexity of the models and their assessment of the (un)suitability in the current environment as key audit matter as set out in the section 'Key audit matters' of this report. In line with the previous year we also raised the valuation of level 2 and level 3 financial instruments as a key audit matter as set out in the section 'Key audit matters' of this report. The reason to include the valuation of level 2 and level 3 financial instruments as well as the topic 'An organisation in transition' as key audit matters is driven primarily due to the increased complexity and attention for the various topics included in this subject such as, but not limited to, (macro and micro) hedge accounting and the litigation regarding DR. The elevated economic uncertainty combined with the persisting interest rate rises, deteriorating economic forecasts and intensified inflationary pressures have heightened the estimation uncertainty for estimates and judgements made by the Bank, specifically towards predicting relationships between macroeconomic variables and key parameters applied to data inputs (due to inherent limitations of the models) on its loan portfolios. This also drives the requirement for Triodos to continuously assess the sector sensitivities and adjustments within the model to capture economic uncertainty on a more micro economic level.

As part of the Triodos Bank's mission, environmental impact is an important topic for the Group. This is also evidenced by the Group's ambition to be climate neutral by 2035, as further explained in the executive board report. In the section 1.6 'Risk and compliance' of the executive board report and the paragraph 'strategic risk' in the 'Risk management' section of the financial statements the Group explains the possible effects of climate change in particular on its loan portfolios. We discussed the Group's assessment and governance thereof with the executive board and evaluated the potential impact on the underlying assumptions and estimates in respect of the expected credit losses of loans and advances to customers. Considering the limited impact on the current financial position, the impact of climate change is not considered a separate key audit matter but is taken into account as part of the key audit matter on expected credit losses on loans and advances to customers. It is noteworthy that the impact of climate change is still difficult to reliably calculate and requires further developments for which Triodos should further prepare for.

Other areas of focus that were not considered as key audit matters were for example revenue recognition, management override of controls, reliability and continuity of IT systems and compliance with laws and regulation. Though these are areas of focus in our audit, they were not the matters of most significance in the audit of the financial statements of the current period.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a bank and investment manager. We therefore included experts and specialists in the areas of amongst others IT, taxation, as well as experts in the areas of valuation and credit modelling in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: EUR 4.1 million.

Audit scope

- We conducted audit work on Triodos Bank N.V.'s head office activities (hereafter: head office), four of its branches, Triodos Bank UK Ltd. and Triodos Investment Management B.V.
- Site visits were conducted to Spain and the United Kingdom
- We attended the closing meetings of head office, the four branches, Triodos Bank UK Ltd. and Triodos Investment Management B.V. via video conferencing. In addition, we remotely reviewed selected working papers of our component auditors.
- Audit coverage: 100% of consolidated total income, 100% of consolidated total assets and 99% of consolidated profit before tax.

Key audit matters

- Allowance for expected credit losses on loans and advances to customers
- Fair value measurement of level 2 and level 3 financial instruments
- Organisation in transition

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	EUR 4.1 million (2021: EUR 3.1 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.33% of total equity (prior year: 0.25% of total equity).
Rationale for benchmark applied	We used equity as the primary benchmark, a commonly used alternative benchmark in the banking industry, based on our analysis of the common information needs of the users of the financial statements. We have applied this benchmark, as in prior year, on the basis of the increased attention of stakeholders in Triodos Bank's capital strategy. To ensure we determined an appropriate level of materiality, we assessed this benchmark against other benchmarks such as: total income, profit before tax and total assets. We used our professional judgement to determine overall materiality. We note that we will increase the rule of thumb by 0.08% to 0.33%. There are standard ranges of percentages to be used for each benchmark (as best practices). The rationale

for such an adjustment to the rule of thumb lies in the growth in the business (to list a few: Green Bond issuance, the growth in the sustainable loan portfolio), and the cumulative audit knowledge since our first appointment. Our proposal is also benchmarked and brought more in line with generally accepted practice. Based on the threshold of 0.33% of total equity, we consider EUR 4.1 million to be the appropriate overall materiality level.

Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between EUR 900 thousand and EUR 3.9 million.
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We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above EUR 207 thousand (2021: EUR 155 thousand) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. For balance sheet only reclassifications, we agreed with the Group's supervisory board to report on misstatements above EUR 7.9 million (2021: EUR 8.2 million).

The scope of our group audit

Triodos Bank N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Triodos Bank N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

In determining the scope of the group audit, we assessed the components that are individually financially significant to the Group (i.e., significant component), specifically: head office, three branches (The Netherlands, Belgium, and Spain), Triodos Bank UK Ltd. and Triodos Investment Management B.V. We subjected these six components to audits of their complete financial information (full scope audit).

Additionally, we have discussed and agreed with the executive and supervisory board to have the branch in Germany in full scope audit in 2022. Although this branch is financially not material based on our scoping considerations, we discussed and agreed to build an element of unpredictability in our audit and have full scope procedures being performed in 2022, compared to the review procedures in the prior year.

In total, in performing these procedures, we achieved the following coverage:

Total income	100%
Total assets	100%
Profit before tax	99%

For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for the head office and the Dutch branch. For Triodos Investment Management B.V. we used a component auditor in the Netherlands. For the other branches and Triodos Bank UK Ltd., we used component auditors who are familiar with the local laws and regulations to perform the audit work. All components in scope for group reporting are audited by PwC member firms.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach.

We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters that could be of relevance for the consolidated financial statements. In addition, we remotely reviewed a selection of working papers of our component auditors. During the virtual closing meetings with local management and the component auditors, we discussed the strategy and financial performance of the local businesses, as well as the audit plan and execution, significant risks and other relevant audit topics and findings.

Based on the lifting of travelling restrictions that were in place due to COVID, the group engagement team planned visits to the component teams and local management on a rotational basis. In the current year, the group audit team visited the Spanish branch component as well as visiting Triodos Bank UK Ltd. operating location. During these visits we held in-person meetings with representatives of local management and with our component teams. For each of the in-scope locations we physically reviewed selected working papers of the respective component auditors.

The group engagement team performed the audit work on the group consolidation, financial statements disclosures and a number of more complex items and topics at the head office as these are performed centrally. These included amongst others derivative financial instruments, hedge accounting, impairment of loans and advances to customers (stage 1 and 2), TLTRO and the target operating model (TOM) restructuring provision.

Given the importance of the judgements involved in the litigation and claims regarding the suspension of the DR trade, the component auditor of the Spanish branch and the group engagement team were in close contact throughout the year about the findings of their procedures and other matters of relevance for the consolidated financial statements.

Banks in general depend on an effective and efficient information technology ('IT') environment. We engaged our IT specialists to assist us in assessing, for the purpose and to the extent relevant for our audit, the information technology general controls ('ITGCs') within the Group. This includes the policies and procedures used by the Group to ensure IT operates as intended and provides reliable data for financial reporting purposes. Furthermore, our IT specialists supported us in our key report testing and application controls testing.

We tailored our approach towards the fact that the Group operates an in-house developed IT system as well as off-the-shelf IT systems throughout the Group.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to the paragraph 'fraud risk' in the risk management section of the financial statements and in section 1.6 'risk and compliance' of the executive board report on how the risk of fraud is managed and mitigated by the Bank.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We conducted interviews with members of the executive board, the supervisory board and with others within the Bank, including internal audit, operational risk management and compliance, to obtain an understanding of the Bank's fraud risk assessment and of the processes for identifying and responding to the risks of fraud and the internal controls that the executive board has established to mitigate these risks.

As described in the auditing standards, management override of controls and risk of fraud in revenue recognition are presumed risks of fraud. Inherently, management of a company is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We addressed this risk of management override of controls, including evaluating whether there was evidence of bias in management's estimates and judgements that may represent a risk of material misstatement due to fraud (we refer in this respect to the key audit matters 'allowance for expected credit losses of loans and advances to customers').

The audit procedures to respond to the assessed risks include, amongst others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks, assessing the Group's code of conduct, whistle-blower procedures and incident registration, back-testing of prior year's estimates, and procedures on unexpected journal entries with the support of data analytics. Furthermore, we paid attention to significant transactions outside the normal course of business.

With regards to the risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk is related to revenue recognition in areas that are more complex, non systematic or manual in nature such as fee and commission income. We instructed our component auditors to perform procedures over this risk, including evaluation of the design and implementation of relevant internal controls, and procedures over revenue recognition such as test of details of fees and commissions, to ensure that the income recorded is accurate and had occurred.

We incorporated an element of unpredictability in our audit. We also reviewed a selection of lawyer's letters and correspondence with regulators. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Our procedures did not lead to indications for fraud potentially resulting in material misstatements in the context of our financial statements audit.

Audit approach with respect to non-compliance with laws and regulations

There is an industry risk that emerging compliance areas have not been identified and/or addressed by the executive board for financial statement purposes. This includes the consideration whether there is a need for the recognition of a provision or a contingent liability disclosure on the future outcome of legal or regulatory processes.

The primary responsibility for the prevention and the detection of non-compliance with laws and regulations lies with the executive board with the oversight of the supervisory board.

The objectives of our audit with respect to non-compliance with laws and regulations are:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

In line with Dutch Standard 250 we made in our audit approach a distinction between those laws and regulations that:

- have a direct effect on the determination of material amounts and disclosures in the financial statements. For this category we obtained amongst others audit evidence regarding compliance with the provision of those laws and regulations; and
- do not have a direct effect on the determination of material amounts and disclosures in the financial statements, but where compliance may be fundamental to the operating aspects of the business. Those include amongst others the Bank's ability to continue its business or to avoid material penalties (e.g. Anti-money laundering and anti-terrorist financing act (Wwft)). For this category, we inquired with members of the executive board, the supervisory board and the compliance department as to whether the Bank is compliant with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

Audit approach going concern

As disclosed in the paragraph 'statement of compliance' in the notes to the consolidated financial statements, the executive board performed their assessment of the Group's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the Group's ability to continue as a going concern (hereafter: going-concern risks).

The executive board performed their assessment of the Bank's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

We evaluated the executive board's assessment of the Group's ability to continue as a going concern. In doing so, we amongst others:

- considered whether the executive board's going concern assessment includes all relevant information of which we are aware as a result of our audit procedures, including the suspension of the trade in depository receipts and the associated litigation and claim risk, and inquiring with the executive board regarding the executive board's most important assumptions underlying its going concern assessment, including the capital and liquidity contingency scenarios.

- read correspondence with the relevant regulators with regards to regulatory capital and liquidity requirements of the Group, as well as other correspondence such as the findings of the DNB's Supervisory Review and Evaluation Process (SREP) which determines the Group's required Regulatory ratios.
- consulted directly with the relevant regulatory body in the context of the audit, among others about the transition of the Bank. Refer also to the section 'Key audit matters' below.
- evaluated the developments in respect of funding, liquidity and solvency of the Group and, where applicable, assessed these in the context of the prudential requirements imposed by the Dutch Central Bank;
- evaluated the Bank's medium-term planning and budget process 2023-2025 (, specifically for the next twelve months);
- analysed whether the current and the required liquidity has been secured to enable the continuation of the Bank's compliance with relevant prudential requirements;
- considered the results of our (other) risk assessment procedures and related activities performed to identify events or conditions that may cast significant doubt on the Group's ability to continue as a going concern;
- gained an understanding and evaluated the Group's financial position and stress testing of liquidity and regulatory capital requirements (as outlined in the Bank's recovery plan 2022), including the severity of the stress scenarios that were applied.
- evaluated the adequacy of the disclosures in paragraph 'statement of compliance' to the financial statements in relation to going concern; and
- performed inquiries of the executive board as to its knowledge of going concern risks beyond the period of the executive board's assessment.

Our procedures did not result in conclusions contrary to the executive board's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

We note that our key audit matter 'allowance for expected credit losses of loans and advances to customers' and 'Fair value measurement of level 2 and level 3 financial instruments' are recurring as it relates to the Group's primary business processes and objectives and is therefore expected to occur every year. The developments linked to the KAM 'An organisation in transition', regarding DR litigation, TOM project and outlooks and all the judgements and estimates involved received attention from the bank, which considerably affected our risk assessment, approach, scope and execution in 2022. These are described in more detail in the individual key audit matters below.

Key audit matter

Allowance for expected credit losses on loans and advances to customers

Refer to paragraphs 'Critical judgement and estimate related to ECL' and 'Financial instruments', of the accounting policies section, note 3 'Loans and advances to customers' and paragraph 'Credit risk' as part of 'Financial risk' in the Risk management section of the financial statements.

As at 31 December 2022, the gross loans and advances to customers amount to EUR 10.671 million (2021: EUR 10.217 million) and the total allowance for expected credit losses ('ECL') amounts to EUR 51.22 million (2021: EUR 48,.8 million).

In accordance with the requirements of IFRS 9 'Financial instruments', the Bank applies a three-stage expected credit loss impairment model:

- stage 1: for assets that have not had a significant increase in credit risk ('SICR') since initial recognition, 12-month ECLs are recognised;
- stage 2: for assets that have experienced a SICR since initial recognition, but that do not have objective evidence of impairment, lifetime ECLs are recognised; and
- stage 3: for assets that have objective evidence of impairment at the reporting date, lifetime ECLs are recognised.

The Bank has two different models. One for business loans and one for mortgage loans, based on the differences in characteristics. For business loans, the lifetime ECL in stage 3 is determined on a loan-by-loan basis.

As at 31 December 2022, the business loans represented a gross carrying amount of EUR 6.5 billion (2021: EUR 6.5 billion) (allowance for ECL of EUR 49.8 million (2021: EUR 47.9 million)), the mortgage loans represented a gross carrying amount of EUR 4.5 billion (2021: EUR 3.6 billion) (allowance for ECL of EUR 1.4 million (2021: EUR 1.1 million))

Our audit work and observations

Control environment

Our audit procedures over the allowance for expected credit losses for loans and advances to customers started with gaining an understanding of the Group's internal controls over the credit risk management and impairment processes.

We evaluated the governance framework over the development, periodic validation and calibration of the ECL models.

We evaluated the design and tested the operating effectiveness of the Group's key controls in the following areas:

- the loan origination and administration process both for mortgages and business lending;
- the internal credit rating system;
- the methodology in measuring and determining SICR; and
- the review and approval process that management has in place for timely, accurate and complete determination of stage 3 loan-by-loan ECL allowances.

We determined that we could rely on these controls for the purpose of our audit.

Assessment of model-based ECL (stage 1 and 2)

With support of our internal credit modelling experts, we performed the following procedures on the model-based ECL as at 31 December 2022:

- evaluation of the reasonableness of the applied model methodology (including the assumptions regarding PD, LGD and EAD, applied criteria for SICR, assumptions for the measurement of ECL, and the number and relative weightings of forward-looking scenarios) in line with EU-IFRS and market practice;
- evaluation of the applied definition of default and assessing the conceptual soundness of the approach;
- evaluation of the macroeconomic scenarios and macroeconomic variables applied by challenging these with observable market data;
- testing the input data and data lineage in respect of the critical data elements and a reconciliation of a sample of input data to the source systems;

Key audit matter

As the executive board considers the impact of climate risk to be limited on the Group's loan portfolio, the current models do not specifically measure or quantify the impact of risk resulting from transitional or physical climate change impact into the credit risk provisions.

Model methodology and inputs (stage 1 and 2)

In the models the Bank utilises amongst others the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). For the definition of these variables, refer to note 'Impairment of financial assets' on page 151 of the financial statements. The critical data elements as input for these models are retrieved from the core banking source systems. Next to these elements, three global macroeconomic scenarios (base, upside and downside) are incorporated into the models and the probability of the scenarios is weighted in order to determine the expected credit losses.

When data limitations or other inherent model limitations are identified, expert judgement is applied to the model inputs.

Stage 3 ECL allowance

For each individually credit-impaired business loan the Group determines an impairment allowance based on management's most likely scenarios considering assumptions and data like timely identification of impairment triggers, expected future cash flows, discount rates and the value and recoverability of the corresponding collateral. The recorded ECL is the probability weighted average of the different identified scenarios.

Judgements and estimation uncertainty

The judgements and estimation uncertainty in the allowance for expected credit losses for loans and advances to customers are primarily linked to the following aspects:

- determining criteria for SICR;
- establishing the number and relative weightings of (forward-looking) scenarios;

Our audit work and observations

- challenging management on the reasonableness of their provided explanations and evidence supporting the key model parameters by benchmarking them to other market participants; and
- partial re-performance of the model assessment procedures performed by the model developers focusing on the more significant tests such as back-testing procedures on PD and EAD.

We challenged management on the implications of the geopolitical tensions and the persisting interest rates rises on the ECL models by performing the following:

- enquiries with group and local management, central and local credit risk managers, asset & liability management and modelling department, and group and local finance and control departments;
- we verified whether changes were needed and whether appropriate changes were made to models, underlying assumptions and/or staging policy following the implications of the macroeconomic environment as a whole; and
- we assessed the sensitivity analysis performed by management related to, amongst others, the applied macroeconomic forecasts.

We paid attention to the potential impact of physical and transition climate-related risks on the allowance for expected credit losses. In this context, we assessed stress tests and self-assessments performed by management including the evaluation of the risk and any risk mitigating measures present within the Group. Given the strategy of the Group and composition of the loan portfolio as at 31 December 2022 the impact of physical and transition climate-related risks currently have no material impact on the measurement of the loans and advances to customers.

Key audit matter

- establishing the number and relative weightings of (forward-looking) recovery scenarios for individually assessed credit-impaired loans;
- predicting relationships between macroeconomic variables and credit risk and credit losses for each sector;
- the determination of the future cash flows based on the appropriate use of key parameters (such as forward-looking information) and the valuation of the recoverable collateral; and
- the determination of sector specific exposures as vulnerable to macro-economic events and assumed the implications of this in the ECL models (macroeconomic scenarios and predictions, model performance, etc.).

The complexity of the models, the assessment of the (un)suitability of the models in the current high inflationary environment and persisting interest rates rises, the significance of the assumptions applied and judgements made by management and the assumed SICR for specific sectors exposures in the form of sector sensitivities applied (due to inherent limitations and experts' judgement), increase the risks of material misstatement.

Therefore, we consider this a key audit matter in our audit.

Our audit work and observations

Assessment of individually assessed loans ECL allowance (stage 3)

We examined the methodology applied by the Group in determining loan by loan ECL allowances. Based on a risk assessment, we tested a sample of loans included in the specific loan loss provision to verify the judgemental elements such as:

- the reason for classification in stage 3 (impairment trigger);
- the nature and accuracy of the expected future cash flows based on the source from which the cash flows arise;
- the accuracy of the applied discount rate given the applicable latest interest rate and expected timing of the future cash flows; and
- the valuation of the corresponding collateral based on external appraisal reports and other external information, with an independent valuation performed by our valuation experts, for a sample of collateral objects; and
- evaluating management's analysis of the probability allocation of the recovery scenarios for a sample of individually assessed credit-impaired loans, corroborate with the actual facts and circumstances.
- furthermore, we assessed the watch list, past due listings and loans with low credit ratings and compared these to the loans actually provided for in the specific loan loss provision to determine whether the loans were adequately classified as performing or non-performing.
- In the selection of our risk-based sample and procedures over completeness of the stage 3 ECL allowance we specifically considered the implications of the high inflationary environment for certain sectors deemed to be at higher-risk.

Furthermore, we assessed the adequacy of the disclosures, including disclosures on estimation uncertainty and judgements, and observed that the disclosures comply with the disclosure requirements included in EU-IFRS.

Based on the above we assessed the methodology and inputs in determining the ECL loans and advances to customers allowance to be in line with market and industry practice.

Key audit matter

Fair value measurement of level 2 and level 3 financial instruments

Refer to paragraphs 'Financial Instruments', 'Derivatives' and 'Investment securities' of the accounting policies section, note 3 'Loans and advances to customers' (fair value hedge accounting), note 5 'Investment securities', note 10 'Non-trading derivatives, and paragraphs 'Fair value of financial instruments' and 'Non-trading derivatives and hedge accounting' as part of 'Financial Risk' in the Risk management section of the annual report.

As at 31 December 2022, the items carried at fair value in the financial statements concern:

- investment securities amounting to EUR 36.1 million (2021: EUR 35.6 million);
- derivatives amounting to EUR 295.7 million (2021: EUR 196.5 million) on the asset side and EUR 1.2 million (2021: EUR 6.9 million) on the liability side of the balance sheet; and
- fair value hedge accounting adjustment recorded under loans and advances to customers amounting to -EUR -289.7 million (2021: EUR -14.7 million).

Loans and advances to customers and debt securities at amortised cost are valued at amortised cost.

Of the investment securities, an amount of EUR 14.1 million (2021: EUR 19.2 million) resides within level 2 and EUR 5.1 million (2021: EUR 4.7 million) within level 3 of the fair value hierarchy. The Group's derivatives fall within level 2 of the fair value hierarchy. Of the debt securities, an amount of EUR 108.4 million (2021: EUR 85.2 million) falls within level 2 of the fair value hierarchy.

The fair value of the loans and advances to customers, disclosed in the risk management section on page 312 of the financial statements, amounts to EUR 9.9 billion respectively.

In the determination of the fair value of financial instruments, the fair value hierarchy is applied:

- level 1: valuations based on quoted prices (unadjusted) in active markets for identical instruments;

Our audit work and observations

Our audit procedures included an assessment of the overall governance of the treasury and investment process of the Group and the testing of design and operational effectiveness of the key controls with respect to financial instrument deal capturing and source data management. We determined that we could rely on these controls for the purpose of our audit.

For a sample of the investment securities we performed the following substantive procedures:

- testing the mathematical accuracy of the valuation performed by management;
- reconciling the applied share price at year-end to supporting documentation and assessed the appropriateness of the share price applied; and
- assessing the classification as participating interest based on the level of influence.

Based on the above we assessed the estimates in line with industry practice.

For our substantive audit procedures with respect to derivatives we performed the following:

- evaluating the appropriateness of the valuation models used considering market practices;
- comparing on a sample basis the observable input data against externally available market data and evaluating the reasonableness of the unobservable inputs applied; and
- independently re-performing management's valuation using our own valuation tools for the full portfolio of derivatives and debt securities.

We identified no material differences in the re-performance of the valuation of the financial instruments nor in the testing of the input data.

Based on our independent valuation procedures performed, we consider the estimates made by management to be within an acceptable range in the context of the estimation uncertainty in the fair valuation of these financial instruments.

Furthermore, we assessed the adequacy of the disclosures, including disclosures on estimation uncertainty and judgements, and observed that the disclosures comply with the disclosure requirements included in EU-IFRS.

- level 2: valuations based on other than quoted market prices within level 1 that are observable either directly or indirectly;
- level 3: valuations based on unobservable inputs for the asset.

The areas that involved significant audit effort and judgement relate to the level 2 and level 3 investments, since these are valued using model valuations instead of quoted prices in an active market.

No level 3 debt securities are held as at 31 December 2022.

The fair value of level 2 and level 3 financial instruments is determined using valuation techniques (such as discounted cash flow models) and the use of assumptions and estimates.

The judgement applied by management mainly relates to:

- the price used for the level 2 and level 3 investment securities and debt securities;
- the discount rates used in the valuation of the (embedded) derivatives; and
- prepayment rate and spread applied in the valuation of loans and advances to customers.

Given the level of judgement and the related estimation uncertainty around fair valuation with respect to level 2 and level 3 valuations in combination with the size of the portfolios, we consider the fair value valuation of level 2 and level 3 financial instruments as a key audit matter.

Key audit matter

An organisation in transition

Refer to paragraphs 'An organisation in transition' in the Executive Board report, 'Critical judgements and estimates' of the accounting policies section, note 19 'Off-balance sheet liabilities', note 16 'Provisions', paragraphs 'Stress testing' as part of 'Enterprise risk' and 'Liquidity risk' in the Risk management section of the financial statements and the "An organisation in transition" section of the Executive Board report.

In the context of macroeconomic uncertainty, the DR freeze and a competitive landscape, the Bank launched two projects, MTF and TOM, with the aim to better facilitate DR trading and to make changes to its organisation. We understand these projects are necessary in order to become future proof and delivering on non-financial impact coupled with a sustainable financial return.

The aforementioned projects also had an impact on the Group's financial position and performance in 2022 and beyond, more specifically in the following areas:

- litigation activity in certain locations relating to the suspended DR trading and planned MTF launch leading to 13.9 EUR million expenses in 2022.
- recognition of TOM restructuring provision as at 31 December 2022 amounting to EUR 5 million (2021: EUR nil).

Forward looking assessments and scenario analysis are considered in our regular process to assess the going concern assumption.

Judgements and estimation uncertainty

The recognition and measurement of provisions and the disclosure of (contingent) liabilities require considerable management judgement regarding:

- the future outcome of existing and potential court cases and DRs holders' care and relationships; and
- the increased estimation uncertainty in estimating reliably and the appropriateness of assumptions of the TOM restructuring provision.

Our audit work and observations

We performed the following procedures on the accounting and disclosure for the relevant DR related litigation as at 31 December 2022:

- evaluated the design and implementation of controls by the Bank to identify, monitor and disclose for liabilities and DR claims, and to assess the completeness and accuracy of data used to estimate DR claims.
- for claims in respect to the DR trading closure cases brought to court, requested the external lawyer of Triodos to provide us with their perspective in order to scrutinize the legal uncertainties and assumptions used.
- examined the relevant internal reports as well as regulatory and legal correspondence throughout the year to evaluate developments.
- held meetings with local management and the bank's internal and external legal counsel to get further legal context, insights into the probability weighting of scenarios and on the consideration whether a liability and provision is needed at 31 December 2022
- we challenged the Bank's assessment on DR legal cases and resulting conclusion of a not more than likely outflow of funds that is currently not reliably estimable which would otherwise warrant the recognition of a balance sheet provision at 31 December 2022.
- inquired with the risk, compliance, internal audit, executive and supervisory boards and legal departments of the Bank to evaluate the existing and potentially new obligations and litigation matters.
- we assessed the disclosures that were made in highlighting the uncertainties and exposures of contingent liabilities due to litigation and claims.
- assessed whether the disclosures provided on the different DR litigation and claim activities throughout the year in notes of the financial statements and schedules are in compliance with the EU-IFRS requirements.

We performed the following procedures on the TOM provision as at 31 December 2022:

- evaluated the design and implementation of controls by the Bank to identify, monitor and disclose liabilities and relevant accounting standards and principles, and to assess the completeness and accuracy of data used to estimate provisions.

Key audit matter

Given the inherent uncertainty and the judgemental nature, we determined the provisions and disclosures on contingent liabilities due to litigation and claims to be of particular importance to our audit, including to what extent there is evidence of management bias.

Therefore, we determined this to be a key audit matter in our audit.

Our audit work and observations

- challenged the TOM provisioning methodology and testing the underlying data and assumptions used.
- assessed whether the disclosures provided on the TOM provision in notes of the financial statements are in compliance with the EU-IFRS requirements.

We found that the financial impact in light of this key audit matter, is appropriately considered in the preparation of the financial statements.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon. The annual report contains other information that consists of:

- key figures;
- Triodos Bank group structure 2022;
- governance structure;
- our purpose: the conscious use of money;
- executive board report;
- supervisory board report;
- corporate governance;
- remuneration report 2022
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- report by the Foundation for the Administration of Triodos Bank Shares (SAAT);
- about this report;
- appendices; and
- addresses.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Triodos Bank N.V. on 22 May 2015 by the supervisory board for a total period of four years. This followed the passing of a resolution by the shareholders at the annual general meeting held on 22 May 2015. We were re-appointed as auditors for another period of four years on 20 March 2019 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 17 May 2019. Currently, we are at a total period of uninterrupted engagement appointment of 7 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Bank or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 'Independent auditor's fees' to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Bank's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Bank's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Bank's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Appendix to our auditor's report on the financial statements 2022 of Triodos Bank N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Limited assurance report of the independent auditor

To: the general meeting and supervisory board of Triodos Bank N.V.

Assurance report on the sustainability information 2022

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2022 of Triodos Bank N.V. (hereafter: the company) does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social sustainability; and
- the thereto related events and achievements for the year ended 31 December 2022,

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria and the applied reporting criteria developed by the company as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual report for 2022 (hereafter: the sustainability information):

- Key figures
- Our purpose: the conscious use of money
- Executive board report sections:
 - Our stakeholders and material topics
 - Strategic objectives
 - Impact and financial result
 - Understanding impact
 - Co-worker report
 - Environmental report
- About this report
- Appendix: Triodos Bank business model
- Appendix IV - Global Alliance for Banking on Values Scorecard – Quantitative evidence of our impact
- Appendix VI - Co-worker and environmental statistics
- Appendix VII - Taxonomy table

A review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' (assurance engagements relating to sustainability reports), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical

financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Triodos Bank N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in chapter 'About this report' of the annual report 2022.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the executive board and the supervisory board for the sustainability information

The executive board of Triodos Bank N.V. is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section 'Reporting criteria', including selecting the reporting criteria, the identification of stakeholders, and determining the material matters. The executive board is also responsible for selecting and applying the reporting

criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the executive board regarding the scope of the sustainability information and the reporting policy are summarised in 'About this report' of the annual report 2022.

Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance to determine the plausibility of the sustainability information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things, the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the executive board.
- Through inquiries, obtaining a general understanding of the control environment, processes and information relevant to the preparation of the sustainability information, but not for the purpose of obtaining assurance evidence about their implementation or testing their operating effectiveness.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. Those other procedures consisted amongst others of:
 - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
 - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
 - Reviewing, on a limited test basis, relevant internal and external documentation.
 - Performing an analytical review of the data and trends.
- Reconciling the relevant financial information to the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.

- Evaluating the overall presentation, structure and content of the sustainability information.
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 15 March 2023

PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

6. Report by the Foundation for the Administration of Triodos Bank Shares (SAAT)

Introduction

Stichting Administratiekantoor Aandelen Triodos Bank (“SAAT”) is an independent foundation holding 100% of the shares in Triodos Bank N.V. (“Triodos Bank”) and issuing depository receipts for these shares. In 2022, SAAT was supported by a secretary and advisors and carried out its activities in consultation with depository receipt holders, Triodos Bank, and other stakeholders. In 2022, the role of SAAT intensified due to the exceptional circumstances Triodos Bank and the depository receipt holders faced and continue to face, amongst other things the suspension of trade of depository receipts. As to the latter, important steps were taken in 2022 to enable trading of depository receipts on a Multilateral Trading Platform (“MTF”) in 2023.

At the annual general meeting and extraordinary general meetings of shareholders of Triodos Bank in 2022, SAAT exercised its voting rights guided by the interests of the depository receipt holders and the interests of Triodos Bank, as well as by the principles expressed in the objects of Triodos Bank. This is also referred to as the “threefold perspective”. SAAT has defined its vision on how to fulfil its role guided by this threefold perspective. This is available on the Triodos Bank website.

In this report, SAAT discusses the general meetings of Triodos Bank and voting by SAAT, and the depository receipt holders’ meetings and voting by depository receipt holders, in “Formal summary 2022”. In the next paragraph, SAAT elaborates on its further activities in 2022. In “Board composition”, SAAT will outline its board composition. The depository receipts, shares held by SAAT, and dividends paid, will be discussed in “Depository receipts, shares held by SAAT, and dividends paid”.

Costs made by SAAT in 2022 are discussed in the final paragraph.

This report is hereinafter referred to as the “SAAT Report”. The SAAT Report is made independently, however, for reasons of easy access and clarity, the SAAT Report is published together with the 2022 Annual Report of Triodos Bank. The SAAT Report does not contain an opinion on, or assessment of, Triodos Bank’s 2022 Annual Report. This SAAT Report covers the period from 1 January 2022 to 31 December 2022 and is available online.

Formal summary 2022

Introduction

SAAT exercises voting rights attached to the shares in Triodos Bank. In doing so, SAAT is guided by its threefold perspective, and actively consults the depository receipt holders. Triodos Bank depository receipts are not listed on a stock exchange. Instead, Triodos Bank maintained its own platform for trading in depository receipts.

For practical reasons, activities in relation to depository receipt holders, such as the organisation of depository receipt holders’ meetings and the distribution of dividend, are organised by Triodos Bank.

General meetings of Triodos Bank and voting by SAAT

The annual general meeting of Triodos Bank took place on 20 May 2022. Extraordinary general meetings of Triodos Bank took place on 29 March 2022, 20 June 2022 and 11 October 2022. In its voting, SAAT was guided by the threefold perspective. Where appropriate, SAAT thoroughly

explained the background of its votes at the general meetings. These voting statements are available online in the minutes of these meetings. It should

be noted that not all agenda items at the general meetings required voting. SAAT only voted on the following subjects, all in favour (100%):

Meeting	Decision
Extraordinary general meeting of shareholders of 29 March 2022	Approval of the Restricted Depository Receipts Buyback programme and authorisation of the Executive Board to acquire depository receipts for shares in the capital of Triodos Bank N.V. in connection with that programme
Annual general meeting of shareholders of 20 May 2022	Adoption of the annual accounts 2021
	Dividend for 2021
	Granting discharge to the members of the Executive Board
	Granting discharge to the members of the Supervisory Board
Extraordinary meeting of shareholders of 11 October 2022	Appointment of Mr Willem Horstmann as member of the Supervisory Board
	Extraordinary Dividend
	Approval for a listing and admission of the depository receipts to trading on an MTF
	Appointment of Ms Kristina Flügel as member of the Supervisory Board

The extraordinary general meeting of Triodos Bank of 20 June 2022 was dedicated to the notification of the intended appointment of Mr. Willem Horstmann as member of the Executive Board *ad interim* and required no voting.

Depository receipt holders' meetings and voting by depository receipt holders

The annual depository receipt holders' meeting was held on 20 May 2022. In addition, extraordinary depository receipt holders' meetings were held on 29 March 2022 and 11 October 2022. In 2022, depository receipt holders voted in favour of appointment of Mr. Alexander Rinnooy Kan as member of the Board of SAAT, at the extraordinary depository receipt holders' meeting of 11 October 2022. Details are available online. No other items at depository receipt holders' meetings in 2022 required voting.

SAAT's activities in 2022

To give substance to its threefold perspective, SAAT regularly meets with the Executive Board of Triodos Bank. Historically, meetings were held

twice a year, further to the half-year results and the annual reports. As from the first suspension of depository receipts trading in 2020, SAAT and Triodos Bank intensified the frequency of their meetings. In 2022, SAAT had 7 board meetings independently, and 14 board meetings together with the Triodos Bank Executive Board. Some of the meetings with the Executive Board were also attended by members of the Supervisory Board of Triodos Bank. In addition, SAAT liaised with the Triodos Bank Executive Board on an informal basis on many occasions throughout 2022.

In 2022, SAAT held 17 meetings with stakeholders, depository receipt holders and groups of depository receipt holders. SAAT regularly met with its advisers and attended the general meetings of Triodos Bank and the depository receipt holders' meetings of SAAT. In preparation of his forthcoming chairmanship of SAAT, Mr. Alexander Rinnooy Kan additionally engaged with stakeholders in many separate meetings.

Since 2020, Triodos Bank faced several fundamental issues regarding depository receipts and needed to make difficult decisions in that respect. First, the suspension of trading of

depository receipts through the DR trading system based on NAV, subsequently the decision to permanently discontinue the NAV trading system, and finally the decision in 2022 to list depository receipts on the MTF. Decisions that required a complex and careful balancing of the interests of different stakeholders with major implications for – in particular – depository receipt holders.

Problems with the trading system prompted the Triodos Bank Executive Board to explore alternatives to the NAV trading system. SAAT was kept continuously informed on progress of Triodos Bank's efforts in this respect, and this matter remained the key topic for many meetings between SAAT and Triodos Bank in 2022. SAAT also obtained insights into the interests of depository receipt holders for this matter and answered many questions from depository receipt holders directly. SAAT was assisted by expert advisors throughout the entire process.

On 21 December 2021, Triodos Bank announced its intention to list depository receipts on an MTF. In the same press release, Triodos Bank announced a restrictive buyback programme, worth EUR 14,4 million. Furthermore, Triodos Bank indicated that it would continue exploring interim solutions to mitigate the impact for depository receipt holders of the suspended depository receipt trading. SAAT and Triodos Bank realised the impact of Triodos Bank's decision to permanently discontinue the NAV trading system and to list depository receipts on the MTF could not be underestimated. To adequately inform depository receipt holders of this decision and its rationale, Triodos Bank and SAAT provided thorough explanations, for instance in webinars on 15 and 17 February 2022.

On 15 February 2022, Triodos Bank presented the details of the buyback programme. At the 29 March 2022 extraordinary general meeting of Triodos Bank, SAAT voted in favour of this buyback programme. SAAT explained its vote during the extraordinary general meeting. SAAT refers to the minutes of the 29 March 2022 meeting, available online. SAAT also expressed its appreciation for Triodos Bank for developing a solidarity scheme aimed to support most affected depository receipt holders.

Ten meetups between SAAT and depository receipt holders from all countries were organised in May 2022. This took place on 9 May 2022 in Brussels (Belgium), on 10 May 2022 digitally for Spanish depository receipt holders, five additional digital sessions for all countries, and on 12 May in Bristol (UK), on 16 May in Driebergen-Zeist (the Netherlands), and on 17 May in Frankfurt (Germany). In addition, SAAT held meetings with several large institutional investors. All sessions discussed the mission, Triodos Bank's impact, financial results, the dividend proposal, and ideas and expectations related to the MTF platform.

At the general meeting on 20 May 2022, SAAT voted, among other things, to adopt the financial statements, the proposed dividend, and the discharge of both the Executive Board and the Supervisory Board of Triodos Bank for their activities in 2021. In its voting, SAAT was guided by its threefold perspective. SAAT's board members met on several occasions in preparation of the general meeting on 20 May 2022. SAAT's voting statement is available online. In summary, SAAT explained the following:

- SAAT requested Triodos Bank to accelerate the announced process of recalibrating its strategy. This strategy needs to combine impact goals with financial targets that are clear and attractive for future investors.
- SAAT was critical on the dividend proposal. Nevertheless, SAAT voted in favour. An important consideration in this regard was the fact that if that proposal was voted down, no dividend might be paid to depository receipt holders at all. SAAT considered this outcome undesirable and not in line with its threefold perspective, in particular the interests of the depository receipt holders. SAAT requested Triodos Bank to assess whether an interim dividend would be possible in 2022 and to provide a more concrete dividend policy for the future.
- SAAT paid extensive attention to Triodos Bank's decision to list depository receipts on the MTF and to the conditions to access the platform.
- SAAT acknowledged the efforts of Triodos Bank aimed at improvement of its processes, also for the benefit of its depository receipt holders.
- SAAT was critical on Triodos Bank's communication towards depository receipt

holders and requested for improvements in this respect.

At the subsequent meeting of depository receipt holders on 20 May 2022, SAAT accounted for its voting at the general meeting of Triodos Bank and answered many questions from depository receipt holders. Questions that could not be addressed were later answered in writing and published on the Triodos Bank website.

At the extraordinary general meeting of Triodos Bank on 11 October 2022, main topic was the approval of listing the depository receipts on an MTF. In preparation for its voting, SAAT closely considered Triodos Bank's decisions and considerations from the first suspension of trading of depository receipts, obtained expert legal advice, and assessed all information based on its threefold perspective. In the run-up to the extraordinary general meeting of Triodos Bank of 11 October 2022, SAAT held many meetings with key stakeholders to identify all interests that needed to be considered. SAAT refers to meetings with Stichting Certificat houder Triodos Bank on 13 June 2022 and 29 September 2022, with the VEB on 28 September 2022, with large institutional investors on 4 October 2022, with Triodos Tragedie on 5 October 2022, and with depository receipt holders participating in an Ipsos interview process initiated by Triodos Bank on 5 October 2022. SAAT also repeatedly questioned the Triodos Bank Executive Board and asked for additional information.

After careful consideration, on 11 October 2022 SAAT voted to approve listing of depository receipts on an MTF. The complete voting statement is available online. In summary, SAAT explained its vote as follows:

- Triodos Bank was well advanced in its preparations for the MTF and reached a point where it made sense to migrate depository receipt holders to the new platform and to approach new investors. SAAT therefore understood the timing, even though certain issues still needed to be concretised and tested. SAAT continued to monitor whether the MTF listing requires more material decision-making, for instance pertaining to governance and trading regulations.

- Triodos Bank has assessed all possible alternatives to the MTF listing based on relevant criteria, obtained legal advice to support its decisions, and tested its processes.
- SAAT expressed understanding for the choice for an MTF, acknowledging that (i) the NAV trading system cannot be permanently restored, (ii) a different trading system is needed to provide the necessary liquidity for depository receipts and access to capital, and (iii) an MTF offers more safeguards for depository receipt holders, the community, and the mission, than a Euronext listing.
- Nevertheless, the impact of listing on an MTF is significant. SAAT therefore urged Triodos Bank to continue its dialogue with depository receipt holders.
- In the run-up to the extraordinary general meeting of Triodos Bank of 11 October 2022, SAAT again noted that there are many different perspectives among the depository receipt holders. For many depository receipt holders the mission and community are essential.
- The MTF allows Triodos Bank to set its own rules for its community. This provides additional safeguards for depository receipt holders, Triodos Bank, and its mission. For instance, Triodos Bank can adjust the frequency of trading and the price range, and an MTF allows Triodos Bank to better address concerns of depository receipt holders regarding new investors and user-friendliness of the platform. The choice for Captin as platform service provider aligned with these criteria.
- SAAT acknowledged Triodos Bank is working hard to improve its performance and to generate investor interest in depository receipts. This was deemed key to the success of the MTF platform.
- SAAT acknowledged that the MTF listing imposes new governance. Some of the depository receipt holders expressed to be pleased to be able to vote at the general meeting of Triodos Bank, pursuant to Article 2:118a of the Dutch Civil Code. Other depository receipt holders perceived this as a risk for Triodos Bank and its mission.

In addition, at the general meeting of 11 October 2022, topics on the agenda were the dividend policy and proposals for interim dividend and extraordinary dividend. It is noted Triodos Bank therewith met SAAT's requests for clearer dividend policy and an interim dividend. SAAT expressed

disappointment as the buyback and solidarity programme were deemed not feasible by Triodos Bank and requested alternatives in that context. However, as Triodos Bank indicated alternatives would have severe consequences for the success of the MTF listing, SAAT, given the importance of resumption of the trade of depository receipts, expressed its understanding for Triodos Bank's approach. The extraordinary dividend was not SAAT's "first choice", but a reasonable alternative to allow the remaining buffer to benefit depository receipt holders. SAAT therefore also voted in favour of the extraordinary dividend.

At the subsequent meeting of depository receipt holders on 11 October 2022, SAAT accounted for its voting at the general meeting of Triodos Bank and answered many questions from depository receipt holders.

Following the extraordinary general meeting of Triodos Bank of 11 October 2022, SAAT continued to organise meetings with Triodos Bank and its depository receipt holders to discuss the MTF listing. In that context, Alexander Rinnooy Kan engaged with stakeholders in separate meetings in preparation of his forthcoming chairmanship of SAAT.

In addition to the above, agenda topics of SAAT Board meetings were, amongst other things, Triodos' impact, and performance, for instance regarding social and environmental matters. SAAT also discussed SAAT's governance matters and improvements in that respect, the proceedings before the Enterprise Chamber of the Amsterdam Court of Appeal, comments and queries from depository receipt holders, and the governance of Triodos Bank. Discussions between SAAT and the Triodos Bank Executive Board focused, *inter alia*, on Triodos Bank's half-year and annual figures, improvements for Triodos Bank in stakeholder engagement and communication to stakeholders, and investor appetite after listing depository receipts on the MTF.

In the first quarter of 2023, depository receipt holders will choose their preferred governance model for Triodos Bank and will therefore also be determining the future role of SAAT. SAAT and Triodos Bank are engaged in a process of

identifying suitable governance models, guided by the interests of the depository receipt holders and the interests of Triodos Bank, as well as by the principles expressed in the objects of Triodos Bank. SAAT continues its efforts to inform and support depository receipt holders in their decision on this important subject.

Board composition

SAAT Board members are appointed by the meeting of depository receipt holders based on a binding nomination of candidates put forward by the Board of SAAT. Nominations must be approved by Triodos Bank's Executive Board, whose decision needs prior approval of the Supervisory Board. Being member of the Board of SAAT is an ancillary function to each of the SAAT Board members. Other positions and ancillary positions of the members of the Board of SAAT are included in their biographies, available at the end of this report. The annual remuneration is EUR 7,000 per board member and EUR 10,000 for the chair. For information about the remuneration of the members of the Board of SAAT, reference is made to the Remuneration Report 2022 (see page 117) of the Triodos Bank 2022 Annual Report. The Articles of Association stipulate the Board of SAAT shall consist of three or more members. At present, the Board of SAAT consists of six members.

The composition of the Board of SAAT changed in 2022, as its chair Ms. Josephine de Zwaan stood down as per 20 May 2022, after twelve years of fulfilling the role of member of the Board of SAAT. SAAT appreciates the contributions of Ms. Josephine de Zwaan and her dedication to the Triodos Bank mission. Ms. Jolande Sap fulfilled the role of chair *ad interim* from 20 May 2022 until 31 December 2022. At the extraordinary depository receipt holders' meeting of 11 October 2022, the depository receipt holders appointed Mr. Alexander Rinnooy Kan as new SAAT Board member as from 1 January 2023. The Board of SAAT appointed Mr. Alexander Rinnooy Kan as chair of the Board of SAAT as per 1 January 2023. SAAT elaborated on these changes to the composition of the Board of SAAT at the annual depository receipt holders' meetings and extraordinary depository receipt holders' meeting in 2022. Please be referred to the minutes of these meetings on [Triodos.com](https://www.triodos.com).

In addition, SAAT closely interacted with Triodos Bank in relation to recruitment of vacant positions in the Executive Board and Supervisory Board of Triodos Bank and provided their input based on its threefold perspective.

Depository receipts, shares held by SAAT, and dividends paid

The proportion of the total share capital of Triodos Bank for which SAAT has issued depository receipts remained unchanged at 100% on 31 December 2022, corresponding to 14,467,056 depository receipts. Please be referred to the SAAT statement of shares (see page 383).

On 11 October 2022 the general meeting of shareholders approved an interim dividend amounting to EUR 5.0 (EUR 0.35 per depository receipt), and an extraordinary dividend amounting to EUR 14,4 (EUR 1,01 per depository receipt), both concerning financial year 2022. These dividends are allocated to the depository receipt holders directly.

Costs of SAAT

The costs of activities performed by SAAT are included in the financial statements in the 2022 Annual Report of Triodos Bank. The costs of SAAT are borne by Triodos Bank and SAAT's expenses for financial year 2022 were invoiced to Triodos Bank directly. Further details on the financial position of SAAT are included in the 2022 Annual Report of Triodos Bank.

Driebergen-Rijsenburg, 15 March 2023

Board of SAAT

Alexander Rinnooy Kan, Chair, joined the board in 2023, first term

Tarique Arsiwalla, joined the board in 2021, first term

Roelien Ritsema van Eck, joined the board in 2021, first term

Koen Schoors, joined the board in 2017, second term

Jolande Sap, joined the board in 2020, first term

Mercedes Valcárcel, joined the board in 2019, first term

Email: SAAT@SAATFoundation.com

Board of SAAT biographies

Alexander Rinnooy Kan (1949)

Alexander Rinnooy Kan is appointed as Chair of the Board of SAAT as of 2023. Alexander Rinnooy Kan is former senator for D66, is Emeritus University Professor of Economics and Business at the University of Amsterdam and holds several board positions. Before that he was among others chairman of the Supervisory Board of the Dutch Central Bank (De Nederlandsche Bank) (2012-2015) and crown member and chairman of the Dutch Social and Economic Council (SER) (2006-2012). In the years 1991 - 1996 he was chairman of the employers' organisation VNO and, after the merger with NCW, of VNO-NCW. From 1996 to 2006 he was a member of the Executive Board of ING Group. Alexander Rinnooy Kan was first appointed as member of the board in 2022, taking effect as of 1 January 2023, and his term expires in 2026. He is of Dutch nationality and does not hold any Triodos Bank Depository Receipts.

Tarique Arsiwalla (1975)

Tarique Arsiwalla is co-founder and member of the Strategic Advisory Board of Protix, the worldleading producer of sustainable insect-based proteins and lipids, recognised by the World Economic Forum as Technology Pioneer in 2015. He is the Head of Strategy & Business Development of Vermaat Groep B.V., providing tailor-made hospitality solutions. He is also investor in innovations that create environmental and health impact. Tarique Arsiwalla is an experienced leader, starting his professional career at ING, the management consulting firm McKinsey and until 2019 as CCO of Protix. Tarique Arsiwalla was first appointed in 2021 and his present term expires in 2025. He is of Dutch nationality and does not own any Triodos Bank Depository Receipts.

Roelien Ritsema van Eck (1975)

Roelien Ritsema van Eck is currently member of the Executive Board of De Alliantie, a Dutch housing corporation. She is also member of the Supervisory Board of IJsselland Hospital and Care Group Sint Maarten. Prior to that she was member of the Executive Board of Erasmus University Rotterdam (until 2021). She is an experienced banker and worked at ABN Amro (1999-2018) in various positions such as Director Real Estate & Facility Management, Director Payments and Director Credits. Roelien Ritsema van Eck was first appointed in 2021 and her present term expires in 2026. She is of Dutch nationality and does not own any Triodos Bank Depository Receipts.

Jolande Sap (1963)

Jolande Sap is chair of the Maatschappelijk Impact Team (Social Impact Team) that advises Dutch government on the social impact of pandemics and disruptive crises. She is also member of the Board of the Dutch Emissions Authority, non-executive director of Renewi, vice chair of the Supervisory Board of KPMG and member of the Supervisory Board of Royal KPN N.V. In addition, she is involved in several social initiatives, including Chair of the Smoke free table of the Dutch National Prevention Agreement, the Springtij Forum and the Impact Economy Foundation. Between 2008 and 2012, Jolande Sap represented the Dutch Green Party, GroenLinks, in the lower house of the Dutch parliament, she was party leader for the final two years of this period. Before that she worked as an economist in the fields of science, policy and business. She was, among other things, head of the Incomes Policy department at the Ministry of Social Affairs and Employment, and director of the LEEFtijd center of expertise, a consultancy for sustainable employment issues. Jolande Sap was first appointed in 2020 and her present term expires in 2024. She is of Dutch nationality and does not own any Triodos Bank N.V. depository receipts.

Koen Schoors (1968)

Koen Schoors is member of the Supervisory Board of Stichting Triodos Holding. He is professor

of economics at Ghent University. His research focuses on banking and finance, law and economics, development economics, institutional economics and complexity. At Ghent University he is the current head of the newly founded Russia platform. Outside Ghent University Koen Schoors is Chair of the Board of Gigarant (loan guarantees) and Trividend (social investment fund) and is also a member of the Board of the Cooperative firm Energent (sustainable energy), and of the social-artistic collective Bij de Vieze Gasten. He also acted as an expert for the Fortis Commission of the Federal Parliament, the Dexia Commission of the Flemish Parliament and the G1000. He actively participates in the policy debate, via colloquia, debate evenings, public lectures, columns, commentaries and interviews. Koen Schoors was first appointed in 2017 and his present term expires in 2025. He is of Belgian nationality and does not own any Triodos Bank N.V. depository receipts.

Mercedes Valcarcel (1968)

Mercedes Valcarcel is CEO in Fundación Generation, Experts Forum's member of the Santalucía Institute (Spanish insurance company) for supporting them on sustainability and professor in economics in Universidad Camilo José Cela and UNED (Spanish online public university) focused on social finance and social impact assessment. In the last years she participated in European Commission advisory groups on social entrepreneurship and on innovation. Previously, for 10 years, Mercedes Valcarcel was CEO in a public foundation in charge of promoting employment in small and medium-sized enterprises (SME). Before that, she worked for 14 years in the financial sector in internal audit, consultancy and financial departments of various European banks and venture capital companies, such as Sepides, Najeti, Banco Espirito Santo and Deloitte. Mercedes Valcarcel was first appointed in 2019 and her present term expires in 2023. She is of Spanish nationality and owns 156 Triodos Bank N.V. depository receipts.

SAAT statement of shares

Statement of the shares taken in trust and the issued depository receipts of Triodos Bank N.V. as at 31 December 2022

Amounts in thousands of EUR	2022	2021
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	723,353	723,353
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	723,353	723,353

Basis of preparation

The SAAT statement of shares as at 31 December 2022 of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT') is based on the nominal value of the total number of issued shares by Triodos Bank N.V. that are held in custody by SAAT, versus the total number of issued depository receipts of Triodos Bank shares by SAAT to the depository receipt holders.

The purpose of this statement is to provide the depository receipts holders insight to whether the total issued shares by Triodos Bank reconcile to the total issued depository receipts by SAAT.

Zeist, 15 March 2023

Board of SAAT

Alexander Rinnooy Kan, Chair
Tarique Arsiwalla
Roelien Ritsema van Eck
Koen Schoors
Jolande Sap
Mercedes Valcárcel

Independent auditor's report

To: the board of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT' or 'the foundation')

Report on the SAAT statement of shares 2022

Our opinion

In our opinion, the accompanying SAAT statement of shares as at 31 December 2022 is prepared, in all material respects, in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares.

What we have audited

We have audited the accompanying SAAT statement of shares as at 31 December 2022 ('SAAT statement of shares 2022'). The financial reporting framework that has been applied in the preparation of the SAAT statement of shares 2022 is the number of shares and certificates respectively times the nominal value, as set out in the basis of preparation note to the SAAT statement of shares.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the SAAT statement of shares 2022' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Triodos Bank N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij

assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Emphasis of matter – Basis of accounting and restriction on use

We draw attention to the basis of preparation note to the SAAT statement of shares 2022, which describes the basis of accounting. Our opinion is not modified in respect of this matter. Our auditor's report is addressed to and intended for the exclusive use by the board of SAAT in connection with their reporting to the depository receipt holders and may not be used for any other purpose. We do not accept or assume and deny any liability, duty of care or responsibility to parties other than the board of SAAT.

Responsibilities for the SAAT statement of shares 2022 and the audit

Responsibilities of the board

The board is responsible for:

- the preparation of the SAAT statement of shares 2022 in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares 2022; and for
- such internal control as the board determines is necessary to enable the preparation of the SAAT statement of shares 2022 that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the SAAT statement of shares 2022

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the SAAT

statement of shares 2022 as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the SAAT statement of shares 2022.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 15 March 2023

PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

Appendix to our auditor's report on the SAAT statement of shares 2022

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the SAAT statement of shares 2022 and explained what an audit involves.

The auditor's responsibilities for the audit of the SAAT statement of shares 2022

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the SAAT statement of shares 2022, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Evaluating the overall presentation, structure and content of the SAAT statement of shares 2022, including the disclosures, and evaluating whether the SAAT statement of shares 2022 represents the underlying transactions and events free from material misstatement.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7. About this report

This section at-a-glance:

- Triodos Bank always reports financial and non-financial information in an integrated report because we are, and always have been, an integrated sustainable business.
- Our annual report is available as a hard-copy document and pdf in English, and in summary form in the languages of the countries where Triodos Bank operates. The English version is the legally leading document. This is also available online with additional detail, as unaudited content (www.annual-report-triodos.com).
- The report's structure and key content is derived from finding out what's most important, or material, to Triodos Bank and its stakeholders.
- Triodos Bank combines qualitative and quantitative evidence of our impact. We have our impact data verified externally to better understand, manage and report on our non-financial impact.

An integrated report

Triodos Bank's annual report is integrated. That means it combines sustainability-related, or 'corporate social responsibility' (CSR), topics with everything else you would expect from a traditional annual report, such as key financial targets and performance information. As well as the Global Reporting Initiative (GRI) and other frameworks (see below), Triodos Bank uses the International Integrated Reporting Council's Integrated Reporting Framework as a reference for our report.

For Triodos Bank, integrating reporting doesn't just mean reporting on how the organisation behaves as a responsible corporate citizen – by using renewable energy to power our buildings, for example, important though this is. It extends to in-depth reporting on the impact of our activity in the widest sense – from the greenhouse gas emissions of our loans and investments to a deeper understanding of the sustainability value of our work.

All entities included in the financial reporting are also included in its sustainability reporting. Please refer to Triodos Bank Group structure 2022 (see page 8) for a full overview of our organisation and

to Consolidation Principles (see page 143) in the Annual Accounts.

The annual report – online and offline

This annual report is produced as a hard copy document that's available as a pdf and as an online annual report, in English, at www.annual-report-triodos.com.

The English offline report is Triodos Bank's legally leading document. It is reproduced, in its entirety, in the online report. But the online report also includes much more information, such as stories highlighting Triodos Bank's qualitative impact during the year. Shorter, more focused on- and offline summaries in Dutch, French, German and Spanish are also provided for stakeholders.

Report structure

The report's content is informed by what Triodos Bank and our stakeholders think are our most important, or material, issues.

Triodos Bank's stakeholders, and our interactions with them, are explored in depth online and in the Executive Board report. In brief, these are:

- People and organisations that engage in economic transactions with Triodos Bank; like customers, depository receipt holders, co-workers and suppliers.
- Those that are predominantly connected to the social, cultural and environmental context Triodos Bank operates in, such as regulators, other institutions and associations in the financial sector, non-governmental organisations, governments, local communities and media.
- Advisors and inspirers who provide us with new insights, opportunities and knowledge.

Triodos Bank identifies material topics through research and structured conversations with these groups. You can find these material topics in the Material topics (see page 26).

Some of the material topics are also reflected in Triodos Bank's strategic objectives, where the organisation's key priorities are described in detail, including progress against them. As an organisation, we want to help our stakeholders understand how we are doing. We aim to use meaningful indicators that are genuinely relevant and provide context for what they actually say about the health of the business.

The report aims to provide a coherent thread throughout. Some material issues are explored further in the Executive Board report, including both financial and non-financial performance. Reports from Triodos Bank's Supervisory Board and Board of SAAT reflect these topics and describe issues that were discussed with the Executive Board during the year. As a values-based, integrated bank, these topics often relate to sustainability and how it is integrated into business strategy. Both the Executive Board and the Supervisory Board have reviewed the impact information included in this report, including the materiality matrix and determination of material topics.

As well as our impact on society, the environment and culture via external finance, the report includes information about the organisation's environmental

and co-worker responsibilities and developments during the year. Our financial performance is described in detail in the Financials section.

Reporting on indicators

While meaningful indicators are included, readers should expect to see limited 'hard metrics' in Triodos Bank's annual report. Instead, we are developing 'theories of change' in key sectors to help structure our impact-driven activity and deliver goals that reflect real needs in society. We have developed a tool to support these efforts. The Triodos Impact Prism helps us understand, monitor, and equip the business to steer and report on impact.

Triodos Bank is careful not to retrofit reporting to meet the requirements of benchmarks or initiatives. Our view is that meaningful sustainable developments that contribute to a fairer economy come from principle-based decision-making and not from rule-based compliance and 'box ticking'. By partnering with others, Triodos Bank hopes to co-create new reporting and disclosure approaches better meeting the needs of stakeholders and businesses within a more sustainable economy. From this perspective, targets and benchmarks are only relevant in the context of a wider business purpose; one in which the needs of society and operating responsibly within planetary limits sit alongside financial sustainability concerns.

Triodos Bank has embraced the UN Sustainable Development Goals (SDGs), a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Our stakeholders want us to position the organisation's impact in a global framework. The SDGs allow the bank to do just that. Triodos Bank addresses the SDGs in three main ways:

- An appendix to this annual report maps how Triodos Bank's activity relates to each of the 17 SDGs, using a three-tiered approach: describing baseline, direct and catalytic actions taken to meet the goals.

- Via SDG reporting at project and sector levels, achieved by mapping the results of the Triodos Impact Prism to the SDGs.
- Via links connecting Triodos Bank's activity to the SDGs throughout this report.

Triodos Bank is either a signatory or endorser of the following conventions:

- UNEP Finance Initiative
- European SRI Transparency Code
- UN Principles for Responsible Investment
- Global Reporting Initiative (GRI) framework

In addition, we assess and follow:

- UN Global Compact
- Equator Principles
- Financial Action Task Force
- OECD guidelines for multinational enterprises
- Wolfsberg Principles
- International Finance Corporation Environmental and Social Performance Standards and Health and Safety Guidelines

Triodos Bank has had a fundamental commitment to respect human rights since inception. Our business principles clearly state our respect for people, society and different cultures and our support for the goals of the United Nations Universal Declaration of Human Rights. Triodos Bank has published a detailed statement on human rights (triodos.com/humanrightsstatement).

By signing the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights, Triodos Bank became part of a broad coalition of banks, trade unions, civil society organisations, the Dutch Banking Association and the Dutch government. By acting together these organisations can have a greater positive impact on the current situation regarding human rights. The agreement applies to project finance and corporate lending activities.

Triodos Bank is working towards reporting in line with, or equivalent to, the UN Guiding Principles Reporting Framework as part of this agreement. Our Complaints Handling Policy applies to all our activities, products and services. This policy, which addresses the rights and the mechanisms for complaint for customers, employees and third parties, is publicly accessible via www.triodos.com.

Triodos Bank has also started the process of identifying where our potential negative impacts on human rights are most severe (known as salience).

Who does Triodos Bank partner with to improve its reporting?

In addition to the dialogue with stakeholders described above, this year's report has been developed with the benefit of practitioner sessions with businesses, academics and experts in and outside the banking industry. In particular Triodos Bank is a founding partner of the Global Alliance for Banking on Values (GABV) and partners with specialists from sustainable banks in the GABV.

During the year Triodos Bank has consulted, among others, with: the United Nations Environment Programme finance initiative (UNEP fi); the Partnership for Carbon Accounting Financials (PCAF); a number of specialist consultants and initiatives; and PricewaterhouseCoopers Accountants N.V. in their role as independent auditor. Triodos Bank is grateful for their contributions and insights.

Triodos Bank and the Global Reporting Initiative (GRI)

Triodos Bank has used the guidelines of the Global Reporting Initiative (GRI) since 2001. GRI was established in 1997 by the United Nations and Ceres (formerly the Coalition for Environmentally Responsible Economics) to organise reporting on sustainability in a consistent manner and to make performance objective and comparison easier. Triodos Bank is an organisational stakeholder of GRI.

Triodos Bank was one of the first to use GRI Standards. The Standards aim to make reporting more relevant to the sustainability impact of an institution and to improve how they are presented for its stakeholders. Triodos Bank has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. You can find more, including an index of GRI disclosures, at www.annual-report-triodos.com.

Stakeholder involvement and GRI Standards

We report on all of our stakeholder consultations using the Global Reporting Initiative (GRI) Standards. GRI requires reporting organisations to comply with their quality and content requirements to ensure a high standard of sustainability reporting. Triodos Bank's mission, vision and strategy are fully based on sustainability ambitions and a commitment to responsible banking. Therefore, many steps are required to identify stakeholders and sustainability issues (material topics) for other organisations are standard practice for Triodos Bank. Stakeholder engagement and working together towards a fair and sustainable world are both integrated into Triodos Bank's daily business.

Consequently, not all theoretical steps towards integrated sustainable business and sustainability reporting are reported on explicitly. Instead, they are embedded in the process of sustainable banking. Examples of these steps include: stakeholder mapping, mapping of topics and assigning proper GRI denominations to variables such as 'influence', 'importance' or 'impact' or the definition of clear thresholds and boundaries of all topics. With some material topics, there is no data connected to the progress of the specific topic, as this is integrated in the general progress of our strategic themes (see Strategic Objectives on page 40). In practice, Triodos Bank and our stakeholders understand each other well and are aligned in jointly achieving the goals of financing change and changing finance.

In our surveys and other stakeholder consultations we continuously discuss the influence of material topics on their decisions and the impact of these topics on Triodos Bank. As part of this ongoing dialogue, 'influence on' / 'importance of' / 'impact on' are used interchangeably by both Triodos Bank and our stakeholders. GRI Standards use the formal denominations of 'Influence on stakeholder assessments and decisions' for the y-axis and 'Significance of economic, environmental and social impacts for Triodos Bank' for the x-axis. Our stakeholders are more familiar with, and continue to use, the expressions 'importance

of' and 'influence on' (and they are not always familiar with GRI). Therefore, Triodos Bank has chosen to continue using these descriptors in our communications, including in the annual report.

Impact measurement and reporting

The annual report aims to provide a clear and compelling picture of how Triodos Bank delivers long-term, sustainable change through our operations as a sustainable bank. In practice that means sharing qualitative information supported by relevant impact data. Almost uniquely among banks, this impact data is verified by an independent auditor to a limited assurance level. That's because Triodos Bank believes financial and non-financial information should be treated in a similar way.

In recent years there has been growing attention on how organisations manage, measure and report on their non-financial impact. This is an important area for a mission-driven organisation that was created to use money to make positive social, environmental and cultural change happen.

The section Impact and financial results (see page 42) gives more detailed information on this topic and on our approach to impact management and reporting.

Some facts and figures about the report

The 2022 annual report covers banking entities and business unit activities of Triodos Bank N.V. in The Netherlands, Belgium, the UK, Spain and Germany, as represented in the Triodos Bank Group Structure. The report covers the period from 1 January to 31 December 2022. Triodos Bank's previous integrated report was published in March 2022 and covered the 2021 calendar year.

The reporting on the 2022 financial year is based on the same principles as the 2021 report. Any changes in the methods of calculation used are explained in the text. While the financial accounts are audited to the level of reasonable assurance, the

report includes limited assurance on the Executive Board chapter. This incorporates 2022 impact data including detailed greenhouse gas emissions data and measures required for the GABV Scorecard, which provides a structured approach for capturing the vision, strategy and results of any bank relative to values-based banking. PricewaterhouseCoopers Accountants N.V. audits the financial statements.

Disclosure requirements

Disclosures are required both to meet Dutch law and to comply with other regulation, in particular the Capital Requirements Regulation and the Capital Requirements Directive. Capital Requirements Regulation is direct regulation from the European Union. The Capital Requirements Directive has been translated by the Dutch Government into various laws and regulations that apply to Triodos Bank. See our pillar 3 report for more information.

Triodos Bank complies with the EU Directive on the disclosure of non-financial and diversity information. The main part of these disclosures appears in this annual report. Additional required disclosures are published on our websites locally and on the corporate website: www.triodos.com and www.annual-report-triodos.com.

Related parties

Triodos Bank has links with the following legal entities:

- Triodos Bank provides services to Triodos Fair Share Fund at competitive rates. The services relate to the secondment of co-workers, management services, administration, accommodation, ICT and advertising.
- Triodos Bank holds funds of and provides banking services to related parties at competitive rates.
- Triodos Bank provides credit facilities and bank guarantees to investment funds and international funds at competitive rates.
- Triodos Bank and Triodos Investment Management carry out management activities for investment funds and receive a competitive management fee for these activities.
- Stichting Triodos Beleggersgiro acts as intermediary for investment funds.
- Legal Owner Triodos Funds performs custodial services for Triodos Fair Share Fund at a competitive fee.
- Triodos Bank distributes and registers securities, issued by investment funds and placed with customers of Triodos Bank, at competitive rates.
- Triodos Bank performs currency transactions for investment funds and international funds at competitive rates.

Appendix I – Triodos Bank business model

Capital inputs

Human (capital)

- Skilled and committed co-workers motivated by mission
- Expertise in social, cultural and environmental sectors
- Strong emphasis on development as individuals and as a co-worker community

Social and relationship (capital)

- Foster relationships that enable cross-sectoral knowledge sharing within the bank
- Establish and participate in networks, within and between sustainable sectors, including the banking sector

Inspirational and intellectual (capital)

- Regular internal reflection sessions
- Engage in two-way dialogue with stakeholders
- Specialist expertise and track record in delivering, assessing and communicating sustainable finance and banking services

Financial (capital)

- Finance from like-minded customers who choose to use their money positively
- Fair returns to attract loyal, values-aligned customers



The Triodos essence

- A values-based bank, enabling people to use money consciously to create a healthy society with human dignity at its heart

Our role

- Our mission fully integrated in our strategy Only financing sustainable enterprises in the real economy all of which are published openly
- Meaningful, human relationships with customers and wider stakeholders
- First bank, offering comprehensive sustainable products and services
- Financial resilience including high capital ratios
- Managing both risk and balanced growth (targeted sustainable loan deposits ratio of 75-85%)
- Offering fair financial returns with sustainable impact
- Acting as a reference point for sustainable banking through our open approach to sustainability, innovation and leadership

The changing world

- Responding to an evolving landscape of societal challenges and innovating enterprises addressing them

Triodos Bank business model and value creation in brief

Our business model and value creation process is illustrated in the diagram on the left.

This model creates value by transforming capital inputs. These inputs include the skills and entrepreneurship of the people within our organisation and money from customers, via our core products and services. It transforms these inputs into value outputs so that they make a positive contribution to the development of a healthy society that's able to flourish within our planetary limits.

We aim to reflect the capitals described by the International Integrated Reporting Council in our business and value creation model. However, we make a conscious choice not to include 'manufactured capital', such as tangible assets like buildings, or 'natural capital', such as the natural resources used to deliver our work. While both are significant for some companies, they are less material to a service industry like ours whose principle capitals relate to people, ideas and money.

The financial resilience of this model is built on fair (but not inflated) interest rates to savers; reasonable long-term returns for investors both in our funds and in Triodos Bank itself; and deposits that are lent to sustainable entrepreneurs working in the real economy to deliver real impact.

In order to lend to sustainable enterprises we aim to use deposits rather than borrow from other banks. And we endeavour to deliver a healthy balance between loans and deposits so we're able to mobilise as much of our deposits as possible. We also maintain healthy levels of capital, well above regulatory requirements. This makes us more resilient over the long-term.

Importantly, Triodos Bank develops through cycles of reflection and dialogues where our inner essence as an organisation meets our interaction with society's evolving needs.

Value outputs

People

- A positive contribution to the healthy development of society
- Convening a community of interest to bring about social change
- Enabling values-driven entrepreneurs to fulfil their potential
- Transparent finance so stakeholders see how money is used

Planet

- Finances for sustainable and inclusive enterprise
- Development of a sustainable, circular economy
- Sustainably sourced and managed suppliers. Carbon neutral business
- Development of concrete initiatives and proposals to deepen impact of sustainable finance

Prosperity

- Fair Return on Equity of 5-7%
- Leverage ratio of at least 5% ensuring resilience
- Developing compelling visions for the future of finance

Appendix II – Executive Board and Supervisory Board biographies

Executive Board

Jeroen Rijpkema (1960) CEO

Jeroen Rijpkema has been a statutory member of the Executive Board of Triodos Bank N.V. since 21 May 2021 and is Chair of this Board. He is also member of the Board of Stichting Triodos Holding. Jeroen is a member of the Board of the Dutch Banking Association. In addition, he is a Board member of Stichting Social Finance NL and Stichting Graaf Carel van Lynden (Keukenhof estate and Dutch bulb flower exhibition).

Jeroen is of Dutch nationality and owns 315 Triodos Bank depository receipts.

Kees van Kalveen (1971) CFO

Kees van Kalveen has been a statutory member of the Executive Board and Chief Financial Officer of Triodos Bank N.V. since 25 January 2023.

Kees van Kalveen is of Dutch nationality and does not hold any Triodos Bank depository receipts.

Marjolein Landheer (1970) CRO a.i.

Marjolein Landheer has been a statutory member of the Executive Board and Chief Risk Officer of Triodos Bank N.V. ad interim since 25 January 2023.

Marjolein is currently a member of the Supervisory Board of Cordaid and member of the Board of Natuurmonumenten.

Marjolein Landheer is of Dutch nationality and does not hold any Triodos Bank depository receipts.

Carla van der Weerd (1964) CRO¹

Carla van der Weerd has been a statutory member of the Executive Board and Chief Risk Officer of Triodos Bank N.V. since 17 May 2019. Carla van der Weerd is currently a member of the Supervisory Board of DSW Zorgverzekeraar U.A. She is a former member of the Supervisory Board of Triodos Bank N.V.

She is of Dutch Nationality and does not own any Triodos Bank N.V. depository receipts.

Jacco Minnaar (1971) CCO

Jacco Minnaar has been statutory member of the Executive Board and Chief Commercial Officer of Triodos Bank N.V. since 28 September 2021. Prior to this role, Jacco was Managing Director and Chair of the Management Board of Triodos Investment Management and is currently a member of the management board of Hivos Triodos Fund.

Jacco Minnaar is of the Dutch nationality and owns 20 Triodos Bank Depository Receipts.

Nico Kronemeijer (1964) COO

Nico Kronemeijer has been statutory member of the Executive Board and Chief Operational Officer of Triodos Bank N.V. since 28 September 2021. Prior to this role, Nico was Group Director ICT at Triodos Bank since 2013. In addition to this, Nico is member of the Supervisory Board of the Art Centre 'it Toanhus' in Friese Meren.

Nico Kronemeijer is of Dutch nationality and owns 7 Triodos Bank Depository Receipts.

¹ Carla van der Weerd is currently recovering from the long term effects of a COVID infection.

Supervisory Board

Mike Nawas (1964)

Mike Nawas is Chair of the Supervisory Board and member of the Nomination and Remuneration Committee. He is co-founder of Bishopsfield Capital Partners Ltd (BCP), a financial consultancy based in London and is a Senior Lecturer at Nyenrode Business University. Prior to that he worked at ABN AMRO Bank for twenty years in various positions in Amsterdam and London, lastly as group director worldwide responsible for helping clients access the credit markets via loans, bonds or structured finance. Mike Nawas is a former member of the Board of Stichting Administratiekantoor Aandelen Triodos Bank (SAAT). He is also Chair Dutch Akademeia foundation.

Mike Nawas was first appointed in 2019 and his present term expires in 2023. He is of Dutch and US nationality and does not own any Triodos Bank depository receipts.

Daniëlle Melis (1972)

Daniëlle Melis (1972) is Vice-Chair of the Supervisory Board, member of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee. Danielle Melis holds various board positions in the financial sector. She currently is a member of the Board of General Pension Fund Stap, member of the Supervisory Boards of Blue Sky Group Holding and PGGM Investments. Next to these board positions in the financial sector, Danielle is the Chair of the Board of Stichting Madurodam, member of the Disciplinary Council of the Dutch Securities Institute (DSI), member of the Global Stewardship Committee of the International Corporate Governance Network (ICGN), member of the Advisory Council of Reward Value, senior fellow at the International Center for Financial Law & Governance and guest lecturer at

the Nyenrode Business University. Daniëlle Melis worked in the financial sector for over 25 years, working for MeesPierson, NIBC and Rabobank and has been a member of the faculty of Nyenrode Business University, where she received her Ph.D. in 2014.

Danielle Melis was first appointed in 2021 and her present term expires in 2025. She is of Dutch nationality and does not own any Triodos Bank N.V. depository receipts.

Sébastien D'Hondt (1964)

Sébastien D'Hondt (1964) is Chair ad interim of the Audit and Risk Committee. He is founding partner at Ernest Partners, a partnership advising midsize and large companies on their financing, and partial owner and member of the Board of Cash Converters Belgium. He is also investor in digital tech scale ups and administrator of Howard B.V. Prior to that he worked at ING Bank for more than twenty years in Belgium and the Netherlands in various positions such as Head of Corporate Clients Belux and Managing Director Capital Structuring & Advisory at Wholesale Banking, as Head of M&A at Corporate Finance and as Director Business Center, ING Midcorps Belgium and in Risk Management. Sébastien D'Hondt started his career at Bank Brussel Lambert (BBL).

Sébastien D'Hondt was first appointed in December 2019 and his present term expires in 2024. He is of Belgian nationality and does not own any Triodos Bank N.V. depository receipts.

Kristina Flügel (1969)

Kristina Flügel (1969) is Chair of the Nomination and Remuneration Committee. Until August 2021, Kristina Flügel was the Global Head Human Resources of DWS (a European Asset Manager active in Europe, the Americas and Asia) stemming from the Deutsche Banking Group, leading the HR transformational journey after the IPO of DWS. Therafter she has been is a senior advisor at DWS until March 2022. Until 2019 Kristina Flügel was employed with Deutsche Bank, most recently as Global Head HR Products Private- and Commercial Bank. Kristina Flügel is an experienced HR leader

in Financial Services with broad experience in the design and implementation of strategic programs, on the one hand including outsourcing plans, M&A, restructuring and on the other hand talent-, succession- and diversity. She is also active in the design and implementation of senior leadership assessment and development programs. At least she is an Affiliate Senior Executive Coach at Kets de Vries Institute.

Kristina Flügel was first appointed in 2022 and her present term expires in 2026. She is of German nationality and does not own any Triodos Bank N.V. depository receipts.

Susanne Hannestad (1961)

Susanne Hannestad (1961) is a member of the Audit and Risk Committee. Currently Susanne Hannestad is the CEO of Fintech Mundi AS, a company advising high potential financial technology companies. She is Non-Executive Board Director at Monty Mobile Ltd, a leading international value-added-service & telecom solutions company, Non-Executive Board Director of Crunchfish AB, a technology company developing software innovations and Non-Executive Board Director at Zimpler AB, an open banking company in Europe. She is an experienced international executive and board director in the industries of Financial Services, Financial Technology, Financial Inclusion, Cards, Payments, and Insurance. She is a former Board Director at Nordax Group AB, a Nordic specialist bank for consumer lending in Northern Europe; and former Executive Chairman at Zwipe AS, a pioneer company providing biometric contactless payments experience globally; and she was Advisory Board member at Mastercard Europe, providing payments solutions across Europe. She is a former executive director at Nordea, a leading bank in Northern Europe.

Susanne Hannestad was first appointed in 2021 and her present term expires in 2025. She is of Norwegian nationality and does not own any Triodos Bank Depository Receipts.

Appendix III – UN Sustainable Development Goals

In 2015, the 17 Sustainable Development Goals (SDG) were launched by the United Nations. The SDGs, successors to the Millennium Development Goals, are a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda.



The goals are principally focused on wide-ranging action by states, business and civil society. They resonate strongly with Triodos Bank and our essence as a values-based bank that has been working on this agenda since our founding in 1980.

Triodos Bank is clear about the path we want to take to use money consciously as a catalyst for sustainable change. And while we have our own path to take on a journey to a sustainable, low-carbon and inclusive future, we welcome a framework that enables us to communicate better with our fellow travellers. The SDGs do just that. They provide powerful language to communicate integrated sustainability goals that are more urgent now than ever.

Triodos Bank and the SDGs

The goals clearly articulate objectives that must be addressed at a global level. They reflect the importance of a joined-up, integrated approach to the multiple challenges we face – an approach that closely reflects our own.

Triodos Bank is asked to describe its approach to the SDGs by various stakeholders and has been reporting its approach for many years now. We do this in three distinct ways:

- Via the mapping exercise that follows in this appendix, including updates where we have made specific progress
- By linking relevant content throughout the report to specific SDGs with a visual besides the chapter
- By identifying and reporting against several specific targets, which underpin each of the SDGs.

Where relevant we also highlight SDG targets (e.g. ‘1.5 resilience to external shocks’ below) that underpin each of the goals. We have selected targets that are closest to our activity and aspirations, for readers with a more detailed interest in the specifics of each goal. These targets have been identified, in part, through collaborative work among businesses across sectors, with the support of the Global Reporting Initiative and United Nations Global Compact.

The table below lists the SDGs and Triodos Bank’s contribution to them against three categories highlighting the depth of involvement in relation to each goal. Where our activity is less core to the SDG in question we describe the work we do in this area and our wider perspective on that goal in one column.

- Level 1 – Baseline activity to ensure we are not harming these goals
- Level 2 – Direct activity we take to positively influence them
- Level 3 – The catalysing role we can play to stimulate long-term, transformational change – where Triodos Bank is already, or can in the future, play a catalysing role helping to stimulate the lasting systemic change that the goals demand. This is important because Triodos Bank aims to work with the SDGs to genuinely ‘move the dial’ on the goals.



No poverty

Relevant UN target: 1.5 ...build the resilience of the poor and those in vulnerable situations ... to ... economic, social and environmental shocks ...

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Our policy is to avoid predatory lending and to undertake good due diligence when making decisions about which inclusive finance institutions to invest in.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We invest in institutions working for inclusive finance in emerging markets, so they can serve people to build their assets gradually, develop small and medium-sized enterprises, improve their income-earning capacity, create employment and provide a financial cushion for the future.</p> <p>Triodos Bank has an active role in eradicating urban poverty in Europe, financing organisations devoted to care and social inclusion. Co-workers are also involved directly in local initiatives.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>We have a holistic approach to today's societal challenges. We want to make the transition to a regenerative economy fairer and more inclusive, of which our loans and investments related to this SDG contribute. We also advise financial institutions who specialise in inclusive finance on how to incorporate environmental issues in their business.</p>



Zero hunger

Relevant target: 2.4 ... ensure sustainable food production ...

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>We do not finance intensive agriculture and, instead, only finance sustainable and agriculture based on organic principles.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We specialise in financing sustainable food production through our lending and investing activity in organic farming and sustainable trade.</p> <p>Our investment activity related to sustainable food production focuses around two investment funds (Triodos Food Transition Europe Fund and Triodos Green Fund), totalling up to EUR 149million.</p> <p>The climate, health and hunger in the world are all issues closely related to our eating habits. We finance entrepreneurs and initiatives that contribute to a cultural change by making plant-based food attractive and accessible to the general public.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>At a systemic level our finance aims to inspire the financial sector, by showing that sustainable organic and Fair Trade agriculture can be successfully financed in European and emerging markets.</p> <p>We also work with others (see SDG 17) to promote sustainable food production. Since 2019, we have continued to work with partners to develop 'true cost accounting' for finance, food and farming, for example.</p>



Good health and well-being

Relevant target: 3.5 Prevent and treat substance abuse

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>We only finance healthcare providers with a human-centred approach to care, ensuring health and well-being, particularly for the elderly, people with learning and physical disabilities and other disadvantaged groups such as those recovering from drugs and substance abuse.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We finance large numbers of healthcare organisations whose emphasis is on quality of care, including clinics specialising in addiction treatment. In 2022 we financed EUR 1,118 million in healthcare organisations via direct lending, mainly in elderly care facilities.</p> <p>Triodos Bank also finances many community health centres. The Triodos Pioneer Impact Fund (EUR 580million) and other Triodos investment funds that invest in equities issued by listed companies also invest in medical technology pioneers in the theme of ‘healthy people’.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>We can contribute more powerfully by financing scalable projects.</p>



Quality education

Relevant targets: 4.4 ... increase the number of youth and adults who have relevant skills ... for employment, decent jobs and entrepreneurship

4.7 .. ensure that all learners acquire the knowledge and skills needed to promote sustainable development ...

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Our approach is to only finance education initiatives – from kindergartens to adult education – that benefit individuals’ personal development and society in terms of social cohesion in general, and sustainable economic development in particular.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We support long-term finance to specialist educational providers and schools for children with special educational needs and disabilities. Adult learning is also supported. We also finance a number of music and dance schools.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>We can contribute to the overall education ‘mix’ by focusing our finance on diversity in the education system – through progressive educational establishments and initiatives that serve the excluded.</p> <p>We also provide long-term support and participate in initiatives beyond our role as a bank directly. Co-workers in all countries regularly accept invitations to explain to students how sustainable finance and economics work for a better society.</p>



Gender equality

Relevant target: 5.1 End all forms of discrimination against ... women ...

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>We treat all individuals equally, and particularly include people who are often excluded. In practice, this leads to an explicit focus on making access to finance available to women.</p> <p>We value a diverse community in Triodos Bank itself, including gender.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We finance financial institutions in developing countries and emerging economies that demonstrate a sustainable approach toward providing financial services to those traditionally excluded. Giving women the freedom to manage their income and to support their families empowers their position.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>The greatest contribution we can make is to both promote and extend healthy gender diversity as an important pre-condition for our work as an institution ourselves and in how we apply the money entrusted to us, both in Europe and in developing countries.</p>



Clean water and sanitation

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Clean water and sanitation are topics relevant around the world. While this is not a core loan or investment theme, much of our finance takes care of both, not least through entrepreneurs financed through inclusive finance and SME lending and in sectors such as organic agriculture which support water conservation and water health.</p>
<p>Level 2 What we do to make a meaningful difference</p>	
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	



Affordable and clean energy

Relevant target: 7.2 ... increase ... renewable energy in the global energy mix

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Our policy is to exclusively finance renewable energy initiatives in the energy sector.</p> <p>Whenever we can we generate or buy energy from renewable sources to power the buildings that we work from within our own network.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We finance sustainable energy via direct lending in all the countries where we operate (EUR 1,591 million) and via investments through several investment funds, totalling up to EUR 745 million</p> <p>Triodos Bank finances offshore wind energy projects through its international Energy and Climate desk.</p> <p>Triodos Bank's and Investment Management's renewable energy projects also extend to emerging markets.</p> <p>Triodos Bank has developed a detailed programme to reduce the environmental impact of its own activities; its operations meet the highest environmental standards and it uses 100% renewable energy in its buildings.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>As well as its direct impact as a financier, Triodos Bank acts as an opinion leader in the energy space, including engaging in debate about the urgent importance of a low-carbon economy and how to move towards it.</p> <p>Triodos Bank played a catalytic role in the development of PCAF, the Partnership for Carbon Accounting Financials to measure and disclose the carbon emissions of loans and investments, which has since 2018 evolved into The Global GHG Accounting and Reporting Standard for the Financial Industry.</p> <p>We can contribute further by extending our work into new areas such as energy storage, energy-efficiency finance and electric-vehicle infrastructure via Triodos Bank's European network of energy-finance experts.</p> <p>Triodos Bank is convinced it's time the energy transition becomes a matter for citizens themselves. In The Netherlands we are financing more and more energy initiatives from citizens as a result.</p>



Decent work and economic growth

Relevant targets: 8.3 ... encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services
8.4 Improve ... global resource efficiency in consumption and production ... decouple economic growth from environmental degradation ...
8.9 ... implement policies to promote sustainable tourism ...
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking ... and financial services for all

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Triodos Bank has over 20 years' experience financing microfinance and inclusive finance initiatives in emerging markets. As well as only financing the sustainable economy in Europe, including developing lending in the sustainable tourism sector, all our banking products and services take the environment into consideration.</p> <p>Our finance often leads to job creation and frequently, due to the sustainable focus of all our finance, to work that benefits the excluded – from people with disabilities to ex-offenders.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>The inclusive finance activity we described in SDG 1 is delivered via Triodos Investment Management connecting thousands of investors with microfinance and SME institutions in developing countries.</p> <p>We are continuing to extend lending to certified green sustainable tourism projects, or those working towards it, across Europe.</p> <p>Triodos Bank integrates resource efficiency and environmental concerns in products with a purpose; including biobased mortgages and pensions linked to frontrunning sustainable companies.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>We intentionally look to finance companies that can act as a catalyst for deep-seated change within their industries, as inspirational examples of what's possible in the circular economy. We partner with others who share this agenda, such as the European Investment Fund (EIF). We have three guarantee schemes with the EIF for social entrepreneurs providing up to EUR 400 million in guaranteed loans.</p>



Industry, innovation and infrastructure

Relevant targets: 9.3 Increase the access of small-scale ... enterprises ... to financial services ...
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	
<p>Level 2 What we do to make a meaningful difference</p>	<p>Triodos Bank already has a track record in clean energy infrastructure and aims to remain a frontrunner in financing new green energy infrastructure, both in generation and storage and in green jobs.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>While we typically do not finance large-scale infrastructure projects, Triodos Bank promotes an inclusive, sustainable economy and fosters innovation; indeed, Triodos Bank itself is an example of innovation in the banking sector. Triodos Regenerative Money Centre was established in 2019 with the aim to finance innovation and to innovate finance.</p> <p>Our work for the inclusive finance sector supports efforts to increase access of small-scale enterprises to financial services, including affordable credit.</p>



Reduced inequalities

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Our collective work is designed to contribute to a fairer and more equitable economy in Europe and around the world, as described in our vision paper on social inclusion, published in 2022. One way we do this is via investment funds that promote inclusive finance, targeting small and medium-sized businesses in emerging markets. We also aim to be a reference point for values-based banking, working alongside partners in networks like the Global Alliance for Banking on Values (GABV).</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>We have a comprehensive approach to inequality which includes financing groups at risk of social exclusion.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>Triodos Bank also strives to be a more diverse and inclusive organisation, which will remain high on our list of priorities in the coming years.</p> <p>This work also translates into loans to businesses and organisations that serve and employ people with disabilities or who are otherwise at risk of exclusion. We actively support refugees financially through several initiatives across Europe.</p>



Sustainable cities and communities

Relevant targets: 11.1 ... access for all to ... affordable housing ...

11.4 ... protect and safeguard the world's cultural ... heritage

11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	We have a proactive policy to finance social and (the transition to) sustainable housing as well as arts and culture projects.
Level 2 What we do to make a meaningful difference	<p>We have approximately EUR 532 million in loans and investments in the social housing sector, providing affordable homes for often excluded groups across Europe. We also finance EUR 194 million in community projects, for example in not-for-profit employment programmes, youth help centres, integration programmes and other community projects.</p> <p>We finance EUR 497 million in arts and culture projects, ranging from individual artists to large cultural institutions such as museums and theatres.</p> <p>The sustainable property sector we finance via Triodos Bank and Triodos Investment Management amounts to EUR 955 million.</p>
Level 3 The catalysing role we can play to stimulate long-term, transformational change	<p>We can contribute most powerfully by financing scalable, inspirational projects that change the perspective of the housing and arts and culture industries. These projects show that social, environmental and cultural objectives can and should be integrated in developing sustainable housing for the whole community.</p> <p>We can also respond to urgent challenges in society. For example, refugees with the legal status to stay in The Netherlands for five years can now access a mortgage via a special product developed with the Triodos Foundation and a partner (see also SDG 17).</p> <p>We can also work with partners to advise on how best to attract and apply finance for sustainable infrastructure projects in cities.</p>



Responsible consumption and production

Relevant targets: 12.2 ... sustainable management ... of natural resources

12.5 ... reduce waste generation ...

12.6 Encourage companies ... to adopt sustainable practices ...

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>Our products and services (see qualitative elements in the GABV scorecard) have responsible consumption built in.</p> <p>We positively look to finance companies focused on reducing waste generation and promoting reuse and recycling. We also encourage listed companies to act more sustainably and actively promote responsible consumption.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>The efficient use of natural resources is at the heart of much of our finance. We only finance organic agriculture projects for example, and proactively look to finance businesses operating in the circular economy.</p> <p>Triodos Investment Management engages with large companies, encouraging them to improve their sustainable practices, including by voting as an investor through the Impact Equities and Bonds funds (EUR 2,656 million).</p> <p>Sustainable practices have been an integral to our business from the outset. We integrate sustainability into our reporting cycle as a logical consequence of this focus.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	<p>Through events, articles and public affairs activity we aim to promote an integrated view that responsible consumption and production are closely connected to a better quality of life.</p>



Climate action

<p>Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal</p>	<p>While most of the specific SDG 13 targets do not relate directly to Triodos Bank's activity, much of our direct loans and investments' finance aims to combat climate change, particularly through finance of the sustainable energy sector, which generated green electricity. Triodos Bank has set the ambitious target to net-zero by 2035 at the latest, including all loans and investments.</p>
<p>Level 2 What we do to make a meaningful difference</p>	<p>All our finance aims to integrate environmental concerns with social, cultural and economic considerations. We enable individuals and businesses to act to combat climate change through our products and services, including green mortgages that incentivise more sustainable homes, and personal loans for spending on sustainable products such as solar panels. We participate in public initiatives through advocacy activity and have built partnerships with others.</p>
<p>Level 3 The catalysing role we can play to stimulate long-term, transformational change</p>	



Life below water

Level 1

Baseline policies and activity, to avoid doing any harm in relation to the goal

Our finance in the organic sector aims to reduce marine pollution by focusing on soil quality, water conservation and health. We have signed a statement against deep-sea mining in 2022.

Level 2

What we do to make a meaningful difference

Level 3

The catalysing role we can play to stimulate long-term, transformational change



Life on land

Relevant target: 15.5 ... halt the loss of biodiversity ...

Level 1

Baseline policies and activity, to avoid doing any harm in relation to the goal

Our policy is not to finance any projects that degrade natural habitats or diminish biodiversity.

Level 2

What we do to make a meaningful difference

Next to financing organic agriculture, we finance conservation organisations, which see agriculture as part of a natural system which encourages greater biodiversity, rather than one of extraction. Around EUR 488 million of our loans and investments were in the organic food and farming and nature development sectors during 2022.

We actively engage on issues that relate to sustainable investing on the stock market via our research team, on topics such as palm oil, tin mining, commodity scarcity and conflict minerals. We partner with organisations such as WWF and Greenpeace in some of the countries where we are active and attract donations for their activities through the Triodos Foundation.

Level 3

The catalysing role we can play to stimulate long-term, transformational change

We can contribute to systemic change by demonstrating that enterprises that are focused on greater biodiversity offer a financially viable alternative to the dominant extractive system. We can also develop new, innovative approaches that punch above their weight, as powerful examples of what's possible.

Triodos Bank has signed the Finance for Biodiversity Pledge, committing itself to collaborating, engaging, assessing their own biodiversity impact, setting targets and reporting on biodiversity matters by 2024 at the latest. We are also a member of the Partnership Biodiversity Accounting Financials, which works to develop a common accounting methodology for the sector's impact on biodiversity.

In 2022 we published a whitepaper on the role of the financial sector in restoring biodiversity, and we announced we want ecocide introduced at the International Criminal Court.



Peace, justice and strong institutions

Level 1

Baseline policies and activity, to avoid doing any harm in relation to the goal

We believe peaceful and inclusive societies require fair and inclusive economies focused on improving quality of life for all. Our finance is firmly focused on this goal.

Level 2

What we do to make a meaningful difference

We finance faith organisations of all kinds that commit to non-coercive expressions of religious belief, from Buddhist centres to Presbyterian churches.

Level 3

The catalysing role we can play to stimulate long-term, transformational change



Partnerships for the goals

Relevant target: 17.3 Mobilise additional financial resources for developing countries ...

Level 1

Baseline policies and activity, to avoid doing any harm in relation to the goal

We encourage partnerships to help strengthen sustainable financial institutions and mobilise financial resources in developing countries.

Level 2

What we do to make a meaningful difference

Our aim is to enter sustainable markets early and demonstrate that they are financially viable.

Our work in developing countries is delivered principally through Triodos Investment Management, as described above.

Level 3

The catalysing role we can play to stimulate long-term, transformational change

We can help promote systemic change by partnering with others. Triodos Bank hopes to co-create new collaborations that better meet the needs of a sustainable economy. We are already aligned with many of the global frameworks through our local activities across our operations. They include the following global initiatives:

- The Global Alliance for Banking on Values (GABV)
- UN Principles for Responsible Banking
- Net-zero Banking Alliance
- Commitment to the Dutch Climate Agreement
- PCAF (the Partnership for Carbon Accounting Financials)
- We have signed the Finance for Biodiversity Pledge
- Triodos Bank is also part of the Partnership for Biodiversity Accounting Financials (PBAF)

Beyond these collaborations, we are also committed to the following global initiatives: the Global Impact Investing network (GIIN); UN Principles for Responsible Investment (UN PRI); the Diversity Charter; Club of Rome Finance Impact Hub; the Sustainable Finance Lab; OECD Guidelines for Multinational Enterprises.

We continue collaborating with networks of financial institutions, NGOs and civil society groups (including Finance Watch, Share Action and WWF) to accelerate the transition to a sustainable and inclusive economy.

Appendix IV – Global Alliance for Banking on Values scorecard – quantitative evidence of our impact

The Global Alliance for Banking on Values (GABV) scorecard provides qualitative and quantitative evidence of the sustainable impact of banks. You can find Triodos Bank's full scorecard here - www.gabv.org/the-impact/the-scorecard. Here, we report the quantitative impact of Triodos Bank, as a strong indicator of Triodos Bank's values-based agenda, not least because these measures are linked to Principles of Values Based Banking, established by the GABV and its members (available on the same page above).

These factors provide insights into the three key elements of a bank's activity, which are fundamental to understanding its focus on values-based banking:

- Focus on a triple bottom line of people, planet and prosperity
- Focus on the real economy, and
- Financial viability.

Triodos Bank's performance in relation to these factors, follows below. The 2018 year figures have been adjusted due changes in the accounting principles. For further explanation see the general accounting principles on page 142.

	2022	2021	2020	2019	2018
Quantitative factors¹					
Assets Committed to the Triple Bottom Line to Total Assets	77.4%	70.1%	73.9%	74.5%	76.3%
Assets Committed to the Real Economy to Total Assets	77.1%	70.2%	75.4%	75.7%	77.4%
Income from the Real Economy to Total Income	92.8%	95.1%	97.6%	96.6%	92.3%
Bank Resiliency through Earnings - 3 year Average Return on Assets	0.27%	0.28%	0.28%	0.32%	0.31%
Bank Resiliency through Capital - Equity to Total Assets	8.0%	7.6%	8.7%	9.9%	10.2%
Bank Resiliency through Asset Quality - Low-quality Assets to Total Assets	2.0%	1.5%	1.5%	1.1%	1.3%
Bank Resiliency through Client Based Liquidity – Client Deposits to Total Assets	87.4%	80.5%	84.6%	88.5%	88.0%

¹ IFRS - EU was adopted as of 1 January 2018, and therefore the key figures for 2021, 2020, 2019 and 2018 are reported under IFRS.

GABV Scorecard

Triple Bottom Line Assets ratio

This figure provides the best indication of a bank's commitment to sustainability. Triple Bottom line assets don't just mean assets in the real economy. They specifically refer to assets focused on positive social, environmental and economic benefits: people, planet and prosperity. This figure relates to assets on the balance sheet only.

Not all assets will be committed, however, because some liquidity needs to be available for the bank to support its clients in case of disruptions in the market such as repaying savings deposited with it, for example. An increase of the triple bottom line assets, in combination with a lower balance sheet total, due to the repayment of the TLTRO funding, explains the higher Triple Bottom Line ratio in 2022 compared to previous years.

Real Economy Assets ratio

Financial exposures can be classified as 'real economy' (as opposed to financial economy) if it is directly linked to a real economy asset or activity. This means that the exposure is aimed at directly supporting the production of goods and services, as opposed to focusing primarily on buying and selling in the financial markets. Values-based banks are strongly and directly connected to financing the real economy because that's where they can have a positive impact on people's lives and safeguard the environment. Triodos Bank lends and invests in the real economy for this reason. Real economy assets in a values-based bank should, therefore, be relatively high. By the same token financial economy assets should be relatively low because their impact on people's lives is, at best, indirect.

In addition to a relatively high real economy assets ratio, Triodos Bank targets a ratio of customer loans (almost all of which are in the real economy) to deposits of 75 to 85% to make sure it always has enough money available (or liquidity) to support its clients in case of disruptions in the market. Where it is possible to do so, and to have access to the banking services we need, this liquidity is invested in line with Triodos Bank's minimum standards. In 2022 most investments were in 'neutral' organisations like municipalities and sovereign debt. An increase of the real economy assets, in combination with a lower balance sheet total, explains the higher Real Economy Assets ratio in 2022 compared to previous years.

Real Economy Income ratio

If a bank is earning more of its income from the real economy, it is both making more of a difference to people's lives and is a more resilient institution. Income from the financial economy tend to be more volatile, are more removed from most people's lives, are highly unlikely to be sustainable and mean a bank is less resilient over the long term.

Average Return on Assets ratio

This figure tell you how profitable a bank is and are a good measure of a bank's operating performance. This is important because sustainable banks need to be resilient financially, in order to deliver long term, positive impact. It is also reasonable to assume that if a bank's profits are excessively high they may be taking inappropriate risks and may be enjoying unreasonable profits at the expense of their customers.

The three year average Return on Assets is lower for the last three years compared to prior years, mainly caused by the COVID-19 impact on the expenses for expected credit losses (ECL), the expenses related to the MTF listing and the provision for the restructuring.

Equity to Total Assets ratio

This figure tells you how strong a bank is. It includes the total balance sheet, which means it provides a transparent and conservative measure of a bank's resiliency. This is important for values-based banks which are focused on lasting benefits to society, and want to develop strong capital positions that make them stronger over the long- term.

Other measures, such as risk weighted assets, are used for the same purpose but they are both more complex and less transparent, so the scorecard has chosen to use Equity to Total Assets instead.

As a guide, a benchmark figure of 8% is significantly higher than regulatory requirements. Triodos Bank's equity to total assets figure has, except for last year, consistently been on or well above this level. In 2022 Triodos Bank increased its equity by 0.7%, or EUR 9 million, from EUR 1,250 million to EUR 1,259 million. This increase is caused by retained net profit. Triodos Bank's balance sheet total declined by 4% to EUR 15.8 billion (2021: 16.5 billion) caused by the repayment of the TLTRO funding.

Asset Quality ratio

Low quality assets (such as loans to enterprises that struggle to repay them), at levels significantly above the market average, are generally a bad thing for banks because they represent the risk of financial losses in the future. Values-based banks should have strong customer relationships, and have a deep understanding of their activities and the sectors they work in. Together this will limit the chances of loans and investments going wrong in the first place and should make working through challenges with clients easier when problems do occur. Meaningful relationships with customers and precisely this expertise, is at the core of Triodos Bank's approach to banking.

In 2022, the volume of defaults increased due to the effects of COVID-19, this is the main cause for the increased Asset Quality ratio.

Clients Deposits ratio

Banks finance their assets (such as loans, investments and their wider activities) with money that's either:

- deposited with them by customers,
- and/or borrowed from others (mostly other banks) and then lent on to clients,
- or sourced from investors.

A large amount of borrowing from the markets to finance a bank's activity is, by definition, riskier because markets are more volatile. Banks are both stronger and more values-based when more of the money they use to finance their activity comes from customers. High levels of funding from customers' deposits suggests a strong connection with clients and the real economy – both important elements of a values-based bank.

Triodos Bank funds most of its lending from customers' deposits.

Appendix V – The United Nations Principles for Responsible Banking

In September 2019 Triodos Bank signed the UN Principles of Responsible Banking. The Principles define the global banking industry’s role and responsibilities in addressing current societal problems, including the climate emergency and inequality. Triodos Bank was part of the core group of banks that developed the Principles and shaped the framework. Currently over 270 banks globally had signed up to the Principles.

The participating banks promise to strategically align their business with the goals of the Paris Agreement on Climate Change and the Sustainable Development Goals and scale up their contribution to the achievement of both. By signing up, banks stated they believe that “only in an inclusive society founded on human dignity, equality and the sustainable use of natural resources”, can help their clients, customers and businesses thrive.

Below, you will find an overview of what we have done or are doing in relation to each principle.

Principle 1

We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Triodos Bank is in business to help create a society that protects and promotes the quality of life of all its members, and that has human dignity at its core. Since 1980, we have enabled individuals, organisations and businesses to use their money in ways that benefit people and the environment. Principle 1 is implemented as

a logical consequence of this approach. Our annual report integrates relevant frameworks and goals throughout all chapters of the executive board report. Specifically, the chapters Impact and financial results (see page 42), Our impact approach (see page 56), and the Appendix III – UN Sustainable Development Goals (see page 398) highlight our work in relation to the Paris Agreement and other frameworks. Prior to the creation of the SDGs, Triodos Bank has always produced an integrated annual report showing how sustainability is embedded in Triodos Bank’s strategy (see www.triodos.com/vision-on-impact).

Principle 2

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Triodos Bank’s focus is to deliver positive impact in a holistic manner. Triodos Bank employs strict criteria to ensure the sustainability of products and services. It employs both positive criteria to ensure it is actively doing good and negative criteria for exclusion, to ensure it does not do any harm. The negative criteria exclude loans and investments in sectors or activities that are damaging to society and environment such as fossil fuels. The positive criteria identify leading businesses and encourage their contributions to a sustainable society. On an annual basis, Triodos Bank carries out climate risk stress tests, to assess the potential impact of extreme weather events such as storms, floods, and droughts to its asset portfolio.

Our approach to impact stems from understanding that metrics and targets do not tell the whole story. In practice, that means that we try and find qualitative evidence of the impact first and foremost, and back it up with numbers when it is relevant to do so. Where we do lean on data, we measure to manage. We use data to anchor the conversation with our stakeholders on how we lead the transition to an even more inclusive and sustainable world. Examples with targets and metrics are:

Net-zero in 2035

In 2021, Triodos Bank has set the target to be net-zero as soon as possible, at the latest in 2035. Our ambition is that the greenhouse gas emissions of all Triodos Bank's loans and funds' investments will be greatly reduced, using a science-based targets approach (see Climate impact of our loans and investments (see page 69)).

Our AsOneToZero commitment focuses on investing in nature-based solutions and reducing emission intensity of our financed activities. We want to reduce emissions, respecting the planetary boundaries and social inclusion of all people.

Our financed emissions are measured through PCAF and reported in the Climate impact of our loans and investments (see page 69). Our direct emissions are reported in our Environmental report (see page 93).

Metrics & Transition Themes

In 2022, we have identified five interlinked transition themes: food, resource, energy, societal and wellbeing (see page 56). We measure outcome of our activities in the five transition themes, these metrics can be found in chapter Impact by transition theme (see page 64). Over 2023, Triodos Bank is refining which impact metrics will inform the Triodos' contribution to the five transitions.

Impact Prism

To support our holistic approach to impact, the Triodos Impact Prism was developed in 2018

and 2019 to understand, monitor and equip the business to steer on impact in service of their goals. Thirty-five questions identify the broader impact and purpose of each loan of our banking activities, ranging from questions on social justice to its exemplary role in sustainability. The main goal is to use the results to discuss opportunities during the relationship to increase the impact of the customers and projects we finance.

SDG reporting

We define our aspirations in relation to the SDGs specifically, in the appendix, on three levels; our baseline activity, direct activity and where we can play a role as a catalyst for systemic change. Refer to Appendix III – UN Sustainable Development Goals (see page 398) for a breakdown by SDG.

Principle 3

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

This principle is safeguarded within our mission, values, and policies.¹ It is implemented through our business as this is key for reaching positive impact.

Implementation

Triodos Bank has always engaged with clients to encourage sustainable practices and shared prosperity. Some examples from 2022:

- The Triodos Impact Prism.
- In 2022, we launched the bio-based mortgage which links the interest rate to the choice of (sustainable) materials used to build a house. This is in addition to our mortgages which offer discounted interest rates for more energy efficient houses and incentives to make environmental improvements to their home.
- The mobile banking app shows the impact investors create with every euro they have invested in one of the bank's investment funds.

¹ Lending criteria, business principles, minimum standards.

It provides all Triodos Bank customers inspiring stories and tips on impact.

- Triodos Bank has a partnership with the InvestEU programme and the European Investment Fund (EIF) to financially support enterprises with a positive social impact that normally have more difficulty in getting access to normal bank financing.

Principle 4

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Triodos Bank was a co-founder of several initiatives which foster the development of approaches to improve the impact of the bank and the wider sector; they include the Dutch Sustainable Finance Lab (and a similar initiative developed in Spain in 2019), and the Global Alliance for Banking on Values, a network of independent sustainable banks. In our Change finance report (see page 62), we report on our collaborations in the financial sector at a national and international level. In addition, we engage with stakeholders throughout the year at a national, regional and sectoral level. A stakeholder engagement meeting took place at Triodos Bank's Head Office, the process and results of which are reported in Our stakeholders and material topics (see page 23).

Principle 5

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

To safeguard our principles, values and objectives, Triodos Bank has been structured and is managed in such a way as to ensure we can achieve our mission. See page 8 for the governance structure of Triodos Bank and page 56 for the impact governance section.

Principle 6

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Triodos Bank's impact management cycle is the process used to review Triodos Bank's implementation of these Principles. It starts with establishing a clear vision of the impact we want to make as a financial institution, developing a strategy on how to implement this vision from a business perspective. Monitoring results, analyzing challenges and successes; if necessary, translating these into learnings and adapt our strategy and activities. In 2022, we initiated a process to develop a concrete, Group-wide impact strategy to ensure alignment and coordination across subsidiaries and business units. See our approach to impact management (see page 56) for more information.

Through our Change Finance activities, Triodos Bank endorses regulations that require all financial institutions to disclose sustainability-related information. In this way, Triodos Bank encourages collective implementation of these Principles including financial institutions that are not part of the UN PRB.

Appendix VI – Co-worker and environmental statistics

Co-worker statistics

Co-worker statistics are gathered through various HR systems and consolidated by Group HR throughout the year. By setting group definitions for all countries, we assume all co-workers are in scope and statistics are calculated consistently.

Social key figures¹

Social key figures ²	2022		2021		2020		2019		2018	
	Inside NL	Outside NL	Inside NL	Outside NL	Inside NL	Outside NL	Inside NL	Outside NL	Inside NL	Outside NL
Number of co-workers at year-end	997	818	942	773	889	703	791	702	737	690
Average number of ftes during the year ³	876.9	755.7	827.7	705.0	740.6	668.1	677.1	668.6	649.1	647.6
Number of ftes at year-end ⁴	896.5	782.5	844.0	739.5	792.6	670.5	703.3	667.1	658.0	659.4
Sickness rate	4.7%		3.5%		3.7%		4.3%		3.8%	

¹ The co-worker report includes everyone employed by Triodos Bank.

² The co-worker report includes everyone employed by Triodos Bank.

³ Fte stands for full-time equivalents and is the number of co-workers calculated on a full-time basis per week. (For The Netherlands this is 40 hours, Belgium 37 hours, United Kingdom 37.5 hours, Spain 37 hours, for Germany 39 hours).

⁴ Fte stands for full-time equivalents and is the number of co-workers calculated on a full-time basis per week. (For The Netherlands this is 40 hours, Belgium 37 hours, United Kingdom 37.5 hours, Spain 37 hours, for Germany 39 hours)

Training expenses per co-worker¹

	2022	2021	2020	2019	2018
The Netherlands	2,169	2,036	1,287	2,237	1,242
Belgium	1,972	2,009	1,130	1,012	1,669
United Kingdom	1,487	1,625	1,162	1,431	1,124
Spain	1,318	724	459	626	565
Germany	1,812	1,290	941	1,375	1,288
France	-	-	3,025	2,722	3,906
Head office	1,760	1,471	1,341	2,321	2,901
Triodos Investment Management	1,549	2,088	2,143	3,715	2,173
Average	1,720	1,596	1,207	1,840	1,602
Increase	7.7%	32.3%	-34.4%	14.8%	8.9%

¹ All training expenses disclosed are based on the average fte of a whole reporting year and include local training expenses and expenses for the Triodos Academy.

Age categories of co-workers of Triodos Bank at year end

	2022		2021		2020		2019		2018	
	#	%	#	%	#	%	#	%	#	%
< 28 yr	122	6.7%	105	6.1%	94	5.9%	85	5.7%	58	4.1%
28 – 35 yr	351	19.3%	341	19.9%	305	19.2%	283	19.0%	288	20.2%
35 – 42 yr	431	23.7%	417	24.3%	403	25.3%	415	27.8%	416	29.2%
42 – 49 yr	404	22.3%	371	21.6%	350	22.0%	326	21.8%	303	21.2%
49 – 56 yr	325	17.9%	315	18.4%	289	18.2%	250	16.7%	245	17.2%
>= 56 yr	182	10.0%	166	9.7%	151	9.5%	134	9.0%	117	8.2%
Total	1,815	100.0%	1,715	100.0%	1,592	100.0%	1,493	100.0%	1,427	100.0%
Average age	42.0		42.0		41.9		41.7		41.7	

Years of service of co-workers of Triodos Bank at year end

	2022		2021		2020		2019		2018	
	#	%	#	%	#	%	#	%	#	%
0-1 yr	277	0	245	14.3%	230	14.4%	209	14.0%	173	12.1%
1-3 yr	420	0	400	23.3%	342	21.5%	323	21.6%	374	26.2%
3-5 yr	272	0	254	14.8%	293	18.4%	328	22.0%	297	20.8%
5-10 yr	514	0	505	29.4%	454	28.5%	375	25.1%	367	25.7%
10-15 yr	218	0	214	12.5%	192	12.1%	179	12.0%	140	9.8%
> 15 yr	114	6.3%	97	5.7%	81	5.1%	79	5.3%	76	5.3%

Sickness rate

	2022	2021	2020	2019	2018
The Netherlands	5.7%	3.2%	4.0%	5.5%	5.1%
Belgium	7.5%	5.9%	6.5%	6.1%	3.6%
United Kingdom	2.1%	3.2%	2.5%	2.4%	2.4%
Spain	3.1%	3.6%	4.6%	5.8%	5.6%
Germany	3.9%	3.1%	4.5%	3.9%	2.8%
France	-	-	3.6%	2.2%	0.8%
Head office	5.5%	4.1%	3.1%	3.0%	2.7%
Triodos Investment Management	4.3%	1.4%	1.8%	2.7%	2.7%
Total¹	4.6%	3.5%	3.7%	4.3%	3.8%

¹ Our sickness rate remains above our target, which is not to exceed 3%. Therefore our focus lies on promoting well-being as described in the co-worker chapter of this annual report.

Attrition

	2022	2021	2020	2019	2018
The Netherlands	9.9%	7.9%	8.2%	8.8%	11.3%
Belgium	11.7%	11.5%	10.1%	13.6%	9.4%
United Kingdom	19.5%	17.6%	7.7%	13.9%	15.0%
Spain	6.7%	5.5%	4.2%	5.7%	5.9%
Germany	12.2%	11.8%	10.3%	4.7%	10.6%
France	-	-	100.0%	46.7%	13.3%
Head Office	9.1%	8.5%	8.2%	8.0%	6.3%
Triodos Investment Management	14.2%	11.1%	8.2%	12.9%	7.6%
Total¹	11.4%	9.8%	8.2%	9.9%	8.9%

¹ Our attrition rate exceeds our target of 10%. This is sometimes related to specific local circumstances and changes in the organisation and sometimes related to tight labor market.

Contract type

Contract type ¹	2022		2021		2020		2019	
	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent
The Netherlands	1	359	2	343	7	333	55	238
Belgium	2	169	2	160	4	152	2	137
United Kingdom	13	265	23	223	10	195	18	178
Spain	4	275	11	274	5	269	15	271
Germany	-	74	1	73	1	67	-	68
France	-	-	-	-	-	-	-	10
Head Office	26	415	19	366	8	334	47	270
Triodos Investment Management	4	208	9	209	17	190	28	156
Total²	50	1,765	67	1,648	52	1,540	165	1,328

¹ In the General Disclosures of the GRI Standards, Disclosure: 102-8, the requirement has been added: 'Total number of employees by employment contract (permanent and temporary), by region'. Therefore, as of 2016 we report the number of fixed and permanent contracts at year-end.

² The majority of the organisation's work is performed by co-workers under permanent contract with Triodos Bank.

Total number of co-workers by contract, by gender

	2022		2021		2020	
	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent
Male	31	879	36	827	30	780
Female	19	886	31	821	22	760
Total	50	1,765	67	1,648	52	1,540

Total employees (payroll) covered by collective bargaining agreements

	2022				2021			
	Total	Non CBA ¹	CBA		Total	Non CBA	CBA	
The Netherlands	997	6	991	99.4%	942	5	937	99.5%
Belgium	172	-	172	100.0%	162	-	162	100.0%
United Kingdom	290	290	-	0.0%	251	251	-	0.0%
Spain	282	-	282	100.0%	286	-	286	100.0%
Germany	74	74	-	0.0%	74	74	-	0.0%
France	-	-	-	0.0%	-	-	-	0.0%
Total²	1,815	370	1,445	79.6%	1,715	330	1,385	80.8%

¹ For the Netherlands this only applies to Executive Board members. The UK has no collective bargaining agreements in place. All contractual terms are based on the standard terms and conditions of TBUK in line with group policies, are in line with the financial market in the United Kingdom and applicable to all co-workers of TBUK. Germany has no collective bargaining agreement, but applies the same terms and conditions as the collective labour agreement of the private banking industry in Germany for all positions.

² The majority of all co-workers under contract with Triodos Bank are covered by collective bargaining agreements.

Total number of co-workers by region, by gender

	2022		2021	
	Male	Female	Male	Female
The Netherlands	553	444	525	417
Belgium	73	99	72	90
United Kingdom	136	154	118	133
Spain	104	178	103	183
Germany	44	30	45	29
Total	910	905	863	852

Total number of co-workers by region, by fulltime/parttime

	2022		2021	
	Fulltime	Parttime	Fulltime	Parttime
The Netherlands	414	583	388	554
Belgium	146	26	139	23
United Kingdom	229	61	199	52
Spain	257	25	259	27
Germany	43	31	43	31
Total	1089	726	1028	687

Total average FTE external co-workers

	2022	2021
Total	132.1	132.6

Environmental statistics

Environmental key figures

	2022	2021	2020	2019	2018
Energy consumption (in buildings)¹					
Total electricity consumption in kWh	2,043,447	2,475,037	2,627,044	2,869,520	2,681,588
Electricity in kWh/fte	1,158	1,486	1,742	1,980	1,930
Total gas consumption in m ³	58,361	65,630	68,888	143,816	143,935
Gas in m ³ /fte	33	39	46	99	104
Business travel²					
By aircraft in km/fte	897	384	760	3,622	3,452
By car in km/fte	451	385	414	888	1,036
By public transport in km/fte	404	118	194	631	589
Commuting²					
By car in km/fte	1,338	881	1,536	3,582	4,025
By public transport in km/fte	1,788	621	851	4,791	3,361
By bike or on foot in km/fte	220	112	317	1,282	606
Paper usage¹					
Total paper usage in kg/fte	18	34	34	67	81
Blank copy recycled paper in kg/fte	2	2	3	11	13
Letter head paper/leaflets/etc. in kg/customer	0	0	0	0	0
Waste³					
Waste in kg/fte	45	75	49		
Co-workers					
Internal in fte	1,633	1,533	1,404	1,346	1,297
External in fte	132	133	105	104	93
Buildings (absolute figures)					
Surface area in m ²	26,697	28,830	36,409	36,734	34,321
Volume in m ³	88,578	94,443	122,954	123,929	114,445

¹ For the calculations per fte, the total number of fte's are used (internals plus externals).

² Only kilometers travelled by internal co-workers are taken into account. For the calculations per fte, also only the number of internal fte's are used.

³ This key figure is related to the waste generated in operations and has been added to the reporting scope retroactively from 2020.

Emission of CO₂ (equivalents)

In thousands of kg	2022	2021	2020	2019	2018
Scope 1					
Gas consumption (heating)	59	66	61	70	73
Fossil-fuelled company cars & lease cars	191	176	109	197	156
Scope 2					
Electricity ¹	10	3	14	22	7
Electric company cars & lease cars ²	48	50	42	65	19
Scope 3					
Privately owned cars, rental cars & taxi's	406	227	469	1,165	1,312
Public transport	60	28	35	130	105
Flights	290	118	215	1,129	997
Paper	41	72	65	123	143
Waste ³	25	23	25		
Downstream leased assets ⁴	178	178	178		
TOTAL⁵	1,308	942	1,215	2,901	2,812
Minus: Compensation for CO ₂ credits	--1,713	--740	--1,011	--2,901	--2,812
CO₂ balance	--405	202	203	-	-
CO ₂ compensation costs per tonne (EUR)	€ 17.55	€ 12.65	€ 10.95	€ 8.40	€ 8.40

¹ Due to changes in the method of calculation, the CO₂ emissions of electricity has fluctated in previous years.

² As the source for electricity is not always clear, we assume grey electricity for charging.

³ These are emissions related to the waste generated in operations. This category has been added to the reporting scope retroactively from 2020.

⁴ These are emissions related to our Investment property and Repossessed property held-for-sale (note 8 and note 12 to the consolidated balance sheet). This category has been added to the reporting scope retroactively from 2020, using the data for 2022 as estimates for 2020 and 2021 due to lack of data from before 2022.

⁵ For the calculation of the total emissions, the unrounded values of the items were used, which might give a different result than the sum of the rounded values.

Methodology

The data to calculate the final CO₂ footprint of Triodos Bank are collected by Local Environmental Managers (LEMs) in the various countries where Triodos Bank has its operations. They complete all data, including underlying evidence, in a CO₂ Management Application of the Climate Neutral Group (CNG). The Environmental manager in The Netherlands checks if the input of all data and evidence has been done correctly. After the completion of this phase, all data is consolidated by the Finance Division (using the

four eyes principle). Finally, an external auditor checks if all relevant data has been entered accurately and approves the outcome. CNG determines conversion factors for the calculation of the amount of greenhouse gas emissions caused by Triodos Bank on an annual basis. The conversion factor multiplied by the outcome of the different components results in Triodos Bank's total CO₂ footprint.

The CO₂ footprint breakdown in different scopes is in line with international standards like the Greenhouse Gas protocol (GHG Protocol) and the Global Reporting Initiative (GRI).

Appendix VII – Taxonomy table

Explaining the template

To align with future reporting requirements, Triodos Bank has reported on the EU Taxonomy using Template 7 of the CRR ESG Risk disclosure templates which is largely similar to Template 1 of Annex VI of the Taxonomy regulation published in December 2021. The main difference is that the EU Taxonomy Annex VI Template 1 includes off-balance sheet exposures and the CRR template does not. As our guarantees (which are off-balance sheet exposures) are not material, we do not disclose the eligibility of these positions in FY2022. For the funds under management we provide a voluntary disclosure.

Triodos Bank has made a restatement for the FY2021 figures. To align with the EU Taxonomy and CRR Pillar 3 ESG Reporting templates, we report all financial corporations in the numerator. This means that we do not make a distinction in our disclosure between financial corporations that are subject to NFRD disclosure or not. In line with regulatory requirements we do not disclose eligibility of these financial corporations that are not subject to NFRD. Additionally we no longer report separately on green bond exposures as these are included in debt securities. Furthermore we have adjusted the methodology to identify NFRD-obligatory companies based on EU-level regulations in stead of local country regulations. The local NFRD regulations are more strict in several countries such as Spain, meaning more companies are obligatory to provide NFRD reports but not per se to provide EU Taxonomy information. This change has led to a reduction in exposure to NFRD-obligatory counterparties in 2021 from EUR 313 million with EUR 98 million to EUR 215 million.

The 2022 Taxonomy-eligibility assessment includes our business loans, Treasury positions, mortgage loans, specialised lending to municipalities and equity positions on our balance sheet. Exposures within Triodos Bank UK are to be considered if they are to (subsidiaries of) an EU based group. Triodos Investment Management activities are seen as 'funds under Management' which is not included in the mandatory reporting for FY2022. Additionally, while Triodos Investment Management is active in Europe, the global activities outside the EU fall out of scope for Taxonomy-eligibility. Other asset management activities within Triodos including private banking and activities of TRMC also remain out of scope as these do not meet the UCITS/AIF qualification. In the future these activities will be relevant for the EU Taxonomy KPI on Fees and Commissions, which will become applicable as per 2026.

On the website of our 2022 annual report we have published a more detailed methodology on how we report on the EU Taxonomy. There are three main data sources that flow to the EU Taxonomy reporting template: Business Banking, Triodos Investment Management and our Treasury positions. The EU Taxonomy information is disclosed at the level of "prudential consolidation", meaning on the basis of the prudential consolidated financial statements that are disclosed in the context of supervisory financial reporting (FinRep). To ensure consistency with the annual accounts, FinRep is reconciled with the IFRS figures. The major difference stems in the requirement to report EU Taxonomy figures in gross carrying amounts (amortised cost of a financial asset before adjusting for any loss allowance), whereas the IFRS balance sheet total is reported in carrying amounts. While FinRep is reconciled with the annual accounts, the external audit on the FinRep figures commences in Q2 2023, meaning that the FY2022 FinRep figures are not audited at the time of publication of the FY2022 annual report and therefore may be subject to change.

Assumptions and limitations

This is the first reporting year to disclose on a mandatory basis using information obtained bilaterally from counterparties or their public disclosures. Also for these clients the EU Taxonomy is in an implementation phase, meaning that their eligibility towards Climate Change Mitigation and Climate Change adaptation is also limited and may vary in the future.

For a correct categorisation of the numerator and denominator we need to know if a counterparty

is subject to NFRD disclosure obligations. For this NFRD assessment, no public database or repository is present in the EU to determine which counterparties must report on non-financial information. The process therefore is a complex and manual exercise. Triodos has made the assessment on a best effort basis and used professional judgment to determine which clients are under the scope of the NFRD. The NFRD check consisted of two steps. In the first phase we determined whether counterparties on an entity or consolidated basis met the size thresholds for NFRD. If these size thresholds were met, a PIE (Public Interest Entity) assessment was performed. In several instances clients have indicated they are not obligated to report under NFRD. In those situations we consider the client information to be leading and we do not consider the client as being NFRD-obligatory.

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
GAR - Covered assets in both numerator and denominator							
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5,848	4,770	81.6%	4,987	3,815	76.5%
2	Financial corporations	877	55	6.3%	758	30	4.0%
3	Credit institutions	406	55	13.5%	340	30	8.8%
4	Loans and advances	97	34	35.1%	82	-	0.0%
5	Debt securities, including UoP	279	20	7.2%	232	30	12.9%
6	Equity instruments	31	-	0.0%	26	-	0.0%
7	Other financial corporations	471	-	0.0%	418	-	0.0%
8	Loans and advances	467	-	0.0%	408	-	0.0%
9	Debt securities, including UoP	1	-	0.0%	6	-	0.0%

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
10	Equity instruments	4	-	0.0%	4	-	0.0%
11	Non-financial corporations (subject to NFRD disclosure obligations)	232	137	59.1%	239	18	7.5%
12	Loans and advances	195	104	53.3%	199	-	0.0%
13	Debt securities, including UoP	38	34	89.5%	40	18	45.0%
14	Equity instruments	-	-	0.0%	-	-	0.0%
15	Households	4,601	4,460	96.9%	3,811	3,636	95.4%
16	of which loans collateralised by residential immovable property	4,460	4,460	100.0%	3,636	3,636	100.0%
17	Local governments financing	132	114	86.4%	172	123	71.5%
18	Other local governments financing	132	114	86.4%	172	123	71.5%
19	Collateral obtained by taking possession: residential and commercial immovable properties	5	5	100.0%	7	7	100.0%
20	TOTAL GAR ASSETS	5,848	4,770	81.6%	4,987	3,815	76.5%
Assets excluded from the numerator for GAR calculation (covered in the denominator)							
21	EU Non-financial corporations (not subject to NFRD disclosure obligations)	4,222			4,194		
22	Loans and advances	4,186			4,145		

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
23	Debt securities	35			48		
24	Equity instruments	1			1		
25	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	1,238			1,294		
26	Loans and advances	1,238			1,294		
27	Debt securities	-			-		
28	Equity instruments	-			-		
29	Derivatives	296			20		
30	On demand interbank loans	186			145		
31	Cash and cash-related assets	-			-		
32	Other assets (e.g. Goodwill, commodities etc.)	241			232		
33	TOTAL ASSETS IN THE DENOMINATOR (GAR)	12,031	4,770	39.6%	10,872	3,815	35.1%
	Other assets excluded from both the numerator and denominator for GAR calculation						
34	Sovereigns	1,480			1,354		
35	Central banks exposure	2,631			4,328		
36	Trading book	-			-		
37	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	4,111			5,682		
38	TOTAL ASSETS²	16,142	4,770	29.6%	16,554	3,815	23.0%

¹ Empty highlighted sections are intentionally left blank. No information is displayed as assets only included in the denominator by their definition are not tested for eligibility.

² Gross carrying amount excludes 1) impairments on loans and advances and 2) fair-value changes of the hedged items in portfolio hedge of interest rate risk. Therefore the total assets in this table are EUR 342 million higher than reported in the FinRep F01.01 or IFRS Total Assets in which deductions for impairments or fair-value changes of hedged items are included (carrying amount).

Glossary of terms

AFM	Autoriteit Financiële Markten (The Netherlands Authority for the Financial Markets)
AGM	Annual General Meeting
ALCo	Asset and Liability Committee
AML	Anti-Money Laundering
AR	Annual Report
ATM	Automatic Teller Machine
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BIA	Basic Indicator Approach
BMR	Benchmarks Regulation
BRRD	Bank Recovery and Resolution Directive
CASS	Client Money and Custody Asset
CBS	Central Bureau of Statistics (Netherlands)
CCA	Climate Change Adaptation
CCM	Climate Change Mitigation
CEO	Chief Executive Officer
CET	Common Equity Tier
CET-1	Common Equity Tier 1
CET-2	Common Equity Tier 2
CFO	Chief Financial Officer
CFRO	Chief Financial and Risk Officer
CO ₂ e	CO ₂ equivalent
COO	Chief Operating Officer
CRO	Chief Risk Officer
CRR/CRD	Capital Requirements Regulation/Capital Requirements Directive
CSRD	Corporate Sustainability Reporting Directive
DGS	Deposit Guarantee Scheme
DNB	De Nederlandsche Bank (The Central Bank of the Netherlands)

DR	Depository Receipts
DRH	Depository Receipt Holders
EAD	Exposure at Default
EB	Executive Board
EBA	The European Banking Authority
ECAI	External Credit Assessment Institutions
ECB	European Central Bank
ECL	Expected Credit Losses
EDI	Equity, Diversity and Inclusion
EDRHM	Extra Depository Receipt Holders' Meeting
EGM	Extraordinary General Meeting
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
EVE	Economic Value of Equity
FTE	Full Time Equivalent
FVOCI	Fair Value Through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
FX Forward	Foreign Exchange Swap
GABV	Global Alliance for Banking on Values
GAR	Green Asset Ratio
GBP	The British pound sterling
GDP	Gross Domestic Product
GHG	Greenhouse gases
HQLA	High-Quality Liquid Assets
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
IBR	Incremental Borrowing Rate
ICAAP	Internal Capital Adequacy Assessment Process
ICMA	The International Capital Market Association

ICT	Information and Communication Technology
IEB	Impact Equities and Bonds (funds)
IFRS	International Financial Reporting Standards
ILAAP	The Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book
IRS	Interest Rate Swaps
ISAE	International Standard on Assurance Engagements
ISDA	The International Swaps and Derivatives Association
IT	Information Technology
ITGC	Information Technology General Controls
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LoD	The Three Lines of Defence
MARC	Model and Assumptions Review Committee
MTF	Multilateral Trading Facility
NAV	Net Asset Value
NCI	Non Controlling Interest
NFRD	Non-Financial Reporting Directive
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
NZBA	Net-Zero Banking Alliance
OCI	Other Comprehensive Income
OIS	The Overnight Index Swap
ORM	Operational Risk Management
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of Default
POCI	Purchased or Originated Credit Impaired
PwC	PricewaterhouseCoopers Accountants N.V.
Q&A	Questions and Answers
RCSA	Risk and Control Self-Assessment
RMBS	Residential Mortgage-Backed Securitisation
RoA	Return on Assets
RoE	Return on Equity

SAAT	Stichting Administratiekantoor Aandelen Triodos Bank
SBTi	Science Based Targets initiative
SDG	UN Sustainable Development Goals
SFAP	Sustainable Finance Action Plan
SFDR	Sustainable Finance Disclosure Regulation
SIRA	Systematic Integrity Risk Analysis
SME	Small and Medium-sized Enterprises
SOC	Security Operations Centre
SPPI	Solely Payments of Principal and Interest
SRA	Strategic Risk Assessments
SREP	Supervisory Review and Evaluation Process
STS	Simple Transparent and Standardised (Securitisation Framework)
TBL	Triple Bottom Line
TCR	Total Capital Ratio
TIBER	Threat Intelligence Based Ethical Red Teaming
T-IM	Triodos Investment Management
TLTRO	TLTROIII or Targeted Longer-Term Refinancing Operations
TMF	Triodos Microfinance Fund
TRMC	Triodos Regenerative Money Center
UK	United Kingdom
UNGPs	UN Guiding Principles on Business and Human Rights
VAT	Value-Added Tax
VGBA	Verordening gedrags- en beroepsregels accountants (Dutch Code of Ethics)
ViO	Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten (Code of Ethics for Professional Accountants, a regulation with respect to independence)

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Addresses

Triodos Bank N.V. International Head Office

Landgoed De Reehorst
Hoofdstraat 10a, Driebergen-Rijsenburg
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.com

Triodos Investment Management B.V.

Landgoed De Reehorst
Hoofdstraat 10, Driebergen-Rijsenburg
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos-im.com

Banking activities

The Netherlands

Landgoed De Reehorst
Hoofdstraat 10, Driebergen-Rijsenburg
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.nl

Belgium

Hoogstraat 139/3 – Rue Haute 139/3
1000 Brussels, Belgium
Telephone +32 (0)2 548 28 28
www.triodos.be

Ghent Regional office
Nieuwewandeling 62 (bus 7)
9000 Gent, Belgium
Telephone +32 (0)9 265 77 00

United Kingdom

Deanery Road
Bristol BS1 5AS, United Kingdom
Telephone +44 (0)117 973 9339
www.triodos.co.uk

Edinburgh Regional office
50 Frederick Street
Edinburgh, EH2 1EX, United Kingdom

London Regional office
5th Floor,
20 Old Bailey,
EC4M 7LN,
London, United Kingdom

Germany

Falkstraße 5
60487 Frankfurt am Main, Germany
Telephone +49 (0)69 717 19 100
www.triodos.de

Berlin Regional office
c/o Impact Hub Berlin
Rollbergstraße 28A
12053 Berlin, Germany
Telephone: +49 (0)69 717 19 100

Spain

c/ José Echegaray, 7
28232 Las Rozas, Madrid, Spain
Telephone +34 (0) 900 82 29 82
www.triodos.es

A Coruña office
Avda. Finisterre 25
15004 A Coruña, Spain

Albacete office
Espacio coworking del centro comercial Val
General en
C/ Tesifonte Gallego 9, segunda planta
02002 Albacete, Spain

Badajoz office
C/ Ricardo Fernández de la Fuente, 29
Centro de negocios Medea
06001 Badajoz, Spain

Barcelona office
Avda. Diagonal 418 . Casa de Les Punxes
08037 Barcelona, Spain

Bilbao office
c/ Lersundi 18 (esq. Alameda Recalde)
48009 Bilbao, Spain

Girona office
C/ Riu Güell, 58, (Edificio CINCO)
17005 Girona, Spain

Granada office
c/ Gran Vía de Colón 29
18001 Granada, Spain

Las Palmas de G.C. office
Avenida Alcalde José Ramírez Bethencourt,
13, bajo
35004 Las Palmas de Gran Canaria, Spain

Madrid office
c/ Mártires Concepcionistas, 18 (esquina c/ Ortega
y Gasset)
28006 Madrid, Spain

Málaga office
Centro de coworking Impact Hub, en Callejones del
Perchel, 8
29002 Málaga, Spain

Murcia office
Centro de negocios de
c/Gran Vía Escultor
Francisco Salzillo, 28,
3º derecha.
30001 Murcia, Spain

Oviedo office
C/ Melquíades Álvarez
nº 26, 1A
33003 Oviedo, Spain

Palma de Mallorca office
Carrer del Fluvià, 1 - Bajos
07009 Palma de Mallorca, Spain

Pamplona office
C/ Larrabide 21 bajo
31005 Pamplona, Spain

S.C. de Tenerife office
Calle San Francisco Javier, 47
38001 Santa Cruz de Tenerife, Spain

Sevilla office
Plaza de Villasís, 2, Módulo 302 (tercera planta)
41003 Sevilla, Spain

Valencia office
Carrer de l'Almirall Cadarso, 28 (Coworking
WayCO Ruzafa)
46005 Valencia, Spain

Valladolid office
C/ de Recondo, S/N, (VIA LAB)
47007 Valladolid

Zaragoza office
Paseo de Pamplona, 13
50004 Zaragoza, Spain

- Headquarters
- Banking activities
- Commercial office

Colophon

Production

Triodos Bank N.V. 2022 Annual Report

Published

March 2023

Text

Triodos Bank

Coordination

RRED Communications, The Hague, The Netherlands

Design concept & art direction

Dietwee, Utrecht, The Netherlands

Design production

Tangelo

Printing

Drukkerij Libertas Pascal, Utrecht, The Netherlands

Circulation

270 copies

Contact

If you have comments or questions about this report, please contact your local office of Triodos Bank. Addresses are provided at the end of this report. This document can be downloaded from www.annual-report-triodos.com

Sustainable banking

means using money with conscious thought about its environmental, cultural and social impact, with the support of savers and investors who want to make a difference. It means meeting present day needs without compromising those of future generations.