Annual Report
2021

Triodos Bank

Triodos Bank

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

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

Extraordinary general meeting	29 March 2022
Annual general meeting	20 May 2022
Ex-dividend date	24 May 2022
Dividend payment date	27 May 2022

Annual Report 2021 Triodos Bank N.V.

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
Country Reports – A summary of activities in each of the countries where we operate
Global Reporting Initiative (GRI) content index
Pillar 3 report 2021

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

Key figures

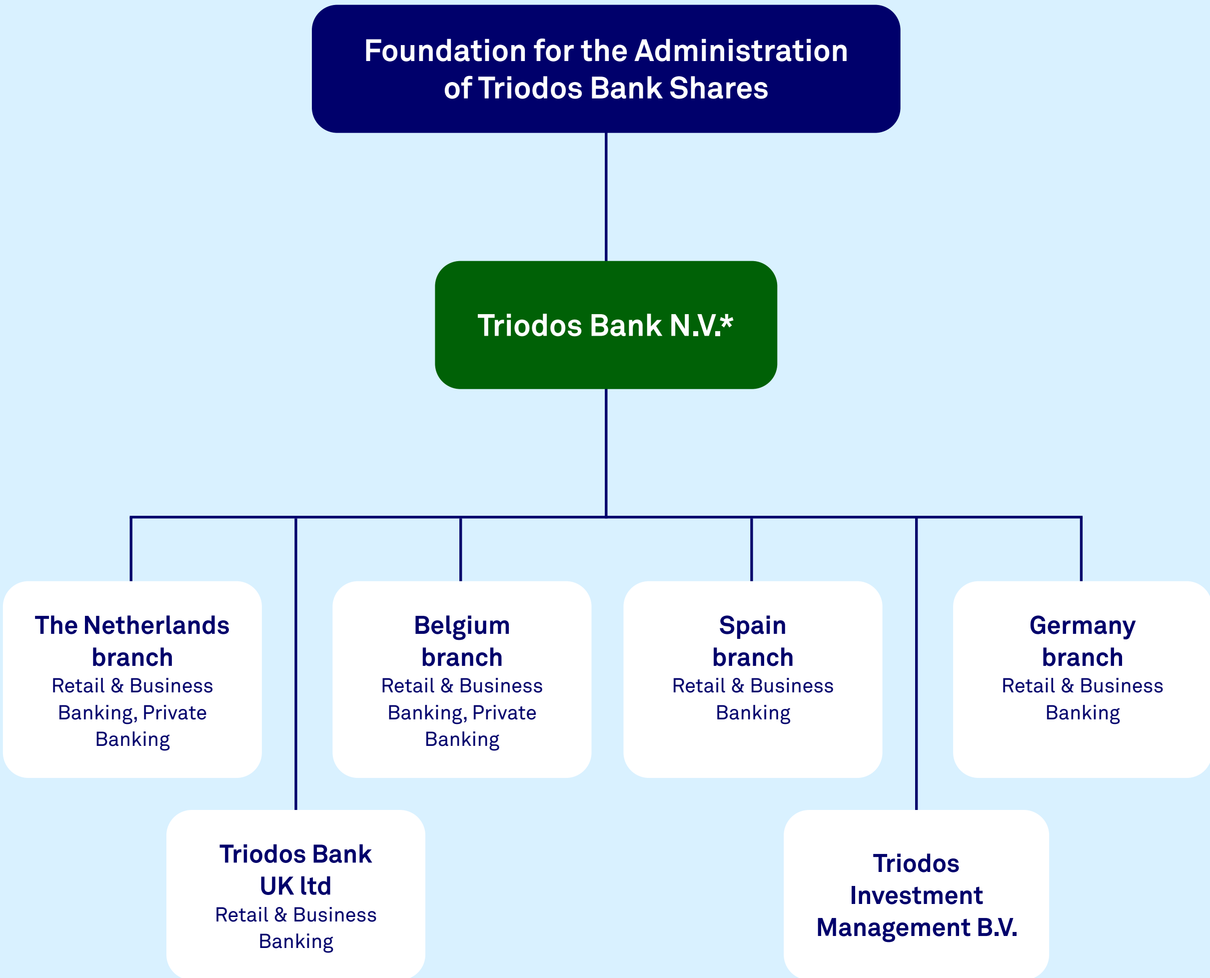
amounts in millions of EUR[1]	2021	2020	2019	2018	2017
Financial					
Equity	1,250	1,208	1,201	1,112	1,013
Deposits from customers	13,285	11,747	10,694	9,564	8,722
Loans and advances to customers	10,168	9,157	8,209	7,267	6,598
Balance sheet total	16,504	13,888	12,082	10,867	9,902
Funds under management[2]	7,662	6,362	5,671	4,673	4,604
Total assets under management	**24,166**	**20,250**	**17,753**	**15,540**	**14,506**
Total income	341.9	305.1	292.2	257.1	240.3
Operating expenses	-275.2	-245.4	-234.4	-204.3	-190.2
Impairment result on financial instruments	0.4	-24.2	-3.7	-6.4	-1.8
Value adjustments to participating interests	-	-	-	-	1.3
Operating result before taxation	67.1	35.5	54.1	46.4	49.6
Taxation on operating result	-16.4	-8.3	-15.1	-11.2	-12.2
Net profit[3]	**50.8**	**27.2**	**39.0**	**35.2**	**37.4**
Return on equity in %	4.1%	2.3%	3.4%	3.3%	3.9%
Return on assets in %	0.3%	0.2%	0.3%	0.3%	0.4%
Operating expenses/total income	80%	80%	80%	79%	79%
Total Capital Ratio	21.3%	18.8%	17.9%	17.5%	19.2%
Minimum requirement Total Capital Ratio	13.0%	12.6%	12.8%	13.7%	12.8%
(Common) Equity Tier 1 Ratio	17.5%	18.7%	17.9%	17.5%	19.2%
Minimum requirement (Common) Equity Tier 1 Ratio	5.9%	6.6%	6.6%	8.2%	7.9%
Leverage Ratio	8.1%	8.8%	8.5%	8.9%	8.9%
Minimum requirement Leverage Ratio	3.5%	3.0%	3.0%	3.0%	3.0%
Return on Risk Weighted Assets in %	0.8%	0.5%	0.6%	0.6%	0.8%

[1] IFRS - EU was adopted as of 1 January 2018. Key figures for 2017 are reported under Dutch GAAP.
[2] Including funds under management with affiliated parties that have not been included in the consolidation.
[3] Net profit is subject to rounding difference.

amounts in millions of EUR[1]	2021	2020	2019	2018	2017
Real Economy assets/Balance sheet total[2]	70%	75%	76%	77%	80%
Triple Bottom Line assets/Balance sheet total[2]	70%	74%	75%	76%	75%
Per share (in EUR)					
Net asset value at year end[3]	88	85	83	82	83
Net profit[4]	3.56	1.91	2.80	2.73	3.19
Dividend[5]	1.80	0.65	-	1.95	1.95
Number of depository receipt holders	43,521	43,614	44,401	42,416	40,077
Number of accounts - funds entrusted from customers	880,374	867,377	830,816	839,242	808,090
Number of accounts - loans and advances to customers	84,386	81,726	77,984	68,751	60,339
Number of customers	747,413	728,056	721,039	714,887	681,082
Social					
Number of co-workers at year end	1,715	1,592	1,493	1,427	1,377
Number of FTE at year end	1,583.5	1,463.1	1,370.3	1,317.4	1,259.2
Co-worker turnover	10%	8%	10%	9%	9%
Women as percentage of management team	39%	39%	44%	39%	44%
Ratio of highest to median salary[6]	5.2	5.4[7]	5.6	5.6	5.7
Environment					
Triodos Bank's own emissions, 100% compensation (in ktonne CO2e)	0.7	1.0	2.9	2.8	3.1
Net emissions in outstanding loans and investments (in ktonne CO2e)[8]	364	358	293	152	-
Avoided emissions in renewable energy loans and investments (in ktonne CO2e)[8]	-851	-933	-963	-985	-

[1] IFRS - EU was adopted as of 1 January 2018. Key figures for 2017 are reported under Dutch GAAP.
[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. The 2019 and 2018 figures have been adjusted to IFRS reporting.
[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. The NAV as per 31 December 2020 was calculated at EUR 85 after all financial data for the Annual Accounts 2020 were processed. The last trading price on 5 January 2021, EUR 84, was based on the financial model that derived for that day the calculated net asset value of Triodos Bank. This calculation took place on a daily basis.
[4] The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.
[5] For the year result of 2021 Triodos Bank proposes a dividend of EUR 1.80 per share, equivalent to a 50% pay-out ratio (the percentage of total profit distributed as dividends).
[6] 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.
[7] The ratio highest to median salary for 2020 has been adjusted from 5.5 to 5.4, due to the fact that the ratio for the UK was incorrect. For more information we refer to the table "Ratio highest to median salary" in the remuneration report.
[8] 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 2021



*= including the division TRMC

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
Impact investing takes place through investment funds or investment institutions bearing the Triodos name.

The 17 active funds are grouped in business lines based on the themes they invest in:
- 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 BV, 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 should supervise 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.

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 maintains its own platform for trading in Depositary Receipts. For more information on the current suspension of trade in Depositary Receipts, please refer to 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
- To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development
- To offer customers sustainable financial products and high-quality service.

More on our mission, vison 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's aim is to create a broad customer base that's closely connected to it – 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 40 years of experience in values-based banking was a founder of the Global Alliance for Banking on Values, a global movement of more than 60 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 the 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

The Executive Board chapter provides an overview of Triodos Bank's perspective on the wider world it operates in, its impact and activities in 2021 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're in and Triodos Bank's place in it can be read in 2021 – A challenging year with resurging pandemic (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 Our stakeholders and material topics (see page 25). Furthermore, we set out our strategic objectives, including our progress against our goals and plans for the future (see page 42).

A third section describes our results of 2021, in terms of our financial performance, the impact we enable through our finance and the consequences this impact has for the environment (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 44).

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 84) and an Environmental report (see page 92) as well as important risk and compliance information in Risk and compliance (see page 97).

2021 – A challenging year with resurging pandemic

The year 2021 was again dominated by the ongoing COVID-19 pandemic, as new waves of infection, driven by further virus mutations, such as Omicron, affected the slowly emerging recovery of the global economy. The COVID-19 pandemic continues to challenge our thinking about the setup of our economy and how it contributes to a more sustainable and inclusive society.

This goes hand in hand with policy choices governments are making today and will determine their success in building a transition to a greener, more inclusive and resilient future. Triodos Bank sees this as a great opportunity to chart a path that empowers everyone to contribute by providing truly sustainable bank products and services towards its customers based on the 'Finance Change' initiative.

Over the last 12 months we continued to support our customers with robust and resilient bank services, while some customers in selective segments faced disruptions of their own business due to the direct or indirect impact of COVID-19 on the stability of the economy in 2021.

Our co-workers continued to work primarily from home and transitioned into the new way of working by applying the preferred future mixed model approach with flexibility to work from home and our corporate offices.

In February 2021, Triodos Bank applied for a public credit rating. Fitch assigned Triodos Bank a Long-Term Issuer Default Rating (IDR) of 'BBB' with stable outlook and viability rating (VR) of 'bbb'.

According to Fitch: "Triodos Bank's ratings reflect its established niche franchise in the sustainable banking segment and a sound record of execution on its strategy. The bank's adequate asset quality and healthy funding and liquidity profile support the ratings."

The leadership transition within the Executive Board was successfully completed: we said goodbye to both Jellie Banga (former COO) and to Peter Blom (former CEO). We welcomed a new CEO, joining us from outside the bank, and a CCO and COO were appointed from within the Triodos Bank organisation.

Redesigning our capital instrument

While our capital base continues to be sound, we had to suspend the trade in Depository Receipts (DRs) on 5 January 2021, following a previous suspension in 2020. This decision was prompted by an insufficient prospect of a stable balance between inflow and outflow of DR capital within the regulatorily approved 'market making buffer' for Triodos Bank.

During the year, we assessed the possibilities of increasing tradability of the existing capital instrument, the Depository Receipts, as well as improving the possibilities of diversifying our capital base. Multiple criteria, like market regulation, the interests of all our stakeholders, the requirements set by regulators, our attractiveness to new investors, the possibility to access new capital and the impact on the banking organisation played a role in defining a way forward and were carefully weighed.

Even though the system of capitalisation through Depository Receipts has worked very well for forty years, it has reached the limits of its growth and tradability based on the strict regulatory requirements in combination with a disbalance between supply and demand for Depository Receipts. We had to realise that a growing Depository Receipt holder base combined with strict regulatory requirements for the 'market making buffer' of our Depository Receipts with a set trading price based on Net Asset Value (NAV) no longer meet the requirements of Depository Receipt holders' need for tradability and can no longer ensure at the same time the bank's long-term access to core capital. The disbalance in supply and demand for our Depository Receipts in combination with a capped 'market making buffer' resulted in insufficient tradability of our Depository Receipts. As a consequence, Depository Receipt trade has been suspended, with the expectation that the maximum of the capped 'market making buffer' (regulatorily approved maximum of 3% of our core capital) would be reached in a short period. A re-opening of the current DR-trading system was therefore not possible during the year 2021.

On 28 September 2021 Triodos Bank announced that it had concluded that the current system of raising capital and tradability, through offering DRs to investors against a price based on NAV, had reached its limits. After careful consideration of a broader range of capital options it was decided to further elaborate on two capital instrument options that were considered feasible and suitable: a listing at a community-based platform (Multilateral Trading Facility), or a listing on a public stock exchange. Listing Depository Receipts on a platform outside of Triodos Bank will enable trade in Depository Receipts between current and new Depository Receipts Holders at a variable price.

Identifying a viable alternative for facilitating trade and creating an opportunity for potential access to new capital has taken a lot of time and work from a lot of people. Thanks to these combined efforts we were able to announce our decisions just before the end of the year.

On 21 December 2021 we announced that Triodos Bank will pursue a listing of its Depository Receipts on a Multilateral Trading Facility (MTF). Based on the insights gained from interactions with multiple stakeholders, Triodos Bank has concluded that a listing on an MTF will best serve its objectives and fits best as the next evolutionary step.

With a listing on a community based MTF platform, trade in DRs will be based on variable pricing. Both retail and institutional investors can access this new platform. Trading DRs on an MTF at variable pricing means that Triodos Bank itself no longer will be involved in trading DRs, and the DR trade will no longer be based on NAV. Performance, expectations, market developments, the ongoing commitment to the Triodos Bank mission and values, the level of supply and demand, and many other factors will together determine the trading price of the DRs once the listing takes effect. Based on current valuations of traded European financial institutions, at this moment it is to be expected that the variable trading price can be considerably lower than the former trading price based on NAV. We expect to be able to accomplish a listing on an MTF in about 12 to 18 months from December 2021.

As was to be expected, the announcement of our decision was well received by many and not so well received by some. This is understandable – we are after all dealing with a fundamental change for our Depository Receipt holders and their investment in our Depository Receipts, and a very personal topic: people's own money and investments. We are convinced that the decision we have taken to pursue a listing on an MTF, is the best fit for Triodos Bank and in the best interests of its relevant stakeholders, including the community of investors. We did not come to this conclusion lightly. We considered many alternatives and consulted many stakeholders in the process. The focus now will be on making sure we implement our decisions as diligently and as quickly as possible, and to make sure we continue to be transparent about the intermediate steps.

Launching our first green bond

Towards the end of October 2021, Triodos Bank successfully issued a EUR 250 million subordinated green bond, having published a green bond framework shortly before. This green bond qualifies as Tier 2 capital in line with prudential requirements and supported the bank's strategy to further diversify the overall capital base. The proceeds of the green bond will be used to fund lending in renewable energy, environmentally sustainable management of living natural resources and land use (Nature development and Forestry) and green buildings (commercial and residential), allowing us to play a leading role in promoting and driving the transition to a low-carbon and climate-resilient economy.

A strategy fit for the future

The regular strategy cycle, which saw us launch a three-year strategy in 2019, was affected by the advent of COVID-19. The disruption to the economy and to the organisation was considerable, making it necessary to reflect on the original plans and KPIs. In addition, with the strategic questions posed by the capital strategy, further reflection was required to ensure that the conditions for a listing on an MTF are optimised, supporting a successful listing as much as possible.

In July 2021, a new Corporate Development department was created to tackle these and other strategic challenges in a structured way. The team launched a review of the corporate, financial and impact strategy for the bank. We are also taking a thorough look at the ways we are organised, focusing on how we can make 'One Bank, One Team, One Mission' even more tangible and impactful.

COVID-19 and the impact on our co-workers

The COVID-19 pandemic continued to have major consequences for us all in 2021. It also heavily impacted the way of working at Triodos Bank. The physical safety and mental well-being of co- workers were our primary concerns.

The continuously changing context created by COVID-19 posed different challenges for everyone in the organisation and therefore we did our best to provide support in a variety of areas.

Professional mental support, continued access to the office (if desired), home office equipment, childcare support and care leave arrangements have been provided.

We offered three fully booked and well-received open-enrolment work sessions 'turning restrictions into strength', with external coaches about the impact of working under COVID-19 restrictions and to the new possibilities that these experiences can offer for now and for the future of work (NL).

In a variety of formats and settings our Group-wide co-worker community discussed the desired post COVID-19 way of working. One thing we learned is the importance of staying connected to each other and to our mission for our co-worker's well-being and productivity. For Triodos Bank it is key to maintain a constant dialogue about the balance between co-workers' individual preferences and their responsibilities.

The human factor

In Human Resources we made important steps forward with the Learning Hub, growing the catalogue of e-learning modules for mandatory compliance training and broadening the choice of digital training modules to enable co-workers to follow training programmes even when working from home. 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 launched the ‘Green to Colourful’ initiative, a structured way to engage together into a dialogue about how we all can contribute to equity, diversity and inclusion within our organisation and kick-start self-driven initiatives.

We decided to structurally adopt more hybrid working, also after the COVID-19 pandemic recedes – and as a consequence we sold the Nieuweroord office in the Netherlands and consolidated all the Dutch activities in one building at De Reehorst. In Spain we also went from two to one building in Madrid, making more efficient use of the office space.

Balancing growth and efficiency

This year again, it was clear that the financial sector has a role to play in addressing the climate, social inclusion and biodiversity challenges of our time by financing the right kinds of initiative. We continue to advocate for the conscious use of money and the enhancement of regulatory frameworks to ensure financial institutions take that responsibility. Regulators and governments are supporting this idea by introducing new regulations and sustainable finance frameworks.

At the same time, we must deal with the impact on our financial results of the persistently low interest rates set by the European Central Bank, and the increasing costs associated with meeting growing regulatory requirements.

In 2021, we took a number of measures to slow down the growth of funds entrusted and to offset the associated costs. In the Netherlands we introduced negative interest above the threshold of EUR 100,000 and a monthly fee on current and savings accounts. Nevertheless, the growth of funds entrusted continues, albeit at a lower pace. To safeguard a solid and sustainable financial performance, additional measures to contain the ongoing growth of funds entrusted will have to be considered.

We also improved our pricing approach for lending, making it more profitable. At the same time making sure we are not ignoring the need for advanced pricing for strategic projects and in sectors with a strong contribution to the mission, ensuring we can continue to fulfil our frontrunner role.

Given our role as gatekeeper we continue to strengthen our activities related to anti-money laundering and compliance, and hence have increased our investments and associated costs in these areas.

#AsOneToZero

Triodos Bank has always been committed to improving environmental impacts and outcomes using a positive approach for both its banking services as well as its investment management activities. The global climate emergency is increasingly affecting people’s lives and impacting nature. Wildfires, heatwaves, heavy flooding, the loss of biodiversity - these events are all concrete proof of the need to urgently reduce greenhouse gas emissions well before the year 2050. We are in the decisive decade.

Early in the year, Triodos Bank became one of the first banks to join the Net-Zero Banking Alliance (NZBA), convened by the UN, laying the groundwork for the huge but critical challenge facing the global banking community. The members of the Net-Zero Banking Alliance commit to align operational and attributable emissions from their portfolios with pathways to net-zero by 2050 or sooner. We now need ambitious targets and faster action for the ultimate goal: a net-zero economy.

That is why Triodos Bank has set the high ambition to be net zero by 2035. This ambition covers both our banking and investment activities. Even for a bank which has been established with sustainability at its core and which boasts an already low carbon intensity portfolio, this is not an easy task.

Our ambition to reach net-zero

Triodos Bank wants to be net-zero as early as possible, at the latest by 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. The remaining emissions will be balanced or 'inset' by investing considerably in nature projects that remove greenhouse gases from the air.

Triodos Bank was founded with a mission to make money work for positive change, using money consciously today without compromising the needs of future generations. We exist 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.

So, while addressing climate change is fundamental given its existential importance and urgency, there are many other impacts which we will address concurrently. In formulating its target, Triodos Bank has adopted a holistic approach in support of its mission to create positive impact on people and nature. We want to reduce emissions, respecting the planetary boundaries and social inclusion of all people. We believe we can only get to zero as one.

This choice presents us with practical dilemmas. For instance, regarding our mortgage portfolio. The easy choice would be only to provide mortgages for energy-efficient homes. However, we want to help finance a transition. So our new approach will be to prioritise homes with poorer energy efficiency in order to transform them (to at least an energy label B) so that they are ready to become zero-emission buildings when they switch energy source – for example when they connect to a zero-emissions district heating network.

Our target will serve as inspiration for our co-workers and all stakeholders that work with us to act faster and develop more robust plans as to how we, and ultimately the financial industry as a whole, will achieve net-zero ambitions. In formulating our science-based targets, Triodos Bank has adopted a holistic approach in support of our mission to create positive impact on people and nature. We can, after all, only get to zero as one.

EU Taxonomy

We support EU regulation about sustainability in finance, to help direct money to the right types of finance and investment. We acknowledge the positive development of the EU Taxonomy but also strongly recognise that in the first year of the phased-in approach, a significant portion of our portfolio cannot be labelled as green according to the rules of the game within the EU Taxonomy, even though we believe our entire portfolio reflects our mission and frontrunner position as a values-based bank. While Triodos Bank needs to report on the EU Taxonomy, not all exposures fall under the current scope of the scheme and therefore cannot be assessed for Taxonomy-eligibility. For example, SMEs don't currently qualify, and other types of impact are not yet embedded in the taxonomy. In the coming years, the screening criteria will be extended to the remaining environmental objectives. Additionally, the Taxonomy might be expanded to also define criteria for economic activities that contribute to social objectives.

Creating consciousness about money

With the money deposited with us by savers and lent to our entrepreneurs, we continue to finance the social and sustainable projects we believe will have a positive impact on society and the environment.

During 2021, Triodos Bank's mortgages, offered in the Netherlands, Belgium and Spain, have received the Energy Efficient Mortgage Label (EEML), a clear and transparent label that enables consumers, lenders and investors to identify mortgages that help make the built environment more sustainable.

In the Netherlands we achieved the milestone of 10.000 mortgages.

Triodos Bank Spain successfully started with the distribution of investment funds from Triodos Investment Management and selected third-party distributors; in the Netherlands a new marketing campaign (Made for Change) called on citizens to embrace the change ability within themselves and put that ability towards nurturing positive developments in society. We made a public call for more ambition from other banks in Belgium to combat the climate emergency.

In the UK, we've been instrumental in the creation of investable business models connected to nature restoration, launching the first nature restoration bond. In Germany we have introduced a new managed investment account with the highest sustainability standards. Triodos Investment Management launched the Triodos Emerging Markets Renewable Energy Fund. And for the sixth year in succession Triodos Bank received the status of *Most Active Lead Arranger* in Clean Energy deals, proving that you don't have to be big to have a lot of impact.

The Triodos Foundation celebrated its 50th Birthday and seven of the Gift Money initiatives of Triodos Foundation were featured in the top 10 of the sustainable top 100 in the Netherlands.

Triodos Regenerative Money Centre is one of the initiators of *Aardpeer*, which strives to secure agricultural land for at least seven generations and is committed to the transition to a social and nature-friendly food chain.

In March 2021, all funds of Triodos Investment Management were designated as Article 9 products under the new European Sustainable Finance Disclosure Regulation (SFDR) – this is the highest sustainability standard available. While this may seem logical, the response process was quite onerous given that the regulation was drafted with mainstream markets in mind and not for pure-play investors or pioneers like Triodos Investment Management.

Leadership transition

On 9 February 2021, we announced the decision of Jellie Banga to step down from her role as Vice-Chair of the Executive Board and Chief Operating Officer (COO), effective 1 May 2021. In reviewing the scope of Jellie's role, it was decided to split the role into a COO role – focusing on the operating side of the bank – and a Chief Commercial Officer (CCO) role - focusing on the commercial side of the bank. This brings the total number of Executive Board members to five.

As announced last year, Peter Blom stepped down as Chair of the Executive Board and Chief Executive Officer, after more than 40 years' service in Triodos Bank, much of it as a member of the Executive Board. Peter said farewell at Triodos Bank's annual meeting on 21 May 2021. In that same meeting Jeroen Rijpkema was presented to the shareholders and subsequently welcomed to the Executive Board as the new Chair and Chief Executive Officer. Following an Extraordinary General Meeting on 28 September 2021, Nico Kronemeijer was appointed to the role of Chief Operating Officer and Jacco Minnaar to the role of Chief Commercial Officer, effective per 1 October 2021.

In addition to Andre Haag's role as CFO, he temporarily took over the statutory role as CRO as Carla van der Weerdt is on sick leave due to COVID-19.

Dealing with dilemmas

Triodos Bank has defined clear business principles, minimum standards and lending criteria for assessing the type of entrepreneurs and initiatives it wants to finance or invest in. Our mission to create positive impact through the initiatives we finance and the products we offer, with human dignity at its core, regularly presents us with challenging dilemmas.

One such dilemma is offering business banking services to NGO's and citizen charity initiatives that offer aid in countries where there is conflict and where possible sanctions apply.

We recognise the tension when it comes to these initiatives: some see offering aid to people in countries that are at war for instance as crucial humanitarian aid, others see it as a possible cover for illegally channelling funds to foreign regimes. As a bank we have a duty to ensure that our products and services are not abused for unlawful and undermining financial activity. This means that we must be very demanding of our customers in being able to prove the origin and the destination of their funds and we need them to give clarity about the Ultimate Beneficial Owners of their initiative. This is often at odds with the citizen charity initiatives that are sprouting from a deep human wish to help others. Something that is also core to our organisation. Our questions and need for information is sometimes perceived as distrust or lack of support for their initiatives. We are actively trying to find ways to help these initiatives and ensure they meet the KYC, CDD and AML requirements.

Other types of dilemmas we face can occur on an individual project level. We faced a dilemma in the energy transition field. We were requested to engage in a project that provides heat from a geothermal installation to a number of non-ecological greenhouse farms. Triodos Bank typically only lends to ecological greenhouse farms. The geothermal project presented to us is on the one hand standalone from the greenhouse activities. On the other hand, it is the only client for the energy generated in this way. This is different from for instance the electricity market, where power from a renewable source is fed into the grid and it can be stated that any Mega Watt produced sustainably is a step forward. In this case the project would save gas, but at the same time keep a non-ecological farming method in place and make it more energy efficient.

In another project, we were requested to fund a biomass installation. The waste of the greenhouse farm would serve as sole resource to provide heat to this greenhouse farm. After various dilemma dialogues we have chosen to engage in the geothermal project, as it really supports the energy transition. The knowledge gained on this project will benefit future projects where geothermal heat is used for the heating of homes. We decided not to engage in the biomass project as it really is an end of pipe solution.

Financial results

Triodos Bank recorded significant growth in 2021, our commitment to values-based banking is more relevant than ever for people and society. This resulted in a growth of our total assets under management by EUR 3,916 million (19%) in 2021 to EUR 24.2 billion (end of 2020: EUR 20.3 billion) per end of December 2021. The underlying trend is positive and shows significant increase of our balance sheet and funds under management last year. Our balance sheet has been grown consciously by 19% to EUR 16.5 billion (end of 2020: EUR 13.9 billion) and funds under management has been grown by 20% to EUR 7.7 billion per end of December 2021 (end of 2020: EUR 6.4 billion). The increased focus of society on sustainability and the demand for pro-actively driving the transition targets results in stronger demand for banking products with direct impact on financing real change. Our loyal customer base has grown to 747,413 customers in 2021 (end of 2020: 728,056 customers).

On the liability side, the growth of the total balance sheet was mainly realised by additional inflow of funds entrusted, participation in TLTRO tender III.7 and a successfully raised green bond that qualifies as a subordinated Tier 2 instrument. Our funds entrusted increased by EUR 1.5 billion over the last 12 months, which resulted in an overall position of EUR 13.3 billion (ultimo 2020: EUR 11.7 billion) per end December 2021. This overall increase of the liability side was further supported by our participation in the TLTRO tender III.7 with additional EUR 800 million summing up to a total position of EUR 1.6 billion (end of 2020: EUR 0.8 billion) per end of December 2021. Apart from that, Triodos Bank has successfully issued a EUR 250 million subordinated green bond, which fulfils the criteria of a subordinated Tier 2 instrument and therefore qualifies as additional capital for the bank's prudential purposes. The bank's equity position marginally increased by EUR 42 million to EUR 1.3 billion per end of December 2021 but was overall quite stable compared with the remaining liability side.

On the asset side, the additional funding was primarily used to further develop our sustainable loan portfolio. Triodos Bank recorded an increase of sustainable loans by EUR 1.0 billion in 2021 to EUR 10.2 billion at the end of 2021 (end of 2020: EUR 9.2 billion). The remainder of the additional funding was partly invested in highly liquid debt securities (EUR 166 million) or resulted in an increase of our cash position (EUR 1,322 million).

The provision for expected credit losses (ECL) was decreased by EUR 2.5 million to EUR 51.5 million per end of December 2021. Especially, 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 2021 the global economic outlook stabilised but is still uncertain due to the ongoing COVID-19 infection waves and potential further mutations of the virus which could lead to significant disruptions in value chains. As a result of that the provision of ECL stage 1 and 2 was partially released by EUR 6.3 million over the last 12 months to EUR 13.6 million per end of December 2021. However, the releases recorded in stages 1 and 2 were partly offset by increases in stage 3. The ECL stage 3 provision increased by EUR 3.9 million to EUR 38.0 million in 2021.

For 2021, although still marked with COVID-19, Triodos Bank reports a Return-on-Equity (RoE) of 4.1% (2020: 2.3%), which is in line with the adjusted mid-term RoE ambition of 4%-6%. The bank reports a sound net profit of EUR 50.8 million after tax for the year 2021, which is EUR 23.6 million higher than the same period last year (EUR 27.2 million). Our total income, EUR 341.9 million in 2021 (2020: EUR 305.1 million), recovered over the last 12 months and is above pre-COVID-19 levels due to sustainable lending growth and higher funds under management. The underlying interest result records an increase of EUR 23.3 million to EUR 221.5 million in 2021 (2020: EUR 198.2 million), supported by conscious lending growth in sustainable sectors in Europe driving our ambitious net-zero target in 2035 and TLTRO III interest. The bank's commission result improved by 9% to EUR 116.0 million in 2021 (2020: EUR 106.1 million) due to additional fees for payment and transaction solutions and management fees for investment fund solutions.

Social inclusion: a learning journey for Triodos Bank

COVID-19 and the visibility of the Black Lives Matter movement in 2020 have put a spotlight on existing patterns of social exclusion. The COVID-19 pandemic has negatively impacted global social progress in the past two years and the Black Lives Matter movement shows how racism and discrimination are still deeply ingrained in our institutions and society.

This has not only sparked debate in society, it has also ignited a discussion inside our own organisation. Although societal renewal to promote the quality of life has been at the core of Triodos Bank for over 40 years, societies and (awareness of) social issues change over time. This means that Triodos Bank also needs to keep developing its thinking, looking with curiosity to the world and being open to adjust beliefs and practices.

In 2021, Triodos Bank published an internal discussion paper to further enhance a broader discussion on social inclusion. In each business unit, local coordinators supported the discussion on different topics like financial inclusion, how Triodos Bank can contribute to the empowerment and inclusion of marginalised groups, or the importance of inclusive or 'just' transitions in relation to the ecological transformation that is needed to live within planetary boundaries. What can be done to change Triodos Bank, finance change or change finance? The internal paper and discussions are steps to a better understanding of how Triodos Bank can contribute to social inclusion.

With regard to equity, diversity and inclusion (EDI) topics, Triodos Bank has taken steps to learn about blind spots and unconscious bias. In 2021, an international survey was conducted focusing on diversity and inclusion. Also, dialogue sessions were organised throughout the Group to create a safe environment to discuss EDI topics. A year plan for 2022 has been developed and was launched within the organisation. These steps are just the start of this journey of becoming a more diverse and inclusive organisation.

The bank's total operating expenses increased by EUR 29.8 million to EUR 275.2 million in 2021 (2020: EUR 245.4) million, mainly due to additional employee expenses for compliance and anti-money laundering (AML) topics, and additional deposit guarantee scheme (DGS) contribution. The expenses without additional compliance and regulatory costs are improving due to the structural cost savings program and higher cost discipline applied across the Group. In future periods the bank will continue to focus on realising cost synergies while coping with regulatory cost increases. In 2021 the bank reports a cost-income-ratio (CIR) of 80% (2020: 80%).

Our loan business remains resilient. Cumulative ECL expenses decreased significantly over the last 12 months and resulted in a net release (gain) of EUR 0.5 million in 2021. In particular, more favourable macro-economic forward-looking parameters led to a release in ECL stages 1 and 2, which were partially offset by an increase in ECL stage 3 covering defaulted loans.

Resilient capital and liquidity position

The bank's Total Capital Ratio (TCR) increased from 18.8% in December 2020 to 21.3% in December 2021. This sound increase of the TCR in 2021 was primarily driven by the issuance of EUR 250 million eligible Tier 2 capital in November 2021. The minimum Total Capital Ratio for the bank is 13.0% based on the overall capital requirement. The CET-1 ratio ended at 17.5% in 2021 (2020: 18.7%) in line with expectations. For the mid-term strategy, Triodos Bank aims for a CET-1 ratio of at least 15.5% in the current regulatory context. The Leverage ratio of Triodos Bank for 2021 is 8.1% (2020: 8.8%), well above the minimum requirement of 3.5%.

The bank's overall liquidity position remains robust with an LCR of 229% per end of December 2021 (2020: 232%). The regulatory minimum LCR is 100%.

Triodos Bank will continue to work on improving its profitability while maintaining a solid equity base, capital ratios and a substantial liquidity surplus.

Triodos Bank in 2022

Within the broader perspective of our capital strategy, an important focus for Triodos Bank, is to implement the decision to pursue the listing of the Depository Receipts of ordinary shares on a Multilateral Trading Facility and carefully manage the impact this transition has on our Depository Receipt holders.

To bridge the period that the trade in DRs remains suspended, Triodos Bank is exploring further intermediate solutions to help mitigate some of the consequences of the suspended trading for the DR holders.

In this context, an amount of EUR 14.4 million, equivalent to the remaining room to purchase DRs ("Market Making Buffer") will be made available to facilitate a restricted DR Buyback Programme, subject to EGM approval. Out of the EUR 14.4 million an amount of EUR 3 million will be reserved as solidarity arrangement for those Depository Receipt holders, that are in most urgent need for liquidity to meet ongoing vital expenses. Details of this programme have been shared with DR holders on 15 February 2022.

We expect to grow fee income over time by further growing the activities of Triodos Investment Management as well as fees-based banking activities. Triodos Bank has the ambition to grow its bank balance sheet modestly, maintaining a stable loan to deposit ratio. Our ongoing focus on developing both our investment management and banking activities will further increase the positive impact we create, contribute to a fair return while maintaining an overall modest risk appetite. Furthermore, we will continue to work on improving our cost efficiency to work towards a cost/income target of less than 75% by 2025 and a return on equity of 4 - 6%.

Together, these efforts are expected to lead to more positive impact created by our customers, the realisation of profitable growth within a challenging interest environment and will ensure we can continue to meet regulatory requirements. We are confident that Triodos Bank will be able to fulfil its frontrunner role to support our customers to deliver the positive change the world's sustainability challenges demand, through innovative finance solutions and by changing the role of finance in the global transition on the way to a net-zero society.

The geographical and sectoral diversification of the loan portfolio contributes to a modest asset risk profile and therefore reduces the earnings volatility. In line with statements made at the publication of results for the first half of the year, as the COVID-19 pandemic effects continue, the economic developments will remain uncertain, even more so due to the yet unknown effects of the recent Russian invasion of Ukraine. The build-up of the ECL provision may therefore continue through the year 2022 in line with the IFRS requirements.

Triodos Bank's capital and liquidity position is in line with internal target ratios and well above the regulatory minimum requirements. In the second half of the year Triodos Bank is expecting to receive guidance from the regulator about the new MREL1 capital requirement, which results from the implementation of the guidelines on capital reserves set by the European Banking Authority.

Ukraine

The invasion of Ukraine by Russia at the end of February 2022 presents new uncertainty. Triodos Bank is deeply concerned about Russia's attack on a sovereign European country and feels for the people in Ukraine.

The impact on the short term and the longer term on society and financial markets is hard to predict at this moment of publication of our annual report. Triodos Bank does not have direct exposure in Russia, but we anticipate that the effects on society and financial markets will amongst others influence management fees and Expected Credit Losses. It is hard to predict the further impact of the war in Ukraine on our activities and our ability to realise our ambitions for the year. In responding to these developments, fulfilling the bank's mission while maintaining a sound level of risk and return will remain key. Connections of our business with Ukraine and Russia are considered very limited. There are no identified links in the bank's credit portfolio or Treasury activities with Ukraine or Russia. The Funds of Investment Management have a total exposure of EUR 21.3 million in Ukraine, including a EUR 3.0 million provision. There is no investment exposure identified in Russia.

Dividend

Considering the achieved net result for the year 2021 and the development of external market circumstances, Triodos Bank proposes a dividend amount of EUR 1.80 per share. This dividend proposal is equivalent to a pay-out ratio of 50%, which is in line with Triodos Bank's internal dividend policy. The remaining profit will be attributed to the retained earnings of the bank.

1.1 Our stakeholders and material topics

Triodos Bank continually seeks to connect with the world around us. This is essential if we are to remain relevant, continue to progress and meet our frontrunner ambitions. All our business and financial decisions have an impact on our stakeholders. In turn, the societal themes embraced by our stakeholders affect what we do and how we do it. Our essence defines us. It is the starting point of our conversations with the broader stakeholder community.

Stakeholder dialogue: keeping us on our toes

Engaging with key stakeholders and developments in society at large informs how we bring our essence to life through our strategy and actions. We have benefitted from free-flowing discussions with our stakeholders over many years and in varied ways. We invite NGOs and citizens to participate in evening debates, we conduct surveys and organise meetings for Depository Receipt holders and other stakeholders. Our business units and co-workers at Group level regularly engage in these and other activities.

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 analyses). 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.

28

external stakeholders from 5 countries attended our annual stakeholder meeting

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

Within each category we have identified specific stakeholder groups, including the influence they exert on Triodos Bank and the expectations they have of us. The table below gives an overview of all major stakeholders and how they link with relevant topics.

Stakeholder Table

Stakeholder	Definition	Most relevant topics (see Material topics)
Category: stakeholders that engage in economic transactions with Triodos Bank		
Clients	Clients expect excellent banking and financial services. They expect Triodos Bank to put their interests first. Clients are essential to achieve our mission.	• Protecting client data • Client relationships • Engaging with communities • Social inclusion • Sustainable investments • Thought leadership • Products with a purpose • Integrating mission/strategy • New sustainable ventures
Depository Receipt holders	Influence on and expectations about how Triodos Bank strikes a balance between return on investment and social, environmental and cultural returns.	• Social inclusion • Resilient financial institution • Thought leadership • Integrating mission/strategy • New sustainable ventures
Bond holders	Influence on and expectations about how Triodos Bank strikes a balance between return on investment and social, environmental and cultural returns.	• Sustainable Investments • New sustainable ventures • Resilient financial institution • Engaging with communities
Co-workers	Influence on and expectations of Triodos Bank's ability to create a working environment that is inspiring, healthy and welcoming. Expect and contribute to a workplace where each co-worker finds room to address the important questions of our time and where each individual can work effectively in line with the mission and values.	• Fair remuneration • Learning organisation • Responsible employer/diversity • Engaging with communities • Social inclusion • Sustainable investments • Thought leadership • Integrating mission/strategy • New sustainable ventures

Stakeholder	Definition	Most relevant topics (see Material topics)
Suppliers	Expect Triodos Bank to be a responsible and reliable business partner. Partners in our mission for a more sustainable world.	• Sustainable suppliers • Engaging with communities • Social inclusion • Responsible employer • Integrating mission/strategy
Category: stakeholders that have a close interest in Triodos Bank		
NGOs	Influence on and expectations of Triodos Bank's ability to execute its mission in a responsible and ethical way with a positive impact on society and the environment.	• Fair remuneration • Social inclusion • Sustainable investments • Responsible employer
Governments and regulators	Influence on and expectations of Triodos Bank's ability to execute its mission in a responsible and ethical way. Expect us to be compliant with laws and regulations.	• Fair remuneration • Protecting client data • Resilient financial institution • Thought leadership • Integrating mission/strategy
Local communities	Expect to derive benefit from our financial activities.	• Engaging with communities • Thought leadership • Products with a purpose • Social inclusion • Integrating mission/strategy
Financial sector	Key to achieving our mission to increase the positive impact of finance on society and the environment (our mission to change finance).	• Social inclusion • Resilient financial institution • Thought leadership • Integrating mission/strategy
Media	Influence public opinion about Triodos Bank and the topics that are relevant for our mission.	• All topics can be relevant
Category: stakeholders that provide knowledge and insights		
Advisors and influencers	They prompt us to reflect, rethink and explore new territory.	• Engaging with communities • Social inclusion • Thought leadership • Integrating mission/strategy

Embedding stakeholder engagement in our strategy

Triodos Bank has created a solid foundation for our stakeholder engagement in the last few years. In 2021, we took additional steps to better embed stakeholder engagement in our corporate strategy cycle.

We consulted with key stakeholders in preparing the Group strategic plan. Key objectives from the Group Strategic Plan 2019-2021, which define the framework for strategic choices and development for that period, and the Group Year Plan 2022, which details the strategic direction in the coming year, were agenda items at our annual stakeholder meeting. This was our first international stakeholder meeting with participants from the Netherlands, Belgium, the UK, Spain and Germany.

Stakeholder input is used for internal analysis and discussion on the Group strategic plan and for further strategic development.

Material topics and current developments

A thorough analysis in 2019 and continuing consultations with our stakeholders identified 14 material topics for Triodos Bank. Triodos Bank co-workers in senior positions are topic owners and have responsibility for each of these topics and the associated stakeholder engagement.

In 2021, we performed a refresh of our materiality assessment and as a result of that survey, we noted that our material topics remained unchanged. Two developments in the course of the year had an exceptional impact on Triodos Bank and our stakeholders.

First, in 2021, several publications by the IPCC (the UN panel of climate scientists), the UN environmental programme (UNEP) and the International Energy Agency (IEA) made clear that, currently, the world is following a pathway of global temperature rise well above 2°C in 2100. The climate emergency 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. We are in the decisive decade and that is why, in 2021, Triodos Bank has set the high ambition to be net-zero by 2035, reaffirming our frontrunner role in the financial sector.

Secondly, trading in Triodos Bank Depository Receipts has been closed since 5 January 2021 in response to the heightened uncertainty in the economy as a whole including the financial sector, caused by the pandemic. Addressing the strategic challenge presented by the suspension was an urgent focus in 2021 and remains a top priority for Triodos Bank.

In addition, the COVID-19 pandemic continued to impact society, including our stakeholders, with new lockdowns and other challenges.

These developments have been extensively discussed with stakeholders throughout the year, both internally and externally.

Stakeholder survey and annual meeting

The 14 material topics were included in the annual stakeholder survey. This 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 issues, which are not currently included.

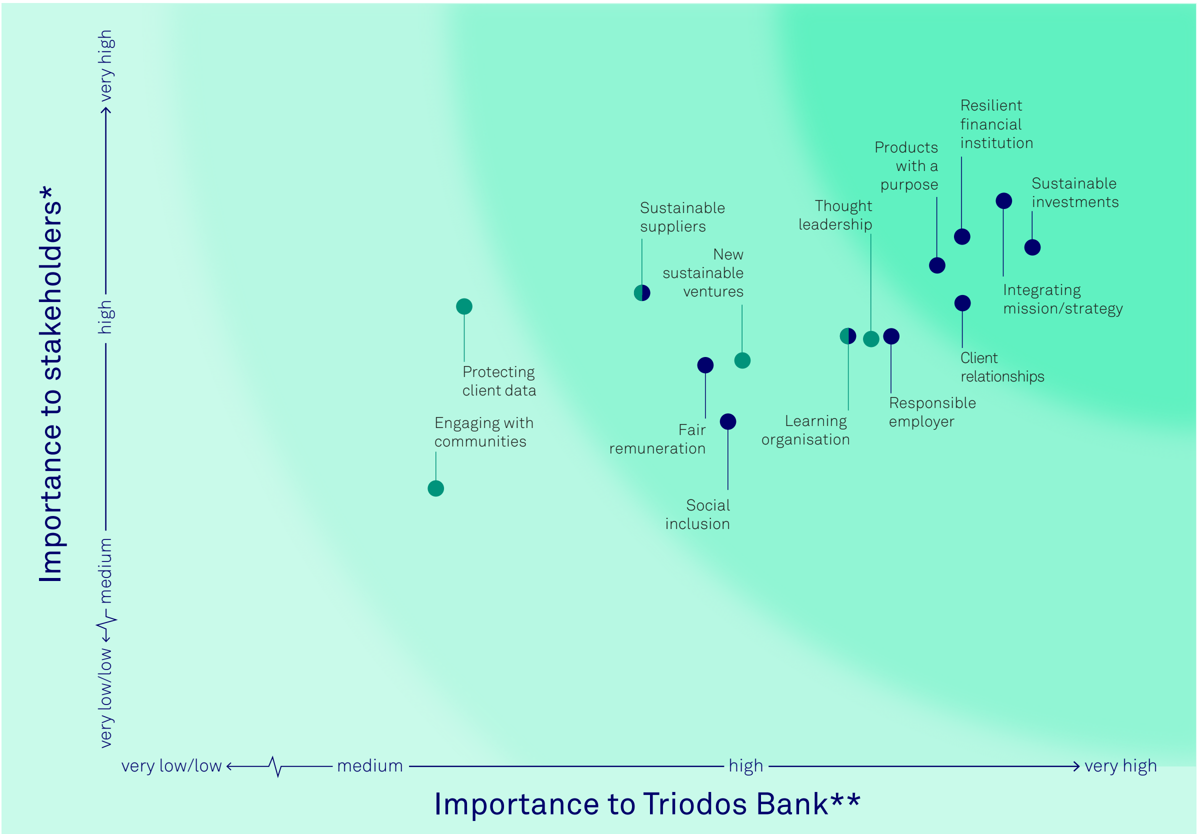
Triodos Bank's annual stakeholder meeting - comprised of two plenary sessions - was, for the first time in our history, organised internationally, with participants from the Netherlands, Belgium, Germany, the UK and Spain. The 28 external attendees represented all stakeholder groups. Two members of the Executive Board (CEO and CCO) participated on behalf of Triodos Bank.

The first plenary session focused on how Triodos Bank can continue its mission with a different capital structure. The participants talked about how the bank can ensure that the voice of the stakeholders continues to be heard, while also safeguarding the interests of DR holders and the bank's financial continuity. The discussion centred mainly on how to preserve the independence of Triodos Bank and the execution of its mission in case of a listing on a public platform.

The second plenary session focused on Triodos Bank’s status as a frontrunner in sustainable finance, aiming to change finance and finance change. We want to make a positive impact on people and planet, while achieving our net-zero target in 2035. Debate centred on what form of cooperation was most valuable to stakeholders and on which issues Triodos Bank should be most vocal. Some participants proposed that Triodos Bank cooperate more with stakeholders outside its own ecosystem; others urged Triodos Bank to show the financial sector where it needs to be in about ten years.

The survey, the annual stakeholder meeting and the materiality matrix provided us with important input for this year's materiality analysis. We also incorporated the feedback we received at the Annual General Meeting and our participation in various global strategic bodies. The analysis is supplemented by input from the topic owners and several stakeholder events and interactions during the year.

Materiality matrix 2021



● who we finance and how we deliver sustainable financial services
● how we operate as a responsible institution

* influence on stakeholder assessments and decisions
** significance of Triodos Bank's economic, environmental and social impacts

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 are at the heart of our strategy and underpin management objectives.

Since the very start of our operations, we have been engaging and working together with key stakeholders to accomplish our goals. Our stakeholders have repeatedly confirmed that our material topics are also the most important in their eyes.

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 or through our remuneration policies.

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.

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, in 2021 we have taken additional steps to 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 sector chapter (see page 67). The definition of sustainable investments and whether or not to finance a prospective customer is constrained by Triodos Bank's lending and investment criteria and based on balanced decisions made by experts in Triodos Bank's lending and investment teams.

Procedures to assess and screen risks are undertaken by business managers supported 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 97). Triodos Bank's relationship managers interact with our borrowing customers on these issues. And all our assets are subject to positive and negative environmental and social screening.

New sustainable ventures

New sustainable ventures are pioneering new 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. The goal of every donation and catalytic investment is to increase consciousness and provide new perspectives on current questions in areas where, for different reasons, traditional bank and investment products cannot yet provide an answer.

TRMC manages four initiatives in one centre (Triodos Foundation, Triodos Sustainable Finance Foundation, Triodos Renewable Energy for Development Fund and Triodos Ventures). 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 means this is a material topic, the boundaries of which encompass its 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 isredesigned, responsive and robust, links to our long-term resilience, a key principle of values-based banking.

Thought leadership

The analysis showed that our stakeholders emphasise Triodos Bank's importance as a thought leader. As a frontrunner, the bank can stimulate wider change in the banking sector. 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.

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 not just be experts in banking, but also 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 2021, we published our net-zero target, with news articles in several renowned newspapers and news radio. Triodos Bank wants to be net zero as early as possible, by 2035 at the latest. Meeting this target will align our portfolio of loans and fund investments with a maximum global temperature rise of 1.5 degrees Celsius.

Our net-zero target can serve as inspiration for our co-workers and all stakeholders that work with us to act faster and develop more robust plans that allow us, and the financial industry as a whole, to achieve net zero sooner. We want to increase our collaboration with clients, customers and other stakeholders to reach net-zero as one.

Triodos Bank also contributed to the 26th UN Climate Change Conference of the Parties (COP26). We participated in several events, where we discussed – amongst other topics – the urgency of climate action and the importance for all financial institutions of reaching net zero as early as possible.

At a European level, we are following the developments of the EU's new sustainable finance strategy. We have published our response to the Corporate Sustainability Reporting Directive proposal. We are concerned by recent developments on taxonomy and advocate a taxonomy that is science-based. We are providing input for the new banking package and have published our position on this as well. Our work on this topic is led by Triodos Bank's Chief Economist and a small team at Head Office as well as by senior management in Triodos Bank's countries and Triodos Investment Management operations. Most of the resources applied to this work are in the form of people's time, typically via speaking opportunities, collaboration on working groups and in partnerships.

Products with a purpose

All of our products contribute to the development of sustainable sectors. Products with a purpose are an important part of our strategic effort to 'unlock our purpose'. They connect us with 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.

Another concrete example of a product with a purpose is the guarantee agreement signed by Triodos Bank and the European Investment Fund (EIF) in 2021. This guarantee facility allows Triodos Bank to provide up to EUR 200 million in loans to entrepreneurs in the creative and cultural sectors over the next two years in the Netherlands, Belgium, Spain and Germany.

Client relationships

Strong client relationships limit the chances of loans and investments going wrong and make working through challenges 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 stakeholder rather than shareholder focus, our impact on this topic applies to different types of personal client. 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. Indicators of our engagement on the topic include Net Promoter Scores, a mechanism to determine how positively, or otherwise, our clients regard their relationships with Triodos Bank. In addition, 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. This is linked with 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 (Impact by sector - social (see page 69)). The latter is highlighted in more detail below in Responsible employer and in the Co-worker report (see page 84).

The COVID-19 pandemic has also shown that social inclusion and sustainability go hand in hand. We cannot and must not see these two parts as being separate. Everyone is affected by the pandemic, but the extent to which people are affected varies widely for individuals all around the world.

59,000

people provided with accomodation via social housing projects financed

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 upon 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 2021, because of the negative impact on clients and DR holders of the COVID-19 pandemic and the challenges surrounding the capitalisation of Triodos Bank.

Trading in Triodos Bank Depository Receipts has been closed since 5 January 2021 in response to the heightened uncertainty in the economy as a whole, including the financial sector, caused by the pandemic.

Addressing the strategic challenge presented by the suspension was an urgent focus in 2021 and remains a top priority for Triodos Bank. We had intensive engagement with our Depository Receipt holders and other stakeholders on this topic through meetings, personal conversations and webinars. In December, we announced we will pursue a listing on a Multilateral Trading Facility.

In 2021, to further bolster our financial resilience we issued a green bond, which qualifies as a Tier 2 capital instrument. As such the bond provides Triodos Bank with an additional source of capital and the proceeds will be used to fund lending in renewable energy, environmentally sustainable management of living natural resources and land use and green buildings.

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

Protecting client data is seen as a priority by both our stakeholders and ourselves. Triodos Bank believes money can help change the world. Data can have a big impact too. Data helps Triodos Bank become a better bank by improving our service offerings and operations. We can use better understanding of the world and its people to prevent waste, reduce costs and create benefits for society. It helps us discover or predict risks and fraud, and enhance the reliability of our services.

When it comes to privacy and data protection, Triodos Bank believes:
- that data is an abstraction, reduction of reality and an interpretation of behaviour. The world cannot be captured in abstractions and people should not be reduced to the data collected about them. And since data refers to the past it is not always a reliable predictor of the future.
- that every individual has the right to be different in different situations, in other roles or at different times.
- that 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.

- that data is valuable; therefore, Triodos Bank has an obligation to keep the data it holds 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

This topic does not have the highest priority for our stakeholders and the bank. This may reflect satisfaction with the prevailing approach to remuneration at Triodos Bank and suggests that our policy is well understood. Remuneration within Triodos Bank is based on the principle that the bank's results are the joint accomplishment of all co-workers. Remuneration within Triodos Bank is neutral 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 salary. For more details of our remuneration policy and our performance as a responsible employer, please see Remuneration Report 2021 in this annual report.

Responsible employer

As a responsible employer, Triodos Bank focuses on creating a welcoming, inclusive environment. We believe each individual is important. Everyone should feel welcome, appreciated, safe and respected in our organisation.

The COVID-19 developments have shown us even more 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.

As a responsible employer, we make space to discuss and learn about equity, diversity and inclusion (EDI) issues and facilitate change where needed. Triodos Bank has taken steps to learn about blind spots, unconscious bias and to canvas co-workers' views on EDI topics. We conducted an EDI survey in April 2021. Based on the results, an EDI year plan for 2022 has been approved by the Executive Board. The plan seeks to create more awareness, address unconscious bias, create a safe environment for dialogue sessions and kickstart self-driven initiatives.

The Diversity and Inclusion Officer works on the topic of EDI at Triodos Bank. She works closely with the Learning and Development Team, the Group Directors, Corporate Communications, and the Executive Board to make EDI-related change happen.

Triodos Bank's role as a responsible employer is governed by the Group Director 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

By directly engaging in business relationships with entrepreneurs, personal customers and Depository Receipt holders, Triodos Bank mobilises deposits and investments to finance values-driven entrepreneurs. This is delivering on our mission to be a catalyst for cultural, social and environmental change.

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 involve engagement with communities. Potential borrowers and investees are subject to a social and environmental assessment. As a bank that does not have a branch network in most countries where we operate, many of the communities we serve are not local to the business. For this reason, we do not conduct significant local community development programmes.

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 is underpinned by a detailed description of our stakeholder groups, as set out in Materiality analysis (see above).

Triodos Bank has a grievance process that makes it accountable to third parties.

Learning organisation

Being a learning organisation is a strategic priority for Triodos Bank. Collective learning brings positive energy, drives innovation and enhances our efficiency and our capacity to develop and change. Learning and development is relevant for all co-workers, regardless of their role or seniority.

Our stakeholders consistently urge us to be a frontrunner in finance. We will continuously develop to ensure we fulfil this objective and truly live our mission. In 2021, we adopted a Group-wide learning management system and Feedback Learning Objectives and Well-being (FLOW) dialogues, which have strengthened our ability to support co-workers' long-term development.

Each Group Director is responsible for developing craftsmanship within their responsible functions. The Group Director Human Resources is responsible for developing and managing our learning and development approach Group-wide, including our Triodos Academy, talent and leadership development. This topic is covered in more depth in the Co-worker report.

Sustainable suppliers

Working with sustainable suppliers is an important material topic for Triodos Bank, because these relationships allow us to extend our positive impact. We have a role in creating awareness among suppliers on impact improvement. For this to succeed, we also need to build awareness internally on the interconnectedness of procurement and sustainability when selecting and maintaining relationships with our suppliers. This will be an area of focus in 2022.

We seek to maintain good relationships with our suppliers and business partners. We strive to build connections between suppliers to help them share best practice and gain insights into making a positive impact.

1.2 Strategic objectives

Our strategic objectives mentioned here are derived from our 2019-2021 Group Strategic Plan. Overall, our intention is to transform and make progress at three levels: within our organisation; through our interactions and relationships with clients and stakeholders; and externally, by extending our influence beyond the organisation. These areas are addressed sequentially in our three strategic themes.

Although 2021 formally marked the last year within our Group Strategic Plan 2019-2021, we have decided to maintain 'One Bank', 'Unlocking our Purpose' and 'Frontrunner' as our strategic themes for 2022. Maintaining the strategic framework of 2019-2021 for another year allows us to take a more fundamental look at specific elements that are important underpinnings of our business and operating model as a whole. As such, our corporate strategy will continue to develop going forward.

Strategic themes 2019-2021

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 impact-risk-return 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 to this, we strive to achieve a step-change in efficiency and control for our organisation.

2. Unlocking our purpose

Enabling customer engagement; activating our communities

We strive to bring purpose into our customer propositions, explicitly connecting them to 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 leadership role in the transition of the financial system by taking 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.

Within these three strategic themes, we defined 14 key objectives for 2021, which build on the progress made in 2019 and 2020. The table that follows sets out Triodos Bank's key strategic objectives for 2021 and reviews progress made against each of them through related initiatives. The progress-at-a-glance column gives a summary assessment of 2021 for each objective, based on professional judgement and the opinions of co-workers with an overview of these topics. Our achievements with regard to our key objectives demonstrate that we adequately managed the potential impact of COVID-19 on our business and thereby achieved continuity and stability in 2021. At the same time, we continue to calibrate and refine our strategy to address key challenges and realise our mission going forward.

Progress on strategic theme: One bank

Our key objectives for 2021	How we did	Progress at a glance
1. Business model enhancement: safeguarding our long-term sustainable business model.		
Strong focus on profitable lending growth and stringent monitoring of the lending portfolio	Our lending growth was determined by balancing the maximisation of our mission with the need to meet the minimum profitability hurdle. Through stringent monitoring, our lending portfolio remained within the lines of expectations.	●●○
Enlarge our assets under management and related fee income by growing T-IM in a profitable way and rolling out the bank investment distribution strategy	Although the effects of the COVID-19 pandemic continued to impact valuations of assets in 2021, assets under management (AuM) and inflow growth remained on track. Our distribution strategy was realised according to plan, with investment funds successfully introduced in Triodos Bank Spain and managed accounts to be launched with Triodos Bank the Netherlands in early 2022.	●●○
Pursue balanced growth in mortgages, carefully considering impact, risk, and return	Similar to our business lending portfolio, our mortgages portfolio developed according to our objectives. In addition to this, we developed our sustainable mortgage proposition for Triodos Bank the Netherlands, with a 0% rate for sustainability home improvements (valid for 2021).	●●●

Our key objectives for 2021	How we did	Progress at a glance
Take measures to ensure balance between rates and fees	As in the previous year, we have acted across all banking entities to bring rates and fees more in line with economic reality with the objective of maintaining healthy balance sheet relations.	●●●
2. Operational optimisation: improving operational processes and the cultural foundations for optimisation.		
Invest in functionality to digitalise the banking operating model, protect our licence to operate, improve customer experience and reduce costs	Our domains remained largely on track to fulfil their KPI target. Although execution of some of our mobile initiatives has taken longer than anticipated, substantial financial value was delivered by our non-digitalisation initiatives. Notably during lockdown, our ability to continue to improve on-boarding and bring lending fully online, ensured continuation of the services we provide to customers.	●●○
Obtain effectiveness and contained costs from efficiency measures and centralisation	We created structural optimisation models to improve our cost-effectiveness and prepared their execution.	●○○
3. Risk management optimisation: safeguarding our licence to operate and managing inherent banking business risks to stay within our modest risk appetite.		
Further step-up our customer integrity monitoring systems and processes	We executed our KYC and Financial Crime maturity improvement three-year programme according to plan. Group standards, relating to policy, data, portfolio risk/CDD/CAM strategic reporting, have been developed and deployed across the organisation to ensure strengthening our robustness and compliance with KYC/CDD requirements.	●●●
4. Financial management optimisation: managing our balance sheet and profitability effectively and efficiently.		
Refine the Group's capital strategy based on recent economic developments with DRs at its core	We successfully launched the 'Green Subordinated Tier 2 Bond' in October 2021. Further, we have communicated our decision to work towards listing our Depository Receipts (DRs) via a Multilateral Trading Facility (MTF). We are setting up a restricted buyback programme will be initiated to bridge the trade suspension period for DR holders. We expect to receive further guidance regarding MREL from the National Resolution Authorities (NRA) in 2022.	●○○

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

Progress on strategic theme: Unlocking our purpose

Our key objectives for 2021	How we did	Progress at a glance
5. Reference sustainable finance platform: connecting with people and communities and supporting their desire to make a difference by dealing consciously with their money.		
Create a prototype of the reference sustainable finance platform including value case and realisation roadmap and start executing on it	Further implementation of the aggregator functionality (for retail customers' impact) has experienced some delay in execution but was resumed in the last quarter of 2021. Important functionalities providing insight into community engagement and impact generated via investments and savings are currently being executed. We have also devised a concept for a Participatory Community for clients which will be further developed in 2022.	●○○
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.		
Develop strategies of transition per impact theme (energy and climate, food and agriculture, social inclusion) and translate them into scalable business propositions, primarily for the bank and T-IM	Throughout the year, our business banking units have actively included our three impact-theme visions in their sector approaches. We embarked on our As One to Zero journey towards our Science Based Targets initiative (SBTi) goals on carbon sequestration and emission reduction for our built environments and farming lending portfolios. In May 2021, we signed a guarantee agreement for the creative and cultural sector under the EU's Cultural and Creative Sectors (CCS) guarantee facility, to provide up to EUR 200 million in loans to entrepreneurs in the creative and cultural sectors over the next two years in EU Member States where we operate.	●●●
Invest in measuring, managing, and unlocking impact information through new measurement tools and impact functionality.	In the past year, implementation of the Impact Prism (impact of lending) remained largely on track.	●●○

Our key objectives for 2021	How we did	Progress at a glance
7. Resilient and vibrant co-worker community: embedding consistent practices in local offices that conform to the Group Strategic Plan 2019-2021; fostering a leadership culture at all levels that enhances change effectiveness.		
Enable and support co-workers and the organisation in realising our strategy, in line with Make Change Work	Building on experiences from 2020, we continued to adapt to remote and digital working conditions and provided continuing support to co-workers. At the same time, implementation of our new feedback and performance management approach proceeded according to plan. Our online learning platform was expanded to include GDPR and compliance training. Recognising equity, diversity, and inclusion (EDI) as a vital element of social inclusion, we are further developing and solidifying our EDI policy.	●●●

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

Progress on strategic theme: Frontrunner in responsible finance

Our key objectives for 2021	How we did	Progress at a glance
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.		
Execute our Change Finance Strategy 2020-2022	Among the many initiatives during 2021, we made it a first priority to become climate-neutral in 2035, issuing this bold statement by publishing our As One to Zero target and investigating how to achieve this. We were present during the COP26 to advocate for climate change, biodiversity, and social renewal, and took a vocal stance on excluding gas and nuclear energy from the green taxonomy. Internally we further developed and refined our vision on social inclusion.	●●○
9. Triodos Regenerative Money Centre (TRMC): leveraging impact through TRMC, positioned alongside Triodos Bank and Triodos Investment Management.		
Position the Triodos Regenerative Money Centre to increase and leverage our impact	TRMC has developed its Catalytic Investment and Donation Strategies, and defined approaches for structural involvement with entities of Triodos Bank. As a result of this, important co-creations were realised in collaboration with Triodos Bank the Netherlands, Triodos Bank Germany, and Triodos Bank Spain. Externally, we organised and participated in events to underline the need for regenerative money (a.o. Regenerative Alliance, Pakhuis de Zwijger etc) and initiated an article in FD regarding the need for regenerative money in current times.	●●●

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

Strategic objectives for 2022

Our objectives for 2022 go further in the direction of our 2019-2021 framework and continue to make use of our three strategic themes and 14 key objectives. We intend to progress and transform within each of these themes by realising these objectives.

One Bank. One Team. One Mission.

We are improving our operating model to become a more integrated and aligned bank with an adjusted operating model to meet risk-return-impact requirements. As such, we not only strive to realise better customer experience and responsiveness to customer needs via unified, digitally supported processes but also endeavour to generate a step-change in in-control and efficiency.

For 2022, eight key objectives have been formulated:

1. Keep focus on our profitable lending growth and close monitoring of the portfolio

2. Further enlarge our assets under management and related fee income and leverage the bank Investment Distribution Strategy

3. Pursue balanced growth in mortgages, carefully considering impact, risk, and return

4. Continue to manage the inflow of funds entrusted by taking further measures on rates and fees, or via other mechanisms

5. Create efficiency and improve our cost-income-ratio by implementing our renewed Target Operating Model

6. Continue to execute the roadmaps for business cases to:
   a. digitalise the banking operating model;
   b. protect our licence to operate;
   c. improve customer experience;
   d. and reduce costs.

7. Execute our Capital Strategy as decided upon end of year 2021 by preparing for a listing on a Mutual Trading Facility (MTF) and execute a restricted buyback programme including a solidarity arrangement for a subset of DR holders

8. Living up to our responsibility by strengthening our control environment

Unlocking our purpose: enabling customer engagement; activating our communities

We are bringing purpose into our customer propositions by connecting them more explicitly to impact. In doing so, we empower customers and communities to take action to realise that impact. We intend to become the reference platform for sustainable finance, offering carefully selected products from other providers as well as our own purpose-linked products and impact investment solutions.

To help achieve this, we have specified four key objectives for 2022:

1. Grow the movement by realising the reference sustainable finance portal and investigating more diverse partnerships

2. Identify inspiring ways to live up to and engage with our communities on our three impact themes

3. Increase our distinctiveness by expressing and implementing our strategy of measuring, managing, and unlocking impact information

4. Create a culture of excellence that attracts talent and adapts to a changing world

Frontrunner in responsible finance: leading by example; innovating finance for impact

In line with our history, we aim to continue our leadership in the transition of the financial system. First priority is to deepen our approach to reaching our As One to Zero target of being climate neutral in 2035, and with that to inspire others to follow us. Apart from that, we see the following two key objectives for 2022:

1. Put our Change Finance agenda to work for the business in our three strategic themes

2. Increase and leverage our impact via transformative, innovative or strategic investments by TRMC

1.3 Impact and financial results

This section describes the main results achieved in 2021 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 2021.

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.

1.3.1 Consolidated financial results

Key points for the financial year 2021 at a glance

- Strong focus on **accelerated climate measures** supported by Triodos to finance the investments needed for the transition to a low-carbon economy
- In a COVID-19 affected year, Triodos Bank reports a **net profit of EUR 50.8 million after tax for 2021 (FY 2020: EUR 27.2 million)**
- Our sound performance in 2021 was supported by higher income of EUR 341.9 million, lower impairments resulting in a gain of EUR 0.4 million and a moderate cost growth of EUR 275.2 million, despite the ongoing margin pressure on funds entrusted
- Overall loan business remains resilient, **benefitting from high credit quality** and a **geographically well-diversified loan portfolio** across Europe
- Triodos Bank's total assets under management increased by **EUR 3.9 billion** in 2021 to EUR 24.2 billion per end of December 2021 (FY 2020: EUR 20.3 billion)
- Triodos Bank **reports return on equity of 4.1%** (FY 2020: 2.3%) and **cost-income-ratio of 80%** per end of December 2021 (FY 2020: 80%)
- In line with bank's dividend policy Triodos Bank will **propose a dividend amount of EUR 1.80 per Depository Receipt** at the Annual General Meeting in May 2022
- Triodos Bank's capital ratios remain resilient with CET-1 ratio of 17.5% and TCR of 21.3% in 2021, which improved due to additional Tier 2 capital of EUR 250 million from our first green bond issue in November 2021

Selected key drivers in 2021 are described in more detail in the next sections.

Assets under management

Triodos Bank's total assets under management increased by EUR 3.9 billion in 2021 to EUR 24.2 billion, driven by a conscious year-on-year growth of the total balance sheet by EUR 2.6 billion to EUR 16.5 billion (end of 2020: 13.9 billion) and by the growth of our funds under management by EUR 1.3 billion in 2021 to EUR 7.7 billion per end of December 2021 (FY 2020: EUR 6.4 billion).

Balance sheet

On the liability side, the growth of the total balance sheet was mainly driven by additional inflow of funds entrusted, participation in TLTRO tender III.7 and a successfully raised green bond that qualifies as subordinated Tier 2 instrument.

Funds entrusted increased by EUR 1.5 billion over the last 12 months, which resulted in an overall position of EUR 13.3 billion per end December 2021(end of 2020: EUR 11.7 billion). This overall increase of the liability side was further supported by our participation in the TLTRO tender III.7 with additional EUR 800 million summing up to a total position of EUR 1.6 billion per end December 2021(end of 2020: EUR 0.8 billion). Triodos Bank also successfully issued a EUR 250 million subordinated green bond, which fulfils the criteria of a subordinated Tier 2 instrument and therefore qualifies as additional capital for bank prudential purposes.

The bank's equity position has marginally increased by EUR 42 million to EUR 1.3 billion per end of December 2021 but was overall quite stable compared with the remaining liability side. Triodos Bank suspended trading in its Depository Receipts (DRs) as per 5 January 2021. As result of that Triodos Bank initiated an extensive investigation on how to ensure its access to new core capital and restore the tradability of its DRs.

During the investigation, Triodos Bank analysed numerous options. We have concluded that listing our DRs on a community exchange (a so-called Multilateral Trading Facility or MTF) offers the best prospect of securing our access to capital and restoring tradability for our DR holders. After due consideration, including dialogues with DR holders and various other stakeholders, Triodos Bank announced its decision to proceed to a listing of DRs on an MTF on 22 December 2021. The implementation horizon for the MTF approach including mandatory regulatory approvals is estimated to take 12 to 18 months.

For 2021, the bank reports a return on equity (RoE) of 4.1% (2020: 2.3%), which is in line with the adjusted mid-term RoE ambition of 4% to 6% as communicated in the Extraordinary General Meeting of 28 September 2021. Triodos Bank believes that, despite the ongoing impact of COVID-19, annual RoE in this range is achievable in the mid-term (in previous years this was 3% to 5%).

On the asset side, our additional funding was primarily used to further develop our sustainable loan portfolio. Triodos Bank recorded a EUR 1.0 billion increase in sustainable loans in 2021 to reach EUR 10.2 billion by the end of the year (end of 2020: EUR 9.2 billion). The remainder was partly invested in highly liquid debt securities (EUR 166 million) or to increase our cash position (EUR 1.3 billion).

The provision for expected credit losses (ECL) shows a limited decrease of EUR 2.5 million to EUR 51.5 million per end of December 2021. 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 2021, the global economic outlook stabilised, but is still uncertain due to the ongoing COVID-19 infection waves and potential further mutations of the virus which could lead to significant disruptions in value chains. The bank is closely monitoring the development of forward-looking macro-economic parameters and applies adjustments to its internal ECL model at least monthly. The provision of ECL stages 1 and 2 decreased by EUR 6.3 million over the last 12 months to EUR 13.6 million per end of December 2021. However, the releases recorded in stages 1 and 2 were partly offset by increases in stage 3. The ECL stage 3 provision increased by EUR 3.9 million to EUR 38.0 million in 2021.

Triodos Bank benefits from high credit quality and a geographically well diversified loan portfolio. The bank will continue to stay prudent by keeping the above-mentioned overall ECL provision. The risk profile of our loan portfolio implies that any improvement in the forward-looking macro-economic parameters, perhaps because of better-than-expected post-COVID-19 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.

EUR 10.2 billion

Loans to projects across Europe benefitting people and planet

The asset side was further impacted by Triodos Bank's decision to structurally change the way of working and apply a hybrid corporate office strategy. All co-workers have the opportunity to continue working with a split model from home and/or office. This is providing additional flexibility in our new work environment. In the Netherlands, Triodos Bank decided to concentrate all corporate activities at a single new office (De Reehorst in Driebergen) and sold the old head office building (Nieuweroordweg in Zeist). This will allow Triodos Bank to realise further cost savings, improving the overall shape of the bank. With the sale of the building a one-off gain of EUR 0.1 million is recorded in our 2021 P&L.

Profit and loss account

In a year marked with COVID-19, Triodos Bank reports a sound net profit of EUR 50.8 million after tax for the year 2021, which is EUR 23.6 million higher than the same period last year.

Our total income, EUR 341.9 million in 2021 (2020: EUR 305.1 million), has recovered over the last 12 months and is above pre-COVID-19 levels due to sustainable lending growth and higher funds under management.

The underlying interest result records an increase of EUR 23.3 million to EUR 221.5 million in 2021 (2020: EUR 198.2 million), supported by conscious lending growth in sustainable sectors in Europe driving our ambitious net-zero target in 2035. The bank's interest result was further supported by the one-off benefit from TLTRO. Triodos Bank has met the lending growth criteria under the TLTRO program and is therefore entitled to the interest discount of 0.5%. The total net interest discount amounts to EUR 6.9 million (2020: EUR 1.0 million). However, the bank's overall net interest margin continues to be under pressure due to the very low interest rate environment in Europe and negative interest rates to be paid for excess liquidity from funds entrusted.

The bank's commission result improved by 9% to EUR 116.0 million in 2021 (2020: EUR 106.1 million) due to additional fees for payment solutions and management fees for investment fund solutions. As both our underlying interest and commission results grew in 2021, the overall contribution share of 34% for commissions remained stable this year.

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

Triodos Bank is a values-based bank. 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. We apply 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. For more information and the complete GABV scorecard see section Understanding impact (see page 58) and Appendix IV– Global Alliance for Banking on Values scorecard (see page 422).

Real-economy assets in a values-based bank should be relatively high. In 2021, this was 70% (2020: 75%). Triodos Bank targets a ratio of loans (in the real economy) to deposits of 75% to 85% to make sure it always has enough money available (i.e. liquidity) to support its clients in case of disruptions in the market. The total loan portfolio, as a percentage of the total amount of funds entrusted, was 77% in 2021 (2020: 78%).

Triodos Bank has 70% (2020: 74%) 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.

An increased cash position, due to additional funding in 2021, explains the lower real economy and TBL ratios in 2021 compared to previous years.

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 increased by EUR 29.8 million to EUR 275.2 million in 2021 (2020: EUR 245.4 million), mainly due to additional employee expenses for compliance and anti-money laundering (AML) topics, and an additional deposit guarantee scheme (DGS) contribution. The expenses without additional compliance and regulatory costs are improving due to the structural cost savings program and higher cost discipline applied across the group. In future periods the bank will continue to focus on realising cost synergies while coping with regulatory cost increases.

In 2021, the bank reports a cost-income-ratio (CIR) of 80% (2020: 80%).

Our loan business remains resilient. The cumulated ECL expenses decreased significantly over the last 12 months and resulted in a net release (gain) of EUR 0.5 million in 2021. In particular, more favourable macro-economic forward-looking parameters led to a release in ECL stages 1 and 2, partially offset by an increase in ECL stage 3 covering defaulted loans. In 2020, ECL expenses were significantly impacted by the COVID-19 pandemic in the first quarter of 2020, which at that time resulted in a sharp drop of forward-looking parameters (e.g. GDP growth in Europe) and therefore triggered a material increase of the ECL provision in stages 1 and 2 in 2020.

Total ECL expenses on loans in 2021 compared to the average loan book over 2021 resulted in clearly improved risk cost ratio (2021: 0 bps; 2020: 27 bps). The annual incurred loss rate in ECL stage 3 amounts to 6 bps for 2021 (2020: 12 bps). Both factors 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 2021 and the development of external market circumstances, Triodos Bank proposes a dividend amount of EUR 1.8 per share. This dividend proposal is equivalent to a pay-out ratio of 50%, which is in line with Triodos Bank's internal dividend policy. The remaining profit will be attributed to the retained earnings of the bank, ensuring a sound capital base for future growth.

For the years 2020 and 2019, the dividend amount was calculated in line with the ECB's temporary 'dividend distribution rules' and paid out to shareholders on 28 May 2021.

Earnings per share, calculated using the average number of outstanding shares during the financial year, were EUR 3.56 (2020: EUR 1.91), a 87% increase.

Prudential capital and liquidity

The prudential capital of Triodos Bank consists of Common Equity Tier 1 (CET-1) and subordinated debt capital (Tier 2).

The bank's Total Capital Ratio (TCR) increased from 18.8% in December 2020 to 21.3% in December 2021. This significant increase of the TCR in 2021 was primarily driven by a slight increase of CET-1, by EUR 41 million in 2021, and the issuance of EUR 250 million eligible Tier 2 capital in November 2021.

The minimum Total Capital Ratio for Triodos Bank is 13.0% in 2021 based on the overall capital requirements.

The CET-1 capital increased by 4% over the last 12 months to EUR 1.1 billion per end of December 2021 (2020: EUR 1.1 billion). This increase in 2021 was mainly driven by retained earnings after the AGM profit resolution in May 2021. Triodos Bank's mid-term strategy aims for a CET-1 ratio of at least 15.5% in the current regulatory context.

Tier 2 capital increased by EUR 249 million over the last 12 months to EUR 255 million per end of December 2021 (2020: EUR 6 million). This was primarily attributable to the bank's successful issue in November 2021 of a EUR 250 million subordinated green bond that qualifies as eligible Tier 2 capital.

The bank's overall liquidity position remains robust with an LCR of 229% per end of December 2021 (2020: 232%). The regulatory minimum LCR is 100%.

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 risk-averse strategy imposes some constraints on its return on equity.

Depository Receipts

The number of individual Depository Receipt holders decreased from 43,614 to 43,521 in 2021.

The Issue Price at the last date of trading, 5 January 2020, was EUR 84. At the end of 2021, the net asset value for each Depository Receipt was EUR 88. For tax purposes, considering the impact of the current illiquidity of the Depository Receipts, Triodos Bank applied a 30% reduction. This reduction on the last trading price of the DR for non-tradability as per 31 December 2021 resulted in a price of EUR 59. This was communicated on 21 December 2021. It should be noted that this discount is for tax purposes 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 announced the decision to pursue a listing of our Depository Receipts on a Multilateral Trading Facility (MTF), which is a community-based trading platform. Triodos Bank will take all necessary steps to prepare for an MTF listing, including obtaining all relevant approvals. The choice of a community based MTF solution with variable pricing is seen as the best fit for Triodos Bank to replace the currently suspended trading system for Depository Receipts of ordinary shares. 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 also enables Triodos Bank to pursue its mission in line with its values and remain firmly anchored in governance and legal structure.

Share buyback programme

Further, on 21 December 2021, Triodos Bank announced a buyback programme of Depository Receipts of EUR 14.4 million, equivalent to the remaining room to purchase DRs in the so-called market making buffer. This will include a solidarity arrangement of EUR 3 million. Triodos Bank will continue its pursuit of additional intermediate solutions to help mitigate some of the consequences of the suspended trading for the DR holders, in line with applicable rules and regulations. The buyback programme will be launched in May 2022 with a fixed price of EUR 59 per DR. It should be noted that this buyback price does not represent an indication about the price of the DRs for the future listing on an MTF.

Public rating from Fitch

Fitch Ratings (Fitch) announced on 4 February 2022 it has affirmed Triodos Bank's Long-Term Issuer Default rating at 'BBB' and Viability Rating at 'bbb'. The outlook is stable. Fitch's rating analysis was done as part of the regular annual review process.

According to Fitch, Triodos Bank's ratings reflect its established niche franchise in the sustainable banking segment and a sound record of execution on its strategy. The bank's adequate asset quality and healthy funding and liquidity profile support the ratings.

The independent rating report for Triodos was issued by Fitch Ratings on 4 February 2022 (see website here).

Placement of first green bond

In November 2021, Triodos successfully placed its first subordinated green bond on the capital market, with a notional amount of EUR 250 million, tenor of 10.25 year and coupon of 2.25%. This green bond was rated separately by Fitch as BB+. The bond provides Triodos Bank with an additional source of capital and the proceeds are being used to fund lending in renewable energy, green buildings, and environmentally sustainable management of living natural resources and land use – to support our mission and ensure we increase our impact. For the green bond a sustainability report will be prepared and published in April 2022.

Agency in France

As announced in 2019, Triodos Bank decided not to continue the activities of the agency in France. Consequently, a provision for restructuring was included in the financial result of 2019, which has been utilised in 2020 and 2021 to dismantle the activities and in December 2021 the closure was finalised, resulting in a small release of the remaining provision amounting to EUR 0.2 million.

Commercial offices in Spain

Triodos Bank aims to modernise its local footprint in Spain. An in-depth analysis of the Spanish central office, including its commercial offices, has been conducted to consider changing customer needs and improved service offerings, and propose a more integrated and efficient organisational set-up.

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 2021, 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 in our main sectors.

In short:
- Retail and Business Banking, including Private Banking, was responsible for 88% of Triodos Bank's net profit in 2021 (2020: 76%).
- Triodos Investment Management makes up 12% (2020: 24%) of Triodos Bank's overall net profit.

Triodos Regenerative Money Centre became more established during 2021 after its start in mid-2019. It 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: European network

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.

Retail activities developed further in 2021 as people and sustainable enterprises continued to choose to partner with Triodos Bank.

Triodos Bank, in all the countries where it is established, contributed to the Group's profitability. In the Netherlands, United Kingdom and Belgium profitability was above expectations mainly due to higher income and lower impairments on financial products. In the Netherlands, considerable growth in private mortgages drove overall performance while in the United Kingdom, profitability was mainly boosted by solid margins on business loans and higher fees. Belgium benefitted from lower cost of risk throughout 2021. Triodos Bank Spain continues to suffer from lagging loan production and high operational costs which was partly mitigated by lower impairments on financial products. Triodos Bank Germany positively contributed to the Group's overall profitability on the back of business loan growth.

Notably, we added two new investment propositions in 2021. In Spain, we launched our socially responsible investment (SRI) and impact fund platform, which also drives forward our mission on the capital markets. This platform is based on an open architecture in which everyone, whatever their investment profile, can choose transparently and freely between products from various fund managers, which are aligned with our values and our impact investing ethos. In Germany, we introduced the Triodos Impact Portfolio, the first digital impact account in Germany. This managed account is unique in being the first offering of only Article 9 SFRD funds in combination with a microfinance fund.

Total lending

The overall growth of the loan portfolio amounted to EUR 1,011 million (or 11%) in 2021. This includes the growth of the residential mortgage portfolio by EUR 881 million (or 32%). The increase in business loans was 2% (2020: 3%) with the largest growth in social (mainly sub-sector Healthcare) and culture sectors. Growth in cultural lending was further supported by the guarantee agreement with the European Investment Fund (signed in 2021) allowing Triodos Bank to lend up to EUR 200 million in loans to cultural sectors.

The low interest rate environment encourages customers to refinance at lower rates and to pay back their credit facilities earlier than planned. Both these trends continued in 2021 and had a downward effect on interest margins. The expected credit loss (ECL) on loans and advances to customers decreased by EUR 2 million in 2021 to EUR 49 million, influenced by the COVID-19 pandemic, which in 2020 had a significant negative effect on the macro-economic parameters used to calculate the ECL. While many clients have felt the impact of the COVID-19 pandemic, the overall impact was less than anticipated. This has to do with the overall economic impact of the crisis, the exposure of the portfolio to clients impacted by the crisis and the overall credit worthiness of our portfolio. In addition, our relationship mangement teams were able to maintain solid relations mostly through digital channels.

Competition between banks in the lending market was strong in 2021. Mainstream banks are increasingly embracing sustainability as a business opportunity and competing aggressively to take advantage of available lending opportunities. The quantitative easing of the European Central Bank and including incentives to maintain and grow the lending book was visible in the markets. Given these circumstances, the management was satisfied with the new interest rates that were secured. Focus remains on keeping healthy interest margins and improving fee income.

The Loans and funds' investments by sector (see page 239) section describes the relative volume of our loans and investments in the main sectors where Triodos Bank is involved.

Whilst the graphs show the important sectors of today, we are making gradual steps in new technologies. We are deliberately taking small steps in order to manage risk well and we do so with the aim to support the transitions in the social and technologic sectors. We are pleased that in 2021, we were able to commit to various projects on batteries, EV charging facilities and heat networks.

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.

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.

The Group derived detailed retail and business customer research during 2021 using Net Promoter Score (NPS) methodology. This technique is widely used across the business sector to measure customer satisfaction.

Triodos Bank's overall NPS on all indicators for the retail group in 2021 swings between +14 and +22 and is on average +17 (2020: +22). This is better than the average of large banks. Triodos Bank's principles as a sustainable bank are the main reason to recommend the bank. The equivalent figure for business clients for 2021 is -9 (2020: +1). Reasons for the decrease in NPS is primarily due to the perception of costs associated with banking with Triodos Bank. The detailed results are now being used as a key performance indicator to allow Triodos Bank continuously to measure its customers' views and gather better insights.

Continuing growth in all the countries where Triodos Bank operates is due in part to a growing profile, 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 more modestly, maintaining a stable loan-to-deposit ratio and TCR. It aims to grow its fee income with particular emphasis on growing Triodos Investment Management activities.

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. In addition, we will get more concrete in 2022 on how to live up to the pledge to be climate neutral in 2035. Persistent low interest rates and increasing regulatory costs continue to pose a serious challenge. And yet 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.

Funding creative, cultural and social initiatives

Triodos Bank and the European Investment Fund (EIF) have signed a guarantee agreement for the creative and cultural sector under the European Union's Cultural and Creative Sectors guarantee facility, backed by the European Fund for Strategic Investments (EFSI), the main pillar of the Investment Plan for Europe. The guarantee facility allows Triodos Bank to provide up to EUR 200 million in loans to entrepreneurs in the creative and cultural sectors over the next two years in the EU Member States where Triodos operates, namely the Netherlands, Belgium, Spain and Germany. The geographical split will depend on demand from markets. Since the start this year we have been able to finance EUR 31 million to 76 entrepreneurs 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 2021 been able to finance EUR 87 million to 412 social enterprises in the Netherlands, Belgium, France and Spain. This was more than expected as we originally started with the aim of EUR 65 million.

Triodos Investment Management

1 9 12

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 17 funds, for both individual and professional investors. The funds invest in sustainable themes, such as Social Inclusion, Food and Agriculture, Energy and Climate, and 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 6.4 billion

In 2021, Triodos Investment Management's total assets under management increased to EUR 6.4 billion, a 17% increase (2020: 10% increase)

Developments in 2021

Like the year before, 2021 was dominated by the influence of the COVID-19 pandemic. While the worldwide vaccination programme has made strong progress in 2021 and restrictions were gradually being lifted during the year, the last quarter demonstrated that the pandemic continues to have an impact on people's health and human lives. Measures to contain the virus and its effects continue.

In 2021, Triodos Investment Management maintained an intensified monitoring of its investments to mitigate any potential increased risks or volatility resulting from the pandemic. In general, Triodos Investment Management navigated the COVID-19 challenges relatively well.

The funds that invest directly in sustainable projects and companies, such as renewable energy projects, organic farming or microfinance, were able to realise stable results in the past year. This is for a large part a result of the high quality of the funds' underlying portfolios. Especially in emerging markets, the impact of the pandemic is still very substantial, and as such it is impressive to see that the portfolio companies of the financial inclusion funds have been able to withstand the challenges resulting from COVID-19 as well as they did. At the same time, these challenges underline again why our work as an impact investor is now more important than ever. The funds that invest in listed equities and bonds benefitted from the stock all-time highs in the past year, resulting in strong inflows in the funds. On the performance side, the funds performed well, especially taking into account that the funds did not benefit from the outperformance of oil and gas and some big tech stock, such as American tech companies, as they are excluded from investments due to Triodos' investment beliefs.

From an organisational perspective, Triodos Investment Management was mainly impacted with respect to travel restrictions and the need to work remotely for a very large part of the year. The latter has, however, not only presented challenges, but also opportunities. Overall, Triodos Investment Management is very satisfied with the way in which employees have adapted to the new way of working and how they are able to guarantee the continuity of its funds under management in all circumstances. Therefore, moving forward, working remotely will continue to be part of its new normal.

As a result of the mitigating measures and continued confidence among its investor base, Triodos Investment Management was able to realise an overall growth of assets under management by 17% (2020: 10%) to EUR 6.4 billion, despite the challenging circumstances our global economy and society are facing. The net inflow of funds was 11%. The investment funds overall gained 7% of their value following stock exchange movements in 2021.

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.

Triodos Investment Management expanded its activities in existing and new markets by, for example, increasing its exposure and sales capacity in France. It also launched the Triodos Emerging Markets Renewable Energy Fund, an alternative investment fund that invests in the much-needed energy transition in emerging markets by providing long-term senior debt to utility-scale wind, solar and run-of-the-river hydro projects.

In 2021, the EU Sustainable Finance Disclosure Regulation (SFDR) came into force. All Triodos IM funds available for investors have sustainable investments as their objective as set out in Article 9 of SFDR. As such, they have been designated as Article 9 investment products.

Triodos Investment Management experienced a change in leadership in 2021. Jacco Minnaar was appointed as Chief Commercial Officer and member of the Executive Board at Triodos Bank. Dick van Ommeren, Managing Director, followed in his footsteps as Chair of the Management Board at Triodos Investment Management. In addition, Hadewych Kuiper was appointed as Managing Director per 1 February 2022, to further strengthen the Management Board alongside Dick van Ommeren and Kor Bosscher.

Prospects for Triodos Investment Management

The COVID-19 pandemic has sparked a clear and undeniable demand among investors to invest with positive impact. This is an encouraging development given the fact that the pandemic was a major setback for the global sustainability agenda as articulated in the UN Sustainable Development Goals (SDGs). Private investors are needed more than ever to help to realise those goals.

Within this context Triodos Investment Management will continue to build on over 25 years' experience in 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 SDGs.

In 2022, 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. After the preparatory work done in 2021, resulting in having all preconditions in place, impact mandates that accommodate institutional investors seeking investment opportunities with positive impact will have a stronger focus in 2022.

Triodos Investment Management will continue to pursue development and growth, through expansion, by further developing existing funds and by creating new impact investment products.

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.

TRMC reconsiders the built-in expectations about risk and return by placing natural and societal return above anything else. By liberating money from generating immediate financial returns we give groundbreaking plans the chance to grow, thereby shifting the economic paradigm with a radical new perspective on money and impact.

The financial instruments we use are catalytic investments and donations.

Developments in 2021

This has been a year of contradictions. People worldwide are still greatly affected by the continued pandemic and the climate crisis. We all are learning how to deal with the impact these two major crises have on our lives and on those of future generations. The current system is out of balance, it is exploiting people and planet.

There is a new sense of urgency about how we tackle these crises. There is growing awareness that change is required, that we need to restore the balance between give and take. To tackle today's most challenging problems and transform our economy, we need a radically different approach. We need to pioneer and track down the (new) financial instruments that can serve the new businesses and models that can offer solutions.

TRMC is building a healthy project pipeline in pursuit of that objective. Joining forces and building partnerships with like-minded parties has been a big part of our work, stimulating new investments and donations. Innovating with others to create the appropriate financial instrument for specific initiatives is at the core of what we do. We often work through partnerships to devise blended finance structures.

Aiming for a sustainable and inclusive society for the generations to come, we joined with others in donating to Lab Future Generations. The Lab tests and develops tools that guide governments and companies in their thinking about the long-term effects of their decisions on people who have yet to be born.

In Aardpeer, TRMC has co-created, alongside its three partners, a movement to safeguard agricultural land (and soil vitality) for future generations. By issuing a first and a second bond, the proceeds from which are used to remove agricultural land from the speculative market, we are offering farmers secure access to affordable land, guaranteeing healthy soil and food for future generations. This is a leverage point for the transition to a resilient natural capital environment.

Triodos Regenerative Money Centre reached its 2021 targets in terms of number of investments and donations as well as in terms of the innovative nature of the initiatives supported. Besides our continuous investment and donation activities we were able to formulate more clearly how regenerative money can contribute to today's challenges and what makes it important for our common understanding of the role of money in today's society. Regenerative money has true transformative power.

On a final note, 2021 was the year we celebrated the 50th anniversary of Triodos Foundation. We took this opportunity together with Triodos Bank to organise a panel discussion addressing imbalance in today's society and the consequences for inequality.

Prospects for Triodos Regenerative Money Centre

Stepping into 2022, Triodos Regenerative Money Centre will continue to invest in, donate to and build partnerships with potential game-changers. In this, we are fully committed to the search for leverage points - the catalytic keys that set a whole system in motion.

There is now a firm commitment to climate across society; this was evident at the COP26 discussions. As a frontrunner in the global movement towards a net-zero future, TRMC will also invest in and donate to initiatives that can contribute to achieving this urgent goal. We will deploy our knowledge, skills and resources to support these initiatives. And because we recognise that this also requires major social shifts, we will also focus on key societal challenges.

We will work on developing co-creation initiatives with like-minded partners and actively seek collaboration with frontrunners for positive change. Triodos Regenerative Money Centre will further develop the concept of regenerative money, based on our 'theories of change' work which evaluates impact-driven activity in key sectors. to include societal challenges. We will publish our findings on the expanding meaning of this concept for society.

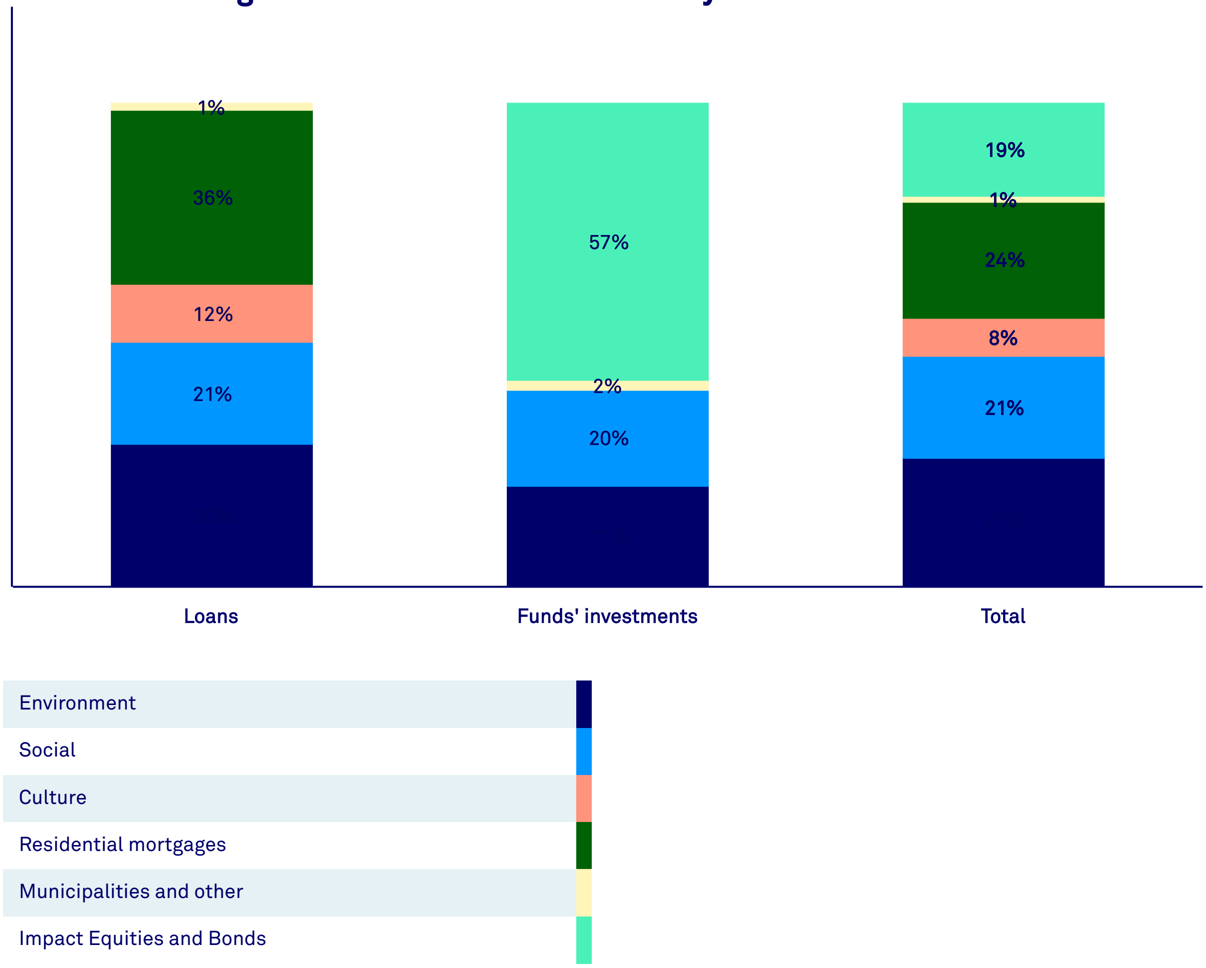
We want to put the theme of donations on the agenda and mobilise donations around specific themes and/or projects via so-called, Giving Circles. We also want to draw more attention to the quality and potential of regenerative money and the possibilities of our Give the Change platform through events for interested parties.

We will refine our set-up and assess our processes so that it serves our mission and activities best. We will continue to inform and involve people on the potential of regenerative money by increasing our outward focus and actively communicate about the role of money in regenerating nature and society.

Loans and funds’ investments by sector

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 sectors 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 sector 2021



To make sure that Triodos Bank only finances sustainable enterprise 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 remains on sectors where it has already developed considerable expertise and where it considers more growth, diversification and innovation is possible.

Impact, risk and return

Traditionally, banks have focused on risk and return, primarily 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.

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.

Environment 27% (2020: 29%)

The subsector 'Energy and Climate' consists of renewable energy projects such as wind and solar power, hydro-electric, heat and cold storage, and energy-saving projects. It also includes environmental technology projects, for instance through recycling companies.

Within the subsector 'Sustainable Property' we finance new buildings and renovation projects to reach high sustainability standards. It also includes nature-conservation projects.

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

Social 21% (2020: 22%)

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

Culture 8% (2020: 8%)

This sector covers loans and funds' investments to organisations working in education, retreat centres, religious groups, recreation, cultural centres and organisations, and artists.

Residential sustainable mortgages 24% (2020: 21%)

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.

Municipalities 1% (2020: 3%)

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.

Impact equities and bonds 19% (2020: 17%)

The Impact Equities and Bonds funds that are managed by Triodos Investment Management focus on direct investments into listed equities and bonds of companies, institutions and projects that drive the transition to a sustainable society. Each investment in our impact equities and bonds strategy has been hand-selected for its contribution to our sustainable transition themes, while applying our strict minimum standards. We actively engage in dialogue and feedback loops with these companies to positively influence their business. We also regularly collaborate with other institutional investors and industry bodies to further steer sustainability-related best practices.

1.3.3 Understanding impact

As a values-based bank, Triodos Bank integrates impact, risk and return when making decisions. Creating positive impact has been the driving principle at Triodos Bank since its foundation 40 years ago. This section summarises our vision on impact and how we embed this in our organisation. Triodos Bank is an active member of several frontrunning initiatives on impact management. We highlight the most important ones for 2021 here. We also look at some key challenges in impact management for the coming years.

Our approach to impact management

Finance can make a positive difference in people's lives. It can contribute to progress on key issues that are relevant for society. Financing change has been a fundamental objective at Triodos Bank for forty years. At the same time, we have been changing finance – showing others that making choices for positive impact are possible and that a stakeholder-led business model is both viable and desirable. From that very first wind turbine we financed in 1985 to experimenting with the role catalytic money and gift money can 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.

At Triodos Bank, we have been managing impact consciously since long before much of today's terminology existed. Our approach to impact management is to maximise our positive impact first; and minimise negative impact second. We direct our money in a way so that it benefits people and the environment over the long term.

We are delighted to see that impact management is now receiving more mature consideration among our partners, and that managing and measuring impact of investments is a rapidly developing area of expertise. There is a growing awareness in society about its importance, and an increasing number of sector initiatives are focusing on data quality, reporting standardisation, and increasing transparency about methodology and data. This is further supported by new regulations for financial service providers. We continued to share our insights and challenges to contribute to this in 2021.

For Triodos Bank, impact reporting doesn't just mean reporting on how the organisation behaves as a responsible corporate citizen, for example by using renewable energy to power our buildings. It specifically means reporting in depth on the impact of our activity in the widest sense – from the greenhouse gas emissions of our loans and investments to giving analysts a deeper understanding of the sustainability value of our work.

Our values and our mission are continuously reinforced within our culture by being fully integrated into our operations. Sustainability is intrinsic to everything we do in the organisation. Nonetheless, we keep improving the way we manage our impact.

Our foundation: positive impact through principles, standards and transparency

We have a simple business model: we only lend the money entrusted to us by savers and investors to entrepreneurs we know well. We only work in 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.

70%
of assets in the real economy

We aim to deliver as much positive impact as possible by only lending to and investing in sustainable enterprises and enterprises transitioning to sustainable approaches. We have established strict business principles, lending criteria and minimum standards to safeguard our mission. These can be found on www.triodos.com/download-centre. In addition, we use screening criteria to avoid financing sectors we consider to be inherently unsustainable, such as the fossil-fuel industry.

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 www.triodos.com/know-where-your-money-goes.

With these principles in place, Triodos Bank ensures a baseline for positive impact and minimises negative impact.

Our positive approach: business principles and minimum standards

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.

Increasing our impact: engaging with our clients on impact

Engagement is key. Our vision on impact stems from understanding that metrics and targets do not tell the whole story. In practice, that means 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 and we use this to start 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.

While meaningful indicators are included in, for example, Impact by sector (see page 67), we limit the use of 'hard metrics' in our impact measurement.

To support this more holistic approach, 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 or investment, 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.

We have been integrating the Impact Prism into our daily business processes since 2019. Usage steadily increased during 2021. The tool was used for more new clients and the coverage of the total portfolio improved. By increasing our coverage this year, we also gained more understanding of how clients experience the use of Prism and how relationship managers can use it to foster high-quality relationships with clients.

We have learned that many clients emphasise the uniqueness of having this type of conversation with their bank. For these clients it truly distinguishes Triodos Bank from other banks. (Some) clients do not yet immediately see the added value of Prism; this requires further communication and development of the Prism. Specifically, we have learned that clients see more value in filling in the Prism for their company as a whole, rather than confining themselves to the specific project or part of the organisation being financed. In 2022, we aim to use these insights to develop the Prism further as a tool for stakeholder engagement.

Alongside our Impact Prism, we measure our own (direct and indirect) and financed (indirect) emissions. These 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 emissions of our operations are reported in our Environmental report. Our financed emissions are measured through PCAF and reported in 'Climate impact of our loans and investments'.

Impact measurement frameworks

We are careful not to just retrofit our reporting to meet the requirements of benchmarks or initiatives. We believe meaningful sustainable developments contribute to a fairer economy and come from principle-based decision-making and not from rule-based compliance and 'box ticking'. However, where relevant external organisations provide frameworks or guidelines for impact measurement, Triodos Bank reports against them. We use a number of frameworks to inform our impact activity, both in delivering and reporting. They include the Global Reporting Initiative, International Integrated Reporting Council, the Partnership for Carbon Accounting Financials, the Global Alliance for Banking on Values and B Corps.

Although Triodos Bank believes that the emissions of our loans and funds' investment portfolio are relatively low compared to other financial institutions, the analysis identifies high-emissions sectors in our portfolio that need effective plans to support a sustainable and inclusive transition towards a climate-neutral portfolio. The science-based targets that we have set this year will help develop ambitious but necessary plans.

Embedding impact in our organisation

In 2020, we embedded impact management explicitly in our governance with the creation of the Triodos Group Impact Committee (TGIC). Since its establishment in September 2020, the TGIC focuses on: target setting (As One to Zero); streamlining our impact data capture; external commitments which are in line with our mission; embedding growing regulatory requirements, resulting from the EU Action Plan on Sustainable Growth (Sustainable Finance Action Plan, SFAP) and further developing our minimum standards.

In 2021, Triodos Investment Management (T-IM) set up a more extensive impact management structure enabling a flexible response to the quickly developing area of managing and measuring impact of investments. An Impact Management and Measurement domain was established in the spring of 2021. This domain functions as a multidisciplinary team, and acts as an interface between internal ambition, external requirements and implementation within the organisation when it comes to impact. During 2021, the domain mainly focused on its ambitions and internal organisation, on further development of impact frameworks of the funds and on the implementation of European legislation. In 2022, we will continue to build on this foundation, with an added focus on internal education and the implementation of our impact management ambitions.

In 2021, we started a Group-wide Impact Strategy and Management project to embed impact management explicitly in our governance. In 2022, we will further improve and develop it, aiming for:
- a fine-tuned Group-wide impact strategy;
- more coordination and cooperation between business units on impact management;
- streamlined monitoring and reporting processes;
- an even better capacity to implement new impact initiatives and regulatory requirements.

1.3.4 Change finance report

As well as financing progressive entrepreneurs, we also 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.

Triodos Bank engages with domestic policymakers and others on the future direction of the financial industry in every country where we are active. In 2021, we actively contributed to consultations by the European Union, including on the Retail Investment Strategy and the proposals for harmful and social taxonomies. Triodos Bank also published its position on the Corporate Sustainability Reporting Directive (CSRD) and the new Banking Package. In its position on the CSRD, Triodos Bank advocates one reporting framework that includes both financial and sustainability information with the same scope, same degree of enforceability, proportional to firms' sizes and making use of materiality-concepts. In its position on the Banking Package and the final implementation of Basel III, Triodos Bank advocates a diverse banking system supported by a faster implementation of the floors on capital requirements and stronger oversight of sustainable finance and ESG risks, which require longer-term prudential considerations. In the Taxonomy reporting chapter we elaborate more on recent EU Taxonomy developments.

A major topic in the financial sector is how to contribute to reducing GHG emissions to tackle climate change. Following the financial sector commitments in the Netherlands and in Spain in 2019 and the German commitment in 2020, Triodos Bank joined the Net-Zero Banking Alliance (NZBA) convened by the UN in April 2021. Members commit to adopt policies and strategies to reach a net-zero economy. We encourage all banks to set targets to reach net-zero well before 2050. We are running out of time and without strong action from all global stakeholders, the Paris climate goals will be out of reach. We want to be net-zero as soon as possible ourselves, at the latest by 2035. Triodos Bank announced this pledge in the run-up to COP26 in Glasgow in November 2021. Co-workers from Triodos Bank UK were present at COP26 to advocate for sustainable finance and challenge the financial sector.

Triodos Bank Netherlands advocates that lending standards for mortgages should be linked to the energy bill of a house. After introducing this in its own lending standards for mortgages in 2020, Triodos Bank Netherlands now sees growing momentum for this position. One of the focal points of Triodos Bank Belgium was biodiversity this year, topped with a well-attended online client event with 18 different speakers. Triodos Investment Management made a podcast on a future-proof economy. The managing director of Triodos Bank Germany has been in conversation with their authorities on the Taxonomy and the Banking Package. In Spain, the Climate Change Law, including the provision on portfolio alignment with the Paris Climate Agreement for financial institutions, has passed in 2021. Triodos Bank Spain contributed to discussions on this law. 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 European developments in regulations and directives

Triodos Bank is a strong supporter of the Renewed Sustainable Finance Strategy and a taxonomy rooted in climate and environmental science. We see a clear role for the financial sector to contribute to a more sustainable and resilient society, especially now that the COVID-19 pandemic has highlighted the critical need to strengthen the sustainability and resilience of our societies and revealed weaknesses in the ways in which our economies function. We also recognise the urgency of transparency: clear comparability between financial institutions is needed to counteract greenwashing.

EU Taxonomy developments

Triodos Bank believes a good taxonomy promotes transparency, counters greenwashing and drives the shift of capital towards the sustainable economy of the future. However, it is important that Europe does not include natural gas and nuclear energy as 'green', now that several Member States are pushing to label the use of natural gas and nuclear energy as sustainable. Alongside other financial institutions, Triodos Bank expressed deep misgivings. We believe that gas and nuclear energy are broadly incompatible with the original aim of the Taxonomy project: a science-based list of truly green economic activities and related financial products. The sustainable transition will not benefit from a vague and ambiguous taxonomy.

The EU's Sustainable Finance Action Plan (SFAP)

In May 2018, the European Commission adopted new legislation to steer the financial industry towards three key goals:

1. Re-orient capital flows towards sustainable investment to achieve sustainable and inclusive growth
2. Incorporate sustainability into risk management
3. Foster transparency and long-termism in financial and economic activity

At Triodos Bank, we have been guided by similar principles since our foundation over 40 years ago. We therefore fully support and underline the importance of these regulations. With the implementation of the Sustainable Finance Disclosure Regulation (SFDR), there will be more regulatory pressure to report on sustainability from 2020 onwards. Even though this means more reporting pressure, we encourage the implementation of the SFDR as it will also put pressure on the sector to become more sustainable. Having been a values-based bank since our establishment in 1980, we believe that our business model, business principles, minimum standards and reporting on key impact matters (qualitative, quantitative, positive and negative) uniquely equip us to adapt to the SFAP.

1.3.5 Impact by sector

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 three main impact sectors (environmental, social and cultural impact).

Impact information is mostly collected through the interaction of investment and relationship managers and their clients and projects. In 2021 as in 2020, this interaction was, for affected sectors, primarily about assessing clients' immediate needs, resulting from the COVID-19 pandemic. Gathering impact data was therefore challenging for our clients and investment and relationship managers. The pandemic resulted in significant changes in some impact indicators, mainly in the cultural sector and to a more limited extent in the social sector. Nevertheless, Triodos Bank maintains a positive outlook on the impact our finance makes possible.

Our main guidelines for impact by sector 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. This means that we include 100% of the impact when we co-finance a project unless 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 sector, see www.triodos.com/impact-themes.

The data Triodos Bank collects for the Impact by Sector section will be essential for its adoption of the EU Sustainable Finance Disclosure Regulation (SFDR) from 10 March 2021 onwards. More on this topic can be found in Understanding impact.

Environment, including mortgages (51% of total portfolio)

Renewable energy

7

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 2021, Triodos Bank and its climate and energy investment funds were financing 586 projects (2020: 561) in the energy sector. These included:

- 494 sustainable power-generating projects related to wind (196), solar (267), hydro (29), or a combination (2)
- 52 sustainable power projects in a construction phase
- 40 energy-efficiency projects including 19 heat and cold storage projects, 1 greenhouse gas-neutral biomass project and a diverse range of energy-efficiency initiatives.

Through our share in these renewable energy projects, about 0.8 million tonnes of CO_2 equivalent emissions were avoided (2020: 0.9 million tonnes). Notable decrease compared to last year is due to less favourable weather conditions in 2021, to a lower share in projects financed (attribution factor), and to a small extend to updated emission factors that incorporate the increased supply of renewable energy on the market.

The total capacity of the power-generating projects was 6,000 MW (2020: 5,100 MW), producing the equivalent of annual electricity needs of 6.0 million households worldwide or almost 700,000 based on an attribution approach (2020: 700,000).

Organic farming and nature development

15

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 2021 could produce the equivalent of approximately 34 million meals in 2021, enough food to provide a sustainable diet for approximately 31,000 people (2020: 30,000). Together they financed approximately 33,000 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 610 meals per year.

We also financed approximately 33,000 hectares of nature and conservation land (2020: 30,000 hectares), representing around 440m^2 of nature and conservation land per customer. This land is important for the sequestration or absorption of CO_2 from the atmosphere.

In 2021, over 38,000 smallholder farmers (2020: 35,000) 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 provide to farmers' cooperatives and agribusiness. Global logistical crisis causing delayed shipments due to the lack of containers, and exceptionally high coffee prices in the merchant market resulted in additional liquidity needs for part of our customers in 2021.
The farmers had 49,000 hectares of certified organic farmland under cultivation (2020: 56,000) in 2021. An additional approximately 5,800 (2020: 8,400) hectares was in conversion. The harvests brought 11 different fair-trade and organic products to international markets, including coffee, cocoa, rice, fruit juices and superfoods.

Sustainable property and private sustainable mortgages

11

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 2021, Triodos Bank and Triodos Investment Management financed directly via retail banking and via sustainable property approximately 21,700 homes and apartments (2020: 17,600), an increase of 23%.
We also financed about 510 commercial properties (2020: 480) comprising approximately 950,000 m^2 for office and other commercial space (2020: 830,000m^2) and over 1 million m^2 of buildings and brownfield sites (2020: 981,000 m^2).

Social (21% 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 45,000 individuals (2020: 45,000) were residents at 660 elderly care homes financed by Triodos Bank and Triodos Investment Management in 2021, representing the equivalent of 22 days of care per Triodos Bank customer.

Social projects and 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 2021, Triodos Bank and Triodos Investment Management financed about 800 social projects (2020: 720), and 220 social housing projects, which directly and indirectly provide accommodation for approximately 59,000 people (2020: 59,000).

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 2021, Triodos Investment Management's financial inclusion funds financed 111 financial service providers (2020: 109) in 47 countries. These values-based institutions vary from small NGOs working in underdeveloped markets to digital lending platforms and to 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 18.6 million individuals in 2021, saving for unexpected expenses and their future (2020: 20.2 million). The decline in the number of savers compared to last year is mainly due to the replacement of a handful of large institutions in the portfolio with several new companies that are expected to grow in 2022.

Some 17.8 million borrowers were reached who used the funding to start or expand their business, generate income and better manage their daily lives (2020: 18.2 million). Two thirds of them live in rural areas. In most countries the economy reopened and a recovery and growth was seen. Micro and SME finance was the first to recover and larger loan amounts were distributed.

Of the loan clients, 76% 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.

Culture (8% of total portfolio)

Arts and culture

11

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. The global pandemic has radically reduced mobility and increased social restrictions. As a result, many planned activities in the arts and culture sector became difficult or impossible after the COVID-19 pandemic took hold in March 2020. Triodos Bank has been in close contact with its customers and has provided additional government-guaranteed 'Corona credits' to help them continu with their activity during the pandemic.

The impact figures are, understandably in many cases below the pre-pandemic figures, although multiple organisations did manage to develop online streaming programmes and some actually increased their number of spectators. The cultural institutions showed a slow recovery in 2021.

During 2021, through our lending and investment activity Triodos Bank helped make it possible for 9.9 million visitors (2020: 8.4 million) to enjoy events at cultural institutions such as cinemas, theatres and museums. The number equates to 13 cultural experiences enabled per Triodos Bank customer.

Triodos Bank and Triodos Investment Management finance also helped approximately 3,500 artists and creative companies remain active in the cultural sector (2020: 4,100). The decline in 2021 is mainly due to a change for one large customer holding many facilities for artists.

Theatre, music and dance productions from these creative companies were attended live or online via streaming by 3.3 million people (2020: 3.5 million). New productions from the film and media sector financed by Triodos Bank (most importantly in Spain) were seen by more than 8 million people (2020: 11 million).

Triodos Bank and Triodos Investment Management also financed organisations that provided approximately 4,700 affordable spaces for creative work and cultural activities, such as workshops and music courses (2020: 4,300).

Education

4

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.

Approximately 786,000 individuals benefitted from the work of 610 education initiatives financed by Triodos Bank in 2021 (2020: 623,000). Each Triodos Bank customer has made it possible for one person to receive education.

1.3.6 Climate impact of our loans and funds' 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. At the COP26 in November 2021, we disclosed our transition plan targeting net zero as early as possible and by 2035 at the latest.

Our ambition is to significantly reduce the greenhouse gas emissions of all Triodos Bank's loans and funds' investments, using a science-based targets approach, while also considering, for instance, biodiversity and social inclusion. Any remaining emissions will be balanced or 'inset' by investing considerably in nature projects that remove greenhouse gases from the air. Triodos Bank's As One to Zero target aligns its portfolio of loans and funds' investments with a maximum global temperature rise of 1.5 degrees Celsius.

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. Widespread adoption of the global PCAF standard will allow stakeholders to compare the GHG emissions of banks and other financial institutions. Triodos Bank played a catalytic role in these developments and is still actively taking part in the development and advocacy of the methodology. As one of the first banks to report in this way, we actively collaborate with our partners to encourage others to do the same.

851 ktonnes

CO_2 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.

By mapping emissions per asset class, we can identify current hotspots within our portfolio. This provided useful guidance when setting the science-based targets following the Science Based Targets initiative (SBTi) and helps us navigate a long-term strategy that is in line with the Paris Agreement.

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 CO_2 equivalent (CO_2e) and categorised as three main types:

Certain
(5-10% error margin in estimations)

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

(40-50% error margin in estimations)

  - *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 dropped from 3.1 to 3.5 on a five-point scale, with 1 being considered the highest score. The main cause of the lower data quality score is the data used to calculate the carbon emissions of the Dutch mortgage portfolio. In previous years, we used real energy consumption data from our portfolio (provided in 2019 by the Dutch Central Bureau of Statistics), which is a better ranked data source. For this year, however, it is considered to be outdated. Instead, for 2021 we have applied the energy label method, which has a lower data quality score. We aim to improve this score in the coming year by also using m^2 data.

- For 2021 reporting we changed the building-related emission factors based on CBS and ECN data to the new PCAF 'Laudes' database. On 14 Februari 2022 PCAF launched the European building emission factor database (funded by the Laudes Foundation). This publicly available database will enable the financial industry to measure and track the financed emissions of their European building portfolios towards net-zero. Triodos Bank is one of the first to actually use this database, and in doing so has been involved in the validation process.

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.

Our financed emissions

The continuation of COVID-19 was again an unexpected challenge in 2021, which impacted energy use and GHG emissions globally. As the emission factors that are being used are based on 2020 or earlier, the analysis of effects of COVID-19 is at this stage not fully reflected in the emission factors for 2021. The COVID-19 impact on emissions is likely to be temporary. Therefore, no manual adjustments have been made in addition to the annual update of the emission factors.

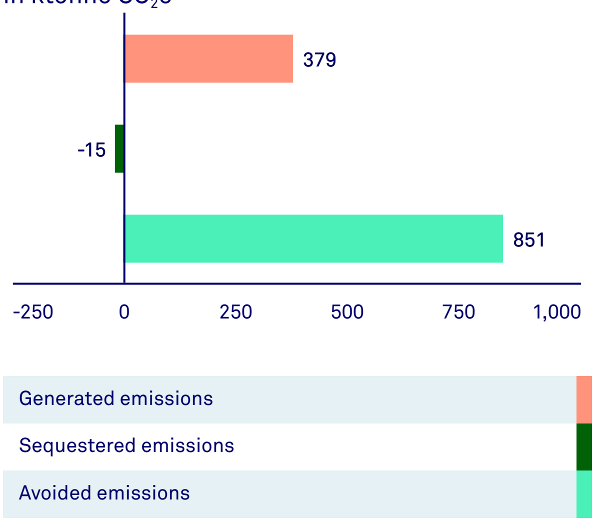
The GHG emissions that can be attributed to Triodos Bank's loans and direct fund investments in 2021 are presented in two graphs and a more detailed table in this chapter.

The first graph shows our portfolio's emissions in ktonne CO_2e. 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 2021, approximately 379 ktonne CO_2e in emissions were generated by loans and funds' investments in this climate impact measurement (2020: 372 ktonne CO_2e). This amount has been netted with 3 ktonne CO_2e sequestered emissions from the organic farming sector. The increase in generated emissions compared to last year is mainly due to increased investment volumes in the Impact Equities and Bonds funds (IEB funds). This was largely offset by lower emissions for (Dutch) residential mortgages, whereby the use of energy labels resulted in lower emissions, which demonstrates the sustainability of our current mortgage portfolio. Other changes compared to last year are, on the one hand, increased lending and investment volumes, and on the other hand application of the new emission factors for European building related assets (the PCAF database).

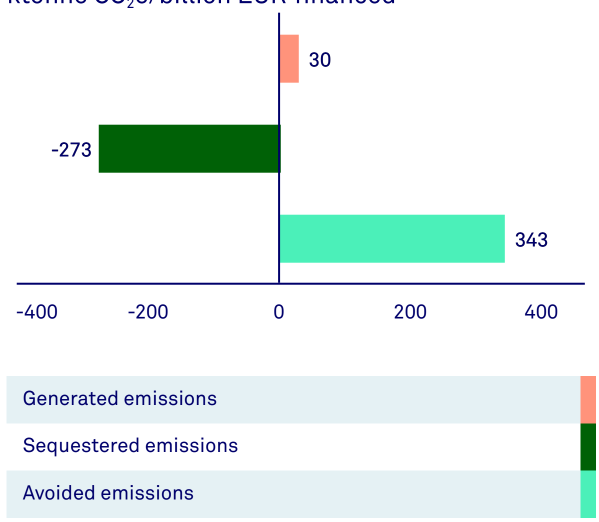
Climate impact of our loans & investments 2021

in ktonne CO_2e



Climate impact in emission intensity 2021

ktonne CO_2e/billion EUR financed



Triodos Bank also finances forestry and nature development projects. This resulted in the sequestration of approximately 15 ktonne CO_2e (2020: 14 ktonne CO_2e), equal to at least 320,000 mature trees and enough to compensate the emissions from the farming sector.

The renewable energy and energy saving projects that we finance avoided over 851 ktonne of CO_2e emissions as compared to fossil-fuel power generation (2020: 933 ktonne CO_2e). This is equal to the avoidance of emissions of over 5.8 billion kilometres travelled by car.
The number of power-generating projects we finance in Europe and in emerging markets increased by 10 to 494 in 2021. Also, the total electricity production of our financed projects increased, but was markedly tempered by less favourable weather conditions for the solar and hydropower projects and for the wind projects, as 2021 turned out to be a fairly bad wind year in Europe. Despite the significant increase in green power generation and energy savings from our sustainable energy portfolio, the total attributed avoided emissions decreased, which can be explained by lower shares in the financed projects (attribution factors), and to a small part by updated emission factors that take into account the increased supply of renewable energy on the market.

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 funds' 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.

Climate impact of our loans and funds' investments

Impact sector	2021 Total outstanding (million EUR)	2021 Attributed emissions (ktonne CO2e)	2021 Emission intensity (ktonne CO2e / billion EUR)	2021 Data quality score high quality = 1 low quality = 5	2020 Attributed emissions (ktonne CO2e)
Generated emissions					
Environment:					
Organic farming	314	**11**	36	2.9	**13**
Sustainable property	1,043	**29**	27	3.4	**30**
Residential mortgages	3,620	**11**	3	4.0	**26**
Environmental - other	305	**18**	58	5.0	**13**
Social:					
Care for the elderly	805	**20**	25	3.8	**29**
Healthcare - other	483	**21**	43	5.0	**17**
Social housing	585	**20**	35	4.0	**23**
Inclusive finance and development	989	**13**	13	5.0	**11**
Social other and municipalities	477	**15**	30	5.0	**13**
Culture:					
Arts and culture	535	**35**	66	4.5	**34**
Education	329	**11**	34	3.8	**9**
Culture - other	304	**19**	61	5.0	**16**
IEB funds:					
Corporate equities and bonds	2,422	**154**	63	2.4	**137**
(Sub-)Sovereign bonds	494	**2**	4	5.0	**2**
	12,705	**379**	**30**	**3.9**	**372**
Sequestered emissions					
Nature development & Forestry	53	**-15**	-273	2.9	**-14**
Net emissions	**12,758**	**364**	**29**	**3.9**	**358**
Avoided emissions					
Renewable energy	2,483	**851**	343	1.5	**933**
Total[1]	**15,241**			**3.5**	

[1] Avoided emissions should not be summarized 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 supports wholeheartedly. However, Triodos Bank isopposed to plans to classify the use of natural gas and nuclear power as 'green transition techniques'. This would put the added value of the Taxonomy at risk, evolving it from a science-based dictionary to a controversial tool that actually encourages greenwashing.

An economic activity is seen as Taxonomy-eligible if it is described in the Taxonomy Delegated Acts, irrespective of whether that activity meets any or all of the technical screening criteria laid down in the Delegated Acts. The EU Taxonomy regulation currently only includes the specific technical screening criteria for two environmental objectives: climate change mitigation (CCM) and -adaptation (CCA). This means that in 2021 we only assess Taxonomy-eligibility for activities that could contribute to climate change mitigation and climate change adaptation. In the coming years, the screening criteria will be extended to the remaining environmental objectives (see the figure below). Additionally, the Taxonomy might be expanded to also define criteria for economic activities that contribute to social objectives. [1]

One step further is when an activity is Taxonomy-aligned, meaning the activity substantially contributes to one or more of the environmental objectives, the economic activity does no significant harm (DNSH) to any of the other environmental objectives and additionally the activity complies with minimum social safeguards and with the technical screening criteria defined by the EU.

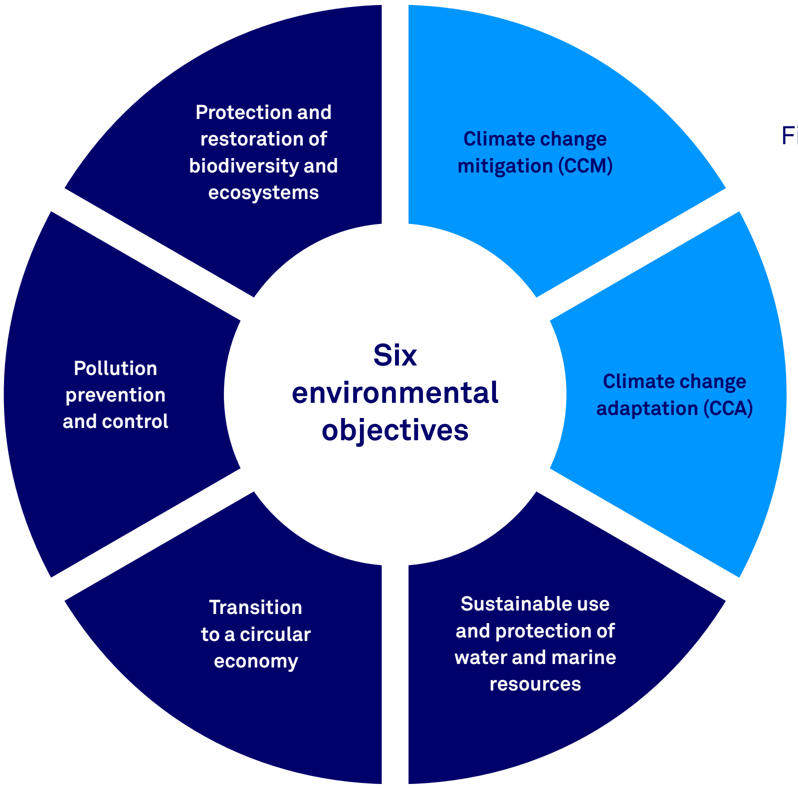
What does Triodos Bank need to disclose?

All companies that are obliged to report on their non-financial information under the NFRD (Non-Financial Reporting Directive) are required to disclose information on the EU Taxonomy in their annual report. The EU Taxonomy regulation lays requirements for reporting which economic activities fall under the Taxonomy. 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 financing and invested in Taxonomy-aligned economic activities (the numerator) as a proportion of total covered assets (the denominator). Taxonomy-related KPIs for off-balance exposures such as financial guarantees and assets under management are reported separately based on the templates provided in the Delegated Act. The assets under management are not part of the mandatory disclosure as third-party information providers currently only provide estimates for Taxonomy-eligibility, with direct Taxonomy-eligibility information expected to be in available in 2022[2].

[1] Call for feedback on the draft reports by the Platform on Sustainable Finance on a social Taxonomy and on an extended Taxonomy to support economic transition | European Commission (europa.eu)

[2] In Article 10 of the Disclosures Delegated Act, only reference is made to (on balance) total assets. Assets under management is not explicitly mentioned as a mandatory requirement for eligibility reporting. It may therefore be concluded that no mandatory disclosure is required on AuM. Additionally, no direct investee information has yet been obtained meaning that under the mandatory disclosure rules no reporting on Taxonomy-eligibility can be provided or would amount to zero. Nonetheless we have chosen to disclose on a voluntary basis the eligibility of our assets under management as transparency is one of our core values and voluntary disclosures are encouraged by the EC.

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

In the first year of implementation the reporting requirements focus on Taxonomy-eligibility. In the future, banks need to report on Taxonomy-alignment, meaning that all criteria as set out in the figure above are met. The calculation of a GAR on Taxonomy-alignment for credit institutions will only be required from 2024 with respect to financial year 2023 as outlined by the European Commission. For the reporting years 2021 and 2022 we will only report on those economic activities that are Taxonomy-eligible.

Guidance provided by the EU in December 2021 and updated in February 2022 in the form of an FAQ 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 provided by counterparties. As the EU Taxonomy only entered into force on 1 January 2022, we expect that very few clients have, as yet, disclosed their Taxonomy-eligibility over 2021. Therefore, there are very limited possibilities for Triodos Bank to report on the mandatory EU Taxonomy disclosures. Triodos intends to provide transparency to its stakeholders by reporting this information on a voluntary basis by estimating the client economic activity with their industry classification[1].

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 year of the phased-in approach, a significant portion of our portfolio cannot be labelled as green according to the rules of the game within the EU Taxonomy even though we believe our entire portfolio reflects our mission and frontrunner position as a values-based bank. While Triodos Bank needs to report on the EU Taxonomy, not all exposures fall under the current scope of the Taxonomy and therefore cannot be assessed for Taxonomy-eligibility. The EU Taxonomy is limited in its scope in several aspects:

Sustainable objectives in 2021 don't cover all environmental or social aspects

Currently, only the first two sustainable objectives, climate change mitigation and climate change adaptation, are included in the EU Taxonomy legislation. For these two objectives, the EU Taxonomy has identified a limited number of economic activities that are eligible. The coverage will expand over the coming years. Although many of our financed activities such as renewable energy and sustainable property are in scope for determining Taxonomy-eligibility, a significant amount of financed activities are currently out-of-scope for determining Taxonomy-eligibility as Triodos Bank has significant exposures in sectors such as healthcare, education and arts and culture, which are currently not (yet) eligible. We expect that many of our activities, for example sustainable agriculture, are likely to be considered as eligible when the technical screening criteria for other environmental objectives come into force.

SMEs are out of scope, which comprise the largest part of our lending portfolio

The scope of the EU Taxonomy was reduced to only include large corporations subject to the Non-Financial Reporting Disclosure (NFRD). Due to an expected high reporting burden and low(er) comparability of information for smaller counterparties, SMEs (Small and Medium-sized Enterprises) are not yet in scope for the Taxonomy reporting requirements, apart from green bonds as indicated in the Commission Art 8 FAQ of December 2021. 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. Both of these significant exposures will not be covered under the current Taxonomy mandatory reporting.

Although we strongly believe a significant portion of our SME exposures will be Taxonomy-eligible and even Taxonomy-aligned, Triodos has chosen not to include Taxonomy-eligible SME exposures for lending outside of green bonds in the first year of voluntary reporting. We will await further guidance from the EU on these exposures as we want to prevent large deviations and potential misrespresentations between estimations for Taxonomy-eligibility between voluntary disclosures and mandatory disclosures.

Mandatory disclosure rules only allow direct customer Taxonomy information, which is not yet available

As 2022 is the first year in which NFRD counterparties will provide direct input on their Taxonomy figures, no mandatory disclosure using direct client input is possible for Triodos Bank over FY2021. This means that our mandatory disclosure figures will be very limited due to limited exposures towards undertakings under an obligation to report under the NFRD. As we see a responsibility in maintaining our frontrunner role in sustainable

[1] NACE stands for Statistical Classification of Economic Activities in the European Community, or as originally used in French: Nomenclature Statistique des Activités Économiques dans la Communauté Européenne. For more information, see Regulation (EC) No 1893/2006.

finance, we have chosen to provide voluntary disclosure on the EU Taxonomy where we use counterparty NACE codes and client impact data to estimate whether they are Taxonomy-eligible.

According to the EU Taxonomy FAQ all descriptions of economic activities included in Annexes I and II to the Climate Delegated Act provide that the economic activities in the respective category can correspond to one or more specific NACE codes. Only the specific activity description in the Climate Delegated Act sets out the exact scope of the activities included in the Act, meaning that while the NACE classification can be supportive, the Technical Screening Criteria are directive. While recognising that an accurate description of economic activities is more exact than using a company NACE code, Triodos Bank has used the NACE code as a first proxy in this first year of voluntary reporting, together with impact data for counterparties in the renewable energy sector. We expect to increase the use of direct client Taxonomy information in the coming years of reporting.

Triodos Bank N.V. 2021 Taxonomy-eligibility figures [2]

In the current limited EU Taxonomy definitions, 35.1% 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 2021, Triodos Bank has a balance sheet total of EUR 16.6 billion excluding allowance for ECL (expected credit loss). Of these total assets, EUR 10.9 billion (65.7%) is included in the denominator (our covered assets). Of the covered assets, EUR 4.0 billion, or 37.2 % is Taxonomy-eligible according to our voluntary disclosure. EUR 5.7 billion, or 34.3% of total assets, are excluded from the GAR calculation. The excluded assets stem mainly from cash exposures to central banks and from 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 6.0 billion of the EUR 6.4 billion assets in the denominator (55.3% of the covered assets and 36.3% of total assets) refer to exposures to (non-) financial counterparties that are not subject to NFRD disclosure and are therefore not obligated to report on the EU Taxonomy. This is mainly driven by SMEs and UK exposures, which being outside the EU, fall outside the scope of the EU Taxonomy.

Additionally, no direct counterparty information has been received over 2021 for the majority of our business loans and Treasury positions, resulting in a near-zero Taxonomy-eligibility percentage in the mandatory disclosure for these segments. Therefore 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. 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.

[2] The full reporting template is included in Appendix VII

			Mandatory disclosure[1]		Voluntary disclosure[1]	
Balance sheet items in millions of EUR	**Gross Carrying Amount**	**Percentage of total assets**	**Of which: Taxonomy-eligible**	**Taxonomy-eligibility %**	**Of which: Taxonomy-eligible**	**Taxonomy-eligibility %**
Total assets[2]	**16,554**	**100.0%**	**3,815**	**23.0%**	**4,039**	**24.4%**
Of which: Assets excluded for GAR calculation	**5,682**	**34.3%**				
Sovereigns (exposures to regional and central governments and regular lending to local governments)	1,354	8.2%				
Central banks exposure	4,328	26.1%				
Of which: Assets covered for GAR Calculation	**10,872**	**65.7%**	**3,815**	**35.1%**	**4,039**	**37.2%**

[1] Empty highlighted sections are intentionally left blank. No information is displayed as assets in the denominator by their definition are not tested for Eligibility.
[2] Gross Carrying Amount excludes impairments on loans and advances, therefore the total assets in this table is EUR 50 million higher than reported in the FinRep F01.01 or IFRS Total Assets in which deductions for impairments are included (carrying amount).

		Mandatory disclosure[1]		Voluntary disclosure[1]	
Assets covered for GAR Calculation in millions of EUR	**Gross Carrying Amount**	**Of which: Taxonomy-eligible**	**Taxonomy-eligibility %**	**Of which: Taxonomy-eligible**	**Taxonomy-eligibility %**
Total Assets covered for GAR Calculation	**10,872**	**3,815**	**35.1%**	**4,039**	**37.2%**
Of which: GAR - assets in numerator	**4,461**	**3,815**	**85.5%**	**4,039**	**90.5%**
Green and sustainable bonds	55	49	89.1%	49	89.1%
Financial corporations subject to NFRD disclosure obligations	103	-	0.0%	-	0.0%
Non-financial corporations subject to NFRD disclosure obligations	313	-	0.0%	224	71.6%
Households	3,811	3,636	95.4%	3,636	95.4%
Specialised lending to local governments	172	123	71.5%	123	71.5%
Collateral obtained by taking possession: residential and commercial immovable properties	7	7	100.0%	7	100.0%
Of which: Assets excluded from the numerator for GAR calculation (covered in the denominator)	**6,411**				
Financial corporations not subject to NFRD disclosure obligations (EU)	559				
Non-financial corporations not subject to NFRD disclosure obligations (EU)	4,097				
Non-EU country counterparties not subject to NFRD disclosure obligations	1,358				
Derivatives	20				
On demand interbank loans	145				
Cash and cash-related assets	-				
Other assets (e.g. Goodwill, commodities etc.)	232				

[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.

The voluntary disclosure relates to the mandatory disclosure figures but includes the NFRD counterparties for which Taxonomy-eligibility is estimated using counterparty NACE codes[3] and impact data for counterparties in the renewable energy sector. Of the covered assets, EUR 4.0 billion, or 37.2% is Taxonomy-eligible in our voluntary disclosure which is a minor increase compared to the mandatory disclosure. The voluntary disclosure does not lead to a significantly higher eligibility percentage as only EUR 416 million of our exposures relate to counterparties that

[3] NACE stands for Statistical Classification of Economic Activities in the European Community, or as originally used in French: Nomenclature Statistique des Activités Économiques dans la Communauté Européenne. For more information, see Regulation (EC) No 1893/2006.

are obliged to report on Taxonomy information in their non-financial disclosures, which is 3.8% of the covered assets. Of these NFRD-obligatory counterparties, EUR 103 million relates to exposures to financial counterparties which are not eligible as financial services activities are generally not considered to be eligible except for certain insurance activities. We do expect to report information on the eligibility of these financial institutes when we receive their direct eligibility disclosures.

EUR 224 million (71.6%) of the non-financial corporations subject to NFRD disclosure obligations are Taxonomy-eligible based on their NACE code or when they generated renewable energy according to our impact reporting data. These companies are mainly active in the energy industry, real estate and manufacturing. The counterparties that are not eligible are fairly fragmented regarding activities but are mainly present in activities of holdings, other personal activities, human health and social work activities. 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, actual Taxonomy-eligibility information is obtained and eligibility assessments extend beyond NACE codes.

Within Triodos Investment Management, EUR 289 million assets under management (excluding Private Banking and Stichting Hivos Triodos) are Taxonomy-eligible under our voluntary disclosure, which amounts to 35.6% of assets under management for corporates subject to NFRD disclosure and 5.3% of total assets under management. Only 15% of assets under management are exposures to corporates subject to NFRD disclosure obligations as a large part of the portfolio relates to smaller, not-listed counterparties. The 35.6% eligibility ratio is mainly driven by equity holdings in the energy and manufacturing industries. All investments of Triodos are invested for positive impact (in line with EU SFDR article 9). A subset of these investments have 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 based on the Delegated Act annex VI.

		Voluntary disclosure	
Assets under management in millions of EUR	**Net asset value**	**Of which: Taxonomy-eligible**	**Taxonomy-eligibility %**
Total assets under management[1]	**5,401**	**289**	**5.3%**
Of which: debt securities	2,531	59	2.3%
Of which: equity instruments	2,530	229	9.1%
Total assets under management - Corporates subject to NFRD disclosure obligations	**810**	**289**	**35.6%**
Of which: debt securities	179	59	33.0%
Of which: equity instruments	632	229	36.2%

[1] The total assets under management reported in this table deviates from total assets under management reported at segment reporting. Asset management activities that do not meet the UCITS/AIFqualification (such as Private Banking and Stichting Hivos Triodos) are excluded in FY2021. Additionally, values here are reported at NAV (Net Asset Value) while the segment reporting is reported at TNA (Total Net Asset value).

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 and counterparties. 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.

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 Citeria and transition theme criteria are used to screen for positive social, environmental, and cultural impact. Our Minimum Standards lay 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. It should be noted that these policies do not necessarily follow the technical screening and do no significant harm (DNSH) criteria set by the EU Taxonomy.

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 will be published along with the first publication of our Taxonomy KPIs.

The focus for this first year was to create insight into which counterparties need to disclose on EU Taxonomy-related investment management information. Triodos Bank periodically collects information from our 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 will increase. 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 in order to collect information relevant for the EU Taxonomy. Additionally, relevant information concerning Taxonomy-eligibility and Alignment for existing and new counterparties 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.

We recognise the disclosures are mainly created from a Triodos Bank perspective. In this first year of implementation of EU Taxonomy-related disclosures, Triodos Bank has had to operate within a short timeframe and with many uncertainties in interpreting the Delegated Acts and additional FAQs. 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 insights from the market and stakeholders on how the EU Taxonomy is applied.

1.4 Co-worker report

Our mission is to make money work for a sustainable society that has human dignity at its core. Our co-workers are essential to achieving this mission: we work together to instil a healthy, resilient and diverse co-worker community, and a culture that inspires us to bring out the best in ourselves, live our mission and realise and execute our strategy.

The year 2021 again challenged us to stay connected, on-board new co-workers, manage teams, and lead our bank predominantly from home. In doing so, Triodos and other financial institutions were among the frontrunners in adhering to government measures to mitigate the effects of the COVID-19 pandemic. Our responses to these restrictions have prepared the ground for a new post-pandemic hybrid working reality.

Under new senior leadership we are reviewing our operating model and organisational design to act as One Bank by collaborating and taking a Group-wide perspective in what we do.

The following table provides a summary of progress against our key co-worker objectives for 2021, published in the 2020 annual report. The content in this table is explored in more depth in the text that follows.

95%

of our co-workers have been trained in FLOW-dialogues focussed on long-term development

Our key objectives for 2021	How we did	Progress at a glance
Leverage the advantages of hybrid working		
Reduce office cost by physical concentration of activities by moving to De Reehorst and by renting out one of the two Head Office (HO) buildings in Madrid.	In the Netherlands, all HO co-workers have relocated to De Reehorst and the two former HO buildings in Zeist have both been sold. TBES has only one office building open in Madrid and TBUK retained their office space despite a 10% headcount increase since the start of COVID-19.	●●●
Retain the hybrid way of working after COVID-19, allowing for more work location flexibility.	During the short period with less restrictive COVID-19 measures in place the virtual way of working was retained (NL). On average, co-workers spent 70% of working hours at home; 30% was office-based. We have capped office activity, with no more than 30% of all co-workers in the office at any moment. Individuals get substantial flexibility about their working locations. Target post-COVID-19 office occupancy rates have been established locally (NL / TBBE / TBDE / TBUK). A work from home allowance has been introduced in (NL / TBUK / TBBE) to support working from home.	●●●
Lower CO_2-emissions	With an average office occupancy of 20%, we have considerably reduced CO_2-emissions from commuting and business travel. A new mobility policy has been introduced (NL) stimulating the use of (more) sustainable means of transport by for example facilitating and reimbursing multimodal commuting.	●●●
An approach will be defined to support co-workers and managers in this new way of flexible working, taking account of the role of leadership, diversity and inclusion, behaviours and the Make Change Work themes.	An introduction to 'The new way of remote working' has been prepared and shared with managers for discussion and use with their teams (NL). Hybrid cooperation workshops were held with managers and teams, with each team preparing their own hybrid cooperation charter (TBBE). Conversations have been enabled around embracing hybrid working without losing the connection with the Triodos culture and community (TBUK). Several COVID-19 pulses provide information about how co-workers manage the context and action plans were developed as consequence of the survey results (TBUK / TBES).	●●○

Our key objectives for 2021	How we did	Progress at a glance
Equity, diversity and inclusion		
An international survey will be conducted in 2021 focusing on equity, diversity, and inclusion (EDI).	A baseline Group-wide survey on EDI was conducted and the results shared with our co-workers on Engage and in the Triodos Community Meetings.	●●●
A diverse group of co-workers is being brought together to act as a sounding board and validate our approach.	A sounding board (the Triodos Inclusion Forum) advises on EDI matters (TBUK / TBNL). Local EDI agents have been appointed (TBDE / TBES) to increase local awareness and Group alignment. Based on the input from the survey, the Identity Working Group, and from various local initiatives, a Group-wide internal EDI campaign 'From Green to Colourful' was launched in November.	●●○
A vision paper will be created to establish a common understanding of diversity and inclusion and the goals we want to pursue as Triodos Bank.	We are collecting input for the vision paper. Dialogue sessions with the Identity Working Group, Executive and Supervisory Board, Management, and co-workers is ongoing (NL, TBUK, TBBE).	●○○
Learning organisation		
Our learning organisation will be reinforced by the implementation of the Learning Hub (Learning Management System) across the Group, to provide transparency about learning opportunities and to support the establishment of the 'licence to operate' (covering most mandatory training) and functional curricula across our organisation.	Learning Hub, our new learning management system, has been rolled-out Group-wide. It now contains all Triodos academy programmes and most local learning programmes. With the roll-out of various Group-wide mandatory e-learnings the Group licence to operate curriculum foundations are set and will be further added to and improved.	●●○
FLOW-dialogues will be embedded within all teams across all levels of our organisation and by each colleague.	FLOW-dialogues are now replacing the traditional mid-year and year-end meetings. Over 95% of all co-workers have been trained, with special sessions for HR and managers. FLOW forms are digitalised and integrated in the HR Portal.	●●○

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

Organisational changes

The year was characterised by significant changes in senior leadership. In May, Peter Blom stepped down as Chief Executive Officer (CEO) of Triodos Bank after 20 years in the role. During the Annual General Meeting the Supervisory Board appointed Jeroen Rijpkema as the new CEO for an initial term of two years. In October the Supervisory Board announced its intention to extend the contractual term of appointment of Jeroen Rijpkema as Chief Executive Officer (CEO) from the initially agreed two years, to the regular term of four years.

Also in May, after consultation with the Supervisory Board, Jellie Banga stepped down from her role as Vice-Chair of the Executive Board and Chief Operating Officer. She left Triodos Bank after eight years on our Executive Board. In reviewing the scope of her responsibilities, it was decided to split her role into a Chief Operating Officer (COO) role focusing on the operating side of the bank and a Chief Commercial Officer (CCO) role focusing on the commercial side. This brings the total number of Executive Board members to five.

During the Annual General Meeting of 28 September the Supervisory Board appointed Jacco Minnaar and Nico Kronemeijer to the Executive Board of Triodos Bank as Chief Commercial Officer (CCO) and Chief Operational Officer (COO) respectively, effective from 1 October. Both were internal appointments. The Executive Board appointed Dick van Ommeren to succeed Jacco Minnaar as Chair of the Management Board of Triodos Investment Management as per 1 November 2021. With the new composition of the Executive Board T-IM is now reporting to the CCO.

As in 2020, and in response to increasing regulatory complexity and demands, teams dealing directly with this (Compliance, Risk, Customer Due Diligence, Customer Activity Monitoring and Fraud) have seen an increase in the number of co-workers.

Working efficiently

We are continuously evaluating our internal processes and ways of working. Working more efficiently is not only important given the focus on our cost-income ratio, but also relevant for an engaging co-worker experience.

2021 marked the third year of our ongoing initiative to drive change and deliver value via temporary Group-wide collaborations called domains. Multidisciplinary teams work together in eight domains, in areas such as: digitisation, regulatory demands, and data and reporting, impacting our customer experience, cost income ratio, and control framework.

Following the cross-border integration of our finance departments their processes and management information were streamlined, and service levels were improved. The Dutch operating unit and Head Office finance processes are now fully integrated. Reducing organisational requirements for co-workers in the Dutch customer contact centre realised a 13% efficiency improvement and increased job satisfaction for co-workers. The resulting quality improvement and improved performance directly translated into faster and better service to our customers.

In a restructuring of the Business Banking function in the UK operating unit responsibilities have been redistributed into more specialised roles, focusing on different parts of our customer journey, and strengthening the technical support to the account teams.

The Business Banking team in Belgium re-organised itself with stronger technical support to increase its ability to quickly shift focus between different market sectors and to be more pro-active towards the market and have stronger technical support.

Hybrid working

Our Group-wide co-worker community discussed the desired post COVID-19 way of working, in a variety of formats and settings. One thing we learned is the importance of staying connected to each other and to our mission for our co-worker's well-being and productivity. For Triodos, it is key to maintain a constant dialogue about the balance between co-workers' individual preferences and their responsibilities.

We actively support hybrid working in numerous ways. A learning channel on remote working was made available to all co-workers in the beginning of 2021. An introduction to 'the new way of remote working' has been prepared, discussed, and shared with managers and their teams. Managers received training in how to manage in a more digital environment. Conversations have been enabled around embracing hybrid working without losing the connection with the Triodos culture and community. A more general suite of manager trainings has been provided for all people managers during 2021 to ensure managers skills remain current and relevant to the hybrid working environment.

In general, our co-workers expressed a preference for two to three days of remote working a week. This enabled us to relocate all co-workers of HO to De Reehorst and sell our two former office buildings in Zeist. Similarly, in Spain, only one of our office buildings was retained in Madrid. With on average 20% of our co-workers in the office CO_2-emissions from commuting and business travel reduced proportionately.

A new mobility policy in the Dutch and Belgian operating units stimulates the use of (more) sustainable transport by facilitating and reimbursing multimodal commuting.

Learning organisation

Despite the ongoing COVID-19 measures we have run our entire Visionary Leadership Programme, Management Development and Senior Relationship Management Programme.

In 2021, our online learning management system (the Learning Hub) was rolled out across the Group. This now containing all Triodos Academy programmes and most of the local learning programmes.

The Group level Compliance and Risk curriculum is now available in the Learning Hub for all Triodos co-workers. E-learning modules such as, for example, General Risk and Compliance, Anti-Money Laundering, Personal Data, and Anti-Bribery and Corruption are targeted to all and have received great feedback from our community.

Learning is a prominent part of the regular FLOW-Dialogues between managers and their team members. Overall, 95% of all co-workers have been trained in FLOW-Dialogues, with special sessions for HR, managers, and with some co-workers acting as co-trainers. FLOW forms are digitalised and integrated in the HR Portal, and continuous FLOW-Dialogues are now replacing the traditional one-off mid-year and year-end meetings.

Co-workers at Triodos Investment Management (T-IM) received training on MiFID II requirements. T-IM passed an important regulatory hurdle in 2021 following the successful assessment of its MiFID II competencies, allowing T-IM to now offer investment MiFID-services to institutional professional clients.

At the UK operating unit, all people managers attended a new management development programme (Soar), the core management team participated in the leadership development programme, senior co-workers were trained in the

Make Change Work behaviours, 80% have now received Insights training, and the regulatorily required trainings following subsidiarisation were completed.

In the context of a leadership development programme the business relations leadership team in the Netherlands adopted a new way of inviting and supporting improvement initiatives from the team, resulting in a more positive mindset towards change and improving our change capabilities.

Equity, diversity & inclusion

A mission to help create a society that has human dignity at its core does not guarantee having an inclusive company culture. We work hard to walk our talk and foster a culture in which Triodos Bank co-workers and candidates feel included, valued, and respected.

We have taken steps to learn about blind spots, unconscious bias and what co-workers think is important regarding EDI. We conducted a survey on the topic in 2021. The survey results showed that co-workers think that diversity and inclusion are important topics and wish that we pay more attention to it and align our vision with future ambitions.

Based on the responses, an EDI year plan 'From Green to Colourful' for 2022 has been approved by the Executive Board. The year plan aims to create more awareness, address unconscious biases, create a safe environment for dialogues sessions and kick-start self-driven initiatives.

An all-inclusive experience day was held, which highlighted inclusiveness from societal, customer and Triodos Bank points of view. It kicked off internal dialogue sessions with senior leadership, management, and other co-workers about what Triodos Bank sets in motion now and in the future to move towards a society where everyone counts and can participate.

At Triodos Bank Netherlands branch (Retail Banking) a mirror-management team (MT – Inclusive Bank) has been appointed. In the UK, the Triodos Inclusion Forum advises on EDI matters.

Further to an EDI inspiration day the Belgian operating unit implemented an action plan to hire experts and managers with a diversity of nationalities and cultural backgrounds. Mandatory (bi-)annual awareness trainings are in place and co-worker documentation was rewritten to be more inclusive.

Following its EDI strategy established in 2019, Triodos Bank UK has gone from less than 10% offers to diverse candidates in 2019 to 28% offers to diverse candidates in 2021.

Whilst remuneration within Triodos Bank is neutral for all co-workers, without regard to gender, ethnic background, age, sexual orientation or distance from the labour market, a gender pay gap could still occur. Anticipating the new EBA guidelines on sound remuneration policies we made a first gender pay gap and gender pay bias analysis based on the remuneration data of our Dutch Collective Labour Agreement population. In the UK, Triodos Bank has been reporting on this for some years, following local reporting guidelines and has implemented a road-map of actions to reduce the gender pay gap.

Ongoing societal developments affecting EDI topics require continuous learning and reorientation. The Diversity and Inclusion Officer works closely with the Learning and Development Team, the HR Director, Corporate Communications, and the Executive Board to make EDI-related change happen.

Well-being

The physical safety and mental well-being of co-workers are our primary concerns. The continuously changing context created by COVID-19 poses different challenges for everyone in the organisation. We do our best to provide support in a variety of areas. Professional mental support, continued access to the office (if desired), home office equipment, childcare support and care leave arrangements have been provided. We offered three fully booked and warmly received open-enrolment work sessions focousing on 'turning restrictions into strength', with external coaches about the impact of working under COVID-19 restrictions and the new possibilities that these experiences can offer for now and for the future of work. Our co-workers in the Netherlands nominated us '(home) employer of the year'. We were awarded the regional title.

We regularly sent briefings to managers focusing on the well-being of their teams. We saw that in many cases hybrid working helped to maintain a good work-life balance and supported the reintegration and flexibility of sick co-workers.

Using various pulse surveys, we stayed in touch with co-worker’s well-being. Well-being is a recurring topic in FLOW-Dialogues. In the UK, counselling is provided on financial well-being.

Prospects for 2022

2022 will be a challenging year from a Human Resources perspective. We will implement a hybrid way of working without government measures requiring us to work from home as much as possible. We will continue to work on and implement measures to realise our One Bank strategy, which includes reviewing our Target Operating Model to achieve further efficiencies and cost savings, and preparing the organisation to be technically and organisationally ready for the implications on ways of working for our MTF listing.

To make EDI part of our DNA we will review our succession planning for the realisation of our mid-term EDI targets for the Supervisory Board, Executive Board, and one management level below the Executive Board. 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. Triodos Bank will perform an in-depth gender pay gap analysis in 2022, conforming to EBA guidelines.

The Compliance and Risk and general Group awareness curriculum will continue to grow in 2022. We will train Value Ambassadors to share our Triodos 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 or in conversations and meetings with other stakeholders.

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.

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.

On these and other topics the dialogue with our Works Council and the insights shared by the OR-Café are appreciated, and will continue to be going forward.

1.5 Environmental report

12 ∞

In keeping with its mission of being a sustainable bank, Triodos Bank both finances enterprises that make a positive environmental difference through their business and takes great care of its own environmental performance as a company. This is why Triodos Bank became one of the first banks to produce an environmental report. And it is why it continues 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 CO_2 management system and compensates for it fully with Gold Standard[1] carbon-offset projects.

Besides disclosing annual financial results, Triodos Bank also wants to take responsibility for its environmental impact. It reports on all its direct emissions (gas consumption for heating and fossil fuels for company and lease cars) and its most relevant indirect emissions (electricity, paper use commuting travel and business travel). It also discloses the amount of energy used through both electricity and gas in all its banking entities.

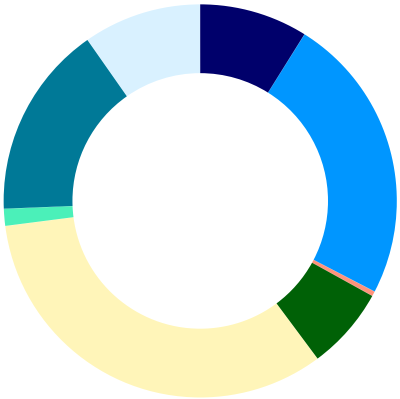
The year at a glance

The COVID-19 crisis has permanently changed the way of working, meeting and doing business. This is reflected in the CO_2e (CO_2 equivalent) emissions of Triodos Bank in 2021, which dropped significantly for the second year in a row (minus 27%).

In numbers: the CO_2e emissions per FTE in 2021 decreased to 0.44 tonnes, compared to 0.67 tonnes in 2020 and the total CO_2e emissions across the whole of Triodos Bank decreased from 1,011 tonnes CO_2e in 2020 to 740 tonnes CO_2e in 2021. There has been a decrease in electricity consumption of 15%

[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 CO_2e emissions in 2021
2021 total: 740 tonnes CO_2e
2020 total: 1.011 tonnes CO_2e



Gas consumption (heating)	8.9%
Fossil fueled company cars & lease cars	23.7%
Electricity	0.4%
Electric company cars & lease cars	6.8%
Privately owned cars, rental cars & taxis	33.1%
Public transport	1.4%
Flights	15.9%
Paper	9.7%

per FTE and a reduction of 13% of gas consumption per FTE as a result of lower office occupancy rates than before the COVID-19 crisis. Business travel by airplane has further decreased by 49% per FTE. All these declines are caused by COVID19-related measures, like travel restrictions and working from home by default.

The amount of blank copy recycled paper decreased to 2.3 kg per FTE (2020: 2.9 kg per FTE). The amount of recycled printed paper was 0.07 kg per customer (0.06 kg per customer in 2020).

The wide-ranging effects of the pandemic on CO_2e emissions in 2021 make it clear that quantitative comparison with 2020 or 2019 is not very meaningful. In qualitative terms, it is interesting to see, as in 2020, the enormous effects on the CO_2e emissions of, for example, meeting virtually. This, together with the overall positive experiences throughout the organisation of this hybrid way of working and meeting, has spurred the embrace and institutionalisation of this new way of working for 2022 and beyond.

Details of the methodology Triodos Bank uses to calculate its CO_2e emissions are available on request.

Impact of location-independent working

Working from home and meeting virtually were standard operating modes in 2021. Offices had very low occupancy rates, resulting in a lower energy consumption than 2020. The impact of mobility (for both business and commuting reasons), which contributed over 90% of Triodos Bank's footprint in the years before COVID-19, was lower in 2021 compared to 2020, resulting in a 81% contribution to the total emissions in 2021.

This change in the way of working in 2021 and beyond 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 is deemed significantly material from 2021 onwards. Triodos Bank calculated the number of days worked from home. Across all business units, this is estimated to be 172 days per FTE in 2021, which is about 76% of total working days. This is a considerable increase compared to the estimate for 2020 (130 days per FTE), due to the fact that 2021 was the first year in which the pandemic played a role throughout the whole year.

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. Therefore, in almost all business units, co-workers will continue to work (at least partially) from home as COVID-19 recedes.

Triodos Bank acknowledges the impact of co-workers working from home. This impact is not (yet) quantified, as a mature, internationally accepted methodology for calculating this impact in terms of CO_2e emissions 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 issues and not for the employer to decide. So reducing or minimising the impact of working from home is challenging, but might also offer opportunities for engagement with co-workers. In 2021, Triodos Bank has in most business units facilitated a sustainable home workplace in terms of devices. For example, surplus office furniture from Triodos Bank offices has been offered to co-workers on a temporary or permanent basis. In the Netherlands and the United Kingdom, in addition to that, an offer has been made to co-workers to purchase refurbished furniture.

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 Bristol office in the United Kingdom, renovated the shower blocks and changing rooms in a sustainable way, using locally sourced products as much as possible. Products used for the renovation include waste wood and plastic made from marine waste. Of the original facilities, 84% of the shower block waste has been recycled or reclaimed.

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, all co-workers have been based at De Reehorst since October 2021. De Reehorst is designed to be energy-neutral and is the first office in the world to have 100% circularity potential. As a result of this move, the old head office buildings were no longer needed. This building was sold in the fourth quarter of 2021 and will be transferred in 2022. In Spain, with less space required overall, we closed one of our two offices in Madrid.

Sustainable mobility

Working from home remained the norm throughout 2021. As a result, mobility was at an even lower level than in 2020, already a year of very low mobility. Commuting kilometres decreased, as a result of more location-independent working in 2021 than ever before. Business travel by aircraft was 384 kilometers per FTE, a drop of 49% compared to 2020 and even a drop of almost 90% compared to 2019. Regarding kilometres travelled by air in 2021, Triodos Investment Management was accountable for 92% of all these kilometres.

As international travel remained at a very low level during 2021, the formulation and introduction of a new international travel policy was postponed until 2022. Our main focus, with respect to mobility, was on commuting and domestic business travel.

Increased workplace flexibility and all Dutch co-workers being located at De Reehorst, right next to an intercity train station, meant that the Netherlands mobility policy, implemented in 2020, was actually outdated. In October 2021, a revised mobility policy was introduced in the Netherlands. In addition to more flexibility, the revised policy (both for commuting and business travel) incentivises co-workers to opt for more sustainable means of transport. Meanwhile in Belgium, adjustments in the mobility policy were implemented to stimulate sustainable transport modalities. For example, it has been made easier for co-workers to make use of a company bike.

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 all 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.

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.

Our key objectives for 2021	How we did	Progress at a glance
Sustainable mobility: formulate and introduce an updated international travel policy, with sustainability as an important starting point	As international travel was still at a low level, our focus this year was on commuting and business travel (excluding international travel). In the Netherlands, we implemented a new mobility policy, resulting in both more flexibility and more sustainability, while keeping the administrative burden for both Triodos Bank and the co-workers low.	●○○
Working with sustainable suppliers: further develop our approach to assessing the sustainability impact of our vendors, focusing on enhancing internal awareness on the interconnectedness of procurement and sustainability	The past year has been a year of investing in our own capacity to develop a good approach for assessing the sustainability impact of our vendors. We have made good progress, but have not yet been able to materialise this in concrete, measurable results. Furthermore, we started to offer awareness sessions internally to a limited group of co-workers to get feedback on our new approach, aiming on enhancing the interconnectedness of procurement and sustainability.	●●○
Waste management: introduce more mono-waste fractions, enabling higher value recycling	The 2020 pilot scheme converting raw, vegetable waste into compost used on De Reehorst kitchen garden, which produces ingredients for the company restaurant, became standard practice in 2021. In 2021, we embarked on a new pilot project with other organic waste fractions, hard plastics and coffee grounds, being collected by a small start-up as input for local, circular processes. As limited waste was being generated because of low occupancy rates in the offices, this has been extended until mid-2022.	●●●

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

Prospects for 2022

- **Sustainable mobility:** formulate and introduce an updated international travel policy, with sustainability as an important starting point

- **Working with sustainable suppliers:** Step up awareness building activities and investigate tools to assist the internal Triodos co-workers in assessing the impact position of their vendors and where possible extending their total impact

- **Circular business operations:** develop an inventory of the possibilities for a circular approach to ICT resources in the Netherlands

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 activities and daily business activities along the value chain. 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 of defence' model. While business managers (the first line) are primarily responsible for a sound business and risk approach, they are supported as well as challenged by risk managers (the second line) with local business knowledge to identify, assess and manage risks. 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 start of the COVID-19 pandemic in Q1 2020 and continued waves of infection in 2021 due to further virus mutations (e.g. Omicron) caused an impact on selected customer groups (asset side) and investors' behaviour (liability side). The bank's primary attention is on managing through the pandemic by providing stable bank services and operations as well as supporting their customers. In addition, the continuing low interest rate environment in Europe has led to decreased interest margins and consequently lower profitability. New regulatory requirements have led and will lead to extra effort of co-workers, adaptation of systems and processes as well as increasing contributions to the deposit guarantee scheme and resolution costs.

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.

The outcomes of the selected stress scenarios indicate that Triodos Bank is sensitive to a continuing, low interest environment scenario. It shows that, with projected business volumes and fee income, profitability might be under pressure in the coming years. This risk will be mitigated by focusing on higher yielding lending products, further improving our commission income and reducing our cost base due to higher cost efficiencies in our core bank operations.

Scenario impacts were calculated and assessed in relation to profitability, capital and liquidity. The results evidenced that Triodos Bank has a solid capital base, as indicated by the levels of its capital ratios and capability to absorb unexpected losses.

Next to the regular stress scenarios, Triodos Bank performs a specific scenario dedicated to climate risk. Climate risk contains two elements:

i) transition risk (risk related to the transition of fossil sources of energy to sustainable ones) and ii) physical risk (the risk of changing weather conditions, which may be of an acute or chronic nature).

As sustainability aspects are a starting point in Triodos Bank's lending processes, the transition risks in its loan portfolio are minimal. Triodos Bank's lending approach is already focused on financing enterprises contributing to a low-carbon future.

Triodos Bank's portfolio could be impacted by the physical risks of climate change. Regarding physical risk, the changes in climate leading to storms, floods and droughts may have an impact on its assets. In the longer term, impact on weather conditions (such as wind and solar resources) may affect renewable energy generation.

Triodos Bank carries out annual climate stress tests which take extreme but plausible situations into account. As part of determining the scenarios, it evaluates whether extreme weather situations could impact the bank's resilience with a time horizon of three years. At present, the conclusion is that significant impacts are deemed as unlikely within this time horizon.

In the longer term, society and the banking sector should drastically reduce and minimise financing of unsustainable assets to address the associated risks that would otherwise have a profound impact on society as a whole.

As a mission-driven bank, Triodos Bank's reputation is a valuable asset, which is vital to its ability to perform its activities and realise its mission. In this sense Triodos Bank is sensitive to reputational risk events. Unlike other risk types, reputational risk is not confined to a specific defined source of risk. Reputational risk may stem from different types of risk and can therefore be viewed as an 'intersecting' risk type. Reputational risk may be considered externally induced when driven by external developments (e.g. the fall of stock prices due to the COVID-19 crisis, which led to the suspension of trading in Depository Receipts). Such circumstances can result in changing stakeholder audience perceptions and are managed with great care.

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 Supervisory Board's Audit and Risk Committee.

Several risk committees are in place at Group level. Each is dedicated to cover and manage specific types of risk. The monthly Asset and Liability Committee is responsible for managing liquidity risk, interest rate risk, foreign exchange risk and the bank's capital adequacy. The monthly Non-financial Risk Committee monitors and manages the development of non-financial risks (i.e. operational risk and compliance risk). The Anti-Money Laundering and Counter-Terrorist Financing Risk Committee monitors and manages the regulatory and associated topics regarding anti-money laundering and countering the risk of terrorist financing.

The Enterprise Risk Committee of Triodos Bank is the body delegated by the Executive Board to propose the risk appetite, to monitor the actual risk profile against the risk appetite, and to discuss and decide on topics pertaining to the enterprise risks of Triodos Bank (e.g. strategic, reputational and model risks).

The Credit Risk Committee plays an important role in assessing the risk of new loans and monitoring the credit risk of the bank's loan portfolio. The assessment and management of credit risk of individual loans is primarily the responsibility of local banking business units. The Group Risk function sets the normative framework, analyses and assesses large loans and monitors the credit and concentration risks of Triodos Bank's loan book.

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 Group's growth over the past years, in combination with new legislation and regulatory demands, requires the bank to continuously review, assess and adapt its internal organisation and governance structure.

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 aims for a Common Equity Tier 1 (CET-1) Ratio which lies above 15% and a Total Capital Ratio (TCR) above 15.5%, well above its own internal economic capital adequacy models to guarantee a healthy and safe risk profile. The quality of capital as well as the solvency rate are important. Currently, 82% of Triodos Bank's capital is qualified as CET-1 capital. In 2021, Triodos issued a subordinated debt instrument (green bond) of EUR 250 million which qualifies as Tier 2 capital in line with prudential regulations. With the successful placement of the green bond Triodos has further strengthened and diversified its capital base.

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 2021, the bank's Tier 1 capital base marginally increased by EUR 40 million to EUR 1,144 million per end of December 2021 due to profit retention. The bank's CET-1 ratio decreased from 18.7% to17.5% per end of December 2021 due to conscious growth of sustainable lending in our well diversified portfolio. The bank's TCR increased from 18.8% to 21.3% per end of December 2021, which was mainly driven by the issued green bond of EUR 250 million in Q4 2021.

The liquidity buffer mainly consists of liquid assets with central banks (more than two-thirds at the end of 2021) and liquid investments in bonds (close to 25% of total liquidity). There is a small amount of liquidity at sight with commercial banks (1% of total liquidity), mainly for payment services, and some investments (around 1.1% of total liquidity) are made in cash loans (<1-year maturity) with Dutch and German municipalities. Around 24% of the bond investments are in central government bonds and 67% is 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 market circumstances in the past years (dominated by the downward impact of central bank asset purchases on bond yields), the opportunities to re-invest maturing bonds are limited. Consequently, the percentage of liquidity at the current account at central banks has increased from about 40% early 2018 to more than 70% at the end of 2021.

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.

In Control Statement

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 entities under the direction and supervision of the financial management of Triodos Bank.

The Executive Board is responsible for the risk management function and compliance function. The risk management function works together with management to develop and execute 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 is 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 work and for monitoring the integrity of these systems.

The risk management framework is an important cornerstone in the in-control statement process (see also Risk management on page 254). Triodos Bank is working in a continuously changing environment, which requires regular upgrades of its control framework.

The risk management and control systems provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation and fair presentation of its financial statements.

Compliance and integrity

Triodos Bank has internal policies, rules and procedures to ensure management, from SB and EB to the level of teamlead, complies with relevant laws and regulations regarding customers and business partners. In addition, the Compliance department 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 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 and fraud and anti-corruption measures, and with compliance with good governance standards such as the Dutch Corporate Governance Code.

Triodos Bank has a European compliance team which is led by the Group Director Compliance, who is also the formal Group Data Protection Officer. Compliance officers and data protection officers are appointed in every banking entity with a functional line to the Compliance department. 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 monitoring of customer transactions.

On 6 March 2019, DNB imposed on Triodos Bank N.V. a formal instruction (aanwijzing) to remedy shortcomings in the compliance with provisions of the anti-money laundering and countering terrorist financing laws and the financial supervision laws. Triodos Bank accepted this instruction and is implementing mitigating measures, which are on track. Following the formal instruction, Triodos Bank received an administrative penalty on 14 December 2020 that was paid without delay.

In 2020, DNB performed an on-site inspection regarding the compliance function. The first purpose was to obtain assurance that the compliance function is sufficiently empowered to provide independent advice to and assume a challenging role to the first line and management. The second purpose was to assess whether the management body has 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 is not in all aspects sufficiently effective and that the existing improvement plan needs more detailed guidance. Regarding the management oversight, DNB concluded that the management body is not sufficiently involved in overseeing the compliance function.

Based on both findings a remediation plan was prepared at the beginning of 2021 and progress with the remediation of the findings is on track.

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.

Fraud Risk

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, amongst others, fFraud. Internal fraud within Triodos is relatively low compared to the sector. 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 fraud monitoring controls over the past years. In 2021 a major step was taken by implementing the stop payment functionality in Triodos Bank Netherlands. 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 policy and practice on financial crime at Group level.

Sustainability Risks

Sustainability considerations are shared at all levels of Triodos Bank and are an integral part of its management, including the evaluation of risk. Social and environmental aspects are taken into account in all day-to-day business decisions whenever relevant. Therefore, Triodos Bank does not have a separate department that continuously focuses on sustainability or corporate social responsibility.

Triodos Bank employs specific 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. The positive criteria identify leading businesses and encourage their contributions to a sustainable society. These criteria are tested regularly and adjusted if necessary. Triodos Bank has also defined sustainability principles for its internal organisation. These are included in its Business Principles. All sustainability criteria referred to can be found on the bank's website.

Driebergen-Rijsenburg, 16 March 2022

Triodos Bank Executive Board

Jeroen Rijpkema, Chair
André Haag
Carla van der Weerdt[1]
Jacco Minnaar
Nico Kronemeijer

[1] The current CRO, Carla van der Weerdt, is expected to require a recovery period of up to 12 months from the health impact of long COVID-19. Triodos Bank will seek a temporary statutory replacement for this role in the Executive Board. Pending the search and approval process for a temporary statutory replacement, André Haag (Chief Finance Officer) currently assumes the statutory oversight responsibility for the Risk function of Triodos Bank, similar to the period June to October 2021. Due to her absence she was not able to sign these financial statements.

2. Supervisory Board report

The Supervisory Board should supervise the activities and the decisions of the Executive Board and the general affairs of the company and its affiliated enterprise. The Supervisory Board fulfills its supervisory role while taking into account the impact, risk and return perspective that is fundamental to the mission of Triodos Bank.

2021: Challenging conditions – important transitions

The market conditions, where interest margins are thin, and competition is tough – increasingly also in the market segments in which Triodos Bank operates – continue to challenge the bank in its ability to realise profit. The Supervisory Board supported the measures to increase income, especially in fee-generating areas where the services of Triodos Bank stand out, like Triodos Investment Management. And the Supervisory Board similarly supported efforts to reduce costs via efficiency measures.

The impact of COVID-19 on economic activity and personal lives was severe in 2020. This challenging context continued in 2021. For Triodos Bank, this meant another year of strongly reduced in-person contact with clients, DR holders, and other stakeholders.

Unfortunately, the DR trade had to be suspended for a second time. The Supervisory Board was fully informed about this decision as well as about the process that the Executive Board initiated to find a proper structural solution together with a package of additional measures recognising various stakeholder interests.

2021 was also the year of leadership changes in the Executive Board. After a term of more than 20 years, CEO Peter Blom left the bank – Jeroen Rijpkema was recruited externally for the CEO-position. COO Jellie Banga also stepped down. For her succession we decided to split her role into two: Chief Commercial Officer (CCO) and Chief Operating Officer (COO). For these roles we recruited two internal successors: Jacco Minnaar and Nico Kronemeijer. For the new Executive Board appointments the Supervisory Board introduced a regular four-year term, open for reappointment. COVID-19 also brought several long-term illnesses among co-workers. With the admirable efforts of all co-workers, largely working from home, Triodos Bank managed to realise a year of good performance in customer service, impact, risk, and return.

Activities and focus areas of the Supervisory Board

Strategic focus and transition

The Supervisory Board was actively involved in probing and challenging the Executive Board in its efforts to renew the capital strategy of Triodos Bank. It became clear that the system of DR-trade at net asset value, which had served the bank well for over 40 years and which had withstood previous shocks to the economic system, like the financial crisis in 2008, had reached its limits. A new system would be required to simultaneously serve the purposes of enabling ongoing access to capital for Triodos Bank, providing conditions for trading of DRs and safeguarding the unique Triodos Bank-identity and mission. After a careful and in-depth process, the Supervisory Board supported the decision made by the Executive Board of listing, in due course, the DRs at a Multilateral Trading Facility (MTF) as a structural solution. As part of the capital strategy, the Supervisory Board welcomed and supported the issuance of Triodos Bank's inaugural Tier 2 green bond in October 2021.

The leadership transition in the Executive Board was foreseen and prepared for in 2020 and realised in 2021. As a result of a process of assessment of internal and external candidates, Jeroen Rijpkema was selected in early 2021 to take over the CEO position in May 2021. The transition took place in the Annual General Meeting of 21 May 2021. Initially this appointment was intended for a two-year term. However, the need for continuity in the leadership in times of transition in the capital strategy, in combination with the immediately effective performance of Jeroen Rijpkema during the process of taking over from the former CEO, brought the Supervisory Board to the intended decision to extend his term to a regular four-year term. We thank Peter Blom for his strong leadership and his formidable contribution to the Bank and its mission.

When COO Jellie Banga announced that she was stepping down from her role as COO effective 1 May 2021, the Supervisory Board and Executive Board reviewed the roles and composition of the Executive Board. We concluded that the current and future challenges are best served with an Executive Board of five members. The Supervisory Board thanks Jellie for her strong professional performance and her dedicated contributions to the mission of the bank. The appointment of the new COO and CCO were announced and discussed at the Extraordinary General Meeting of 28 September 2021. With these appointments we do not comply with our own standards of diversity - in particular gender balance – so this remains a point of strong attention for future appointments in all leadership levels.

In 2021 the Supervisory Board changed the composition of its committees: Mike Nawas moved from the Audit and Risk Committee to chair the Nomination Committee and join the Remuneration Committee. Fieke van der Lecq left the Nomination and Remuneration Committees to become a member of the Audit and Risk Committee. In May, the four-year term of Fieke van der Lecq came to end, and she decided not to be available for a second term. In the recruitment process of the replacement of Fieke van der Lecq, 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 Danielle Melis in the Extraordinary General Meeting of 28 September 2021. Danielle Melis joined the Audit and Risk Committee and the Remuneration Committee. To strengthen the composition of the Supervisory Board regarding digital strategy and international profile, we also recruited Susanne Hannestad as per this date as a new Supervisory Board member. She too became a member of Audit and Risk Committee. Mike Nawas took over from Fieke van der Lecq as vice-chair of the Supervisory Board Dineke Oldenhof succeeded her as Chair of the Remuneration Committee. We thank Fieke van der Lecq for her professional, personal and meticulous performance as Supervisory Board Member.

Governance

In 2021, the Supervisory Board had 6 formal meetings and 13 additional meetings. A number of these meetings took place online. Other topics discussed at the Supervisory Board's meetings and contacts with the Executive Board included:

- Finance: as in 2021 the potential impact of COVID-19 on the Bank's finances was significant but mitigated by solid financial management. The Return on Equity developed positively, beyond budget, despite COVID-19. The Supervisory Board monitored the metrics monthly and discussed these with the Executive Board. See also the report of the Audit and Risk Committee. As usual, the Supervisory Board discussed the Management Letter and Board Report of the External Auditor, the 2020 annual report plus the half year 2021 results and the respective press releases, as well as the dividend proposal.

- Risk and Audit: the risk appetite statement, the actual risk profile, and the effectiveness of the internal risk framework and control systems, the audit findings, the auditor's reports, loan reports and implementation of new regulatory requirements were all discussed in plenary at the Supervisory Board after preparatory discussions in the Audit and Risk Committee.

- Culture Change Effectiveness: the Supervisory Board continued to supervise the Culture Change Effectiveness programme. Due to COVID-19 priorities, further development of this programme was put on hold by the Executive Board. Going forward, the Supervisory Board will monitor the alignment of this programme with the Strategy and Business Plan 2022.

- Equity, Diversity and Inclusion: the Supervisory Board encouraged the Bank's efforts to enhance its policy and performance regarding equity, diversity and inclusion. In order to be more inclusive, Triodos Bank has to make more progress. The Supervisory Board welcomed the plans and actions of the Executive Board.

- 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). Because of COVID-19, these meetings were held online. In addition, consultations were held with the Dutch Works Council about the leadership transition in Executive Board and the Supervisory Board vacancies.

- Talent Management: the Supervisory Board had informal bilateral (online) meetings with senior managers aimed at getting to know each other better and to increase awareness of how roles and functions are performed in day-to-day practice.

- Business Units: this year the Supervisory Board visited the Belgian branch where we met extensively with the local management team, co-workers and visited some of Triodos Belgium's clients.

- In 2021, the online deep dives that were executed by the respective managing directors and senior management from Head Office were completed. The Supervisory Board gained more insights into the achievements and challenges of all the business units.

- Contacts with the Dutch prudential supervisor: the Supervisory Board met with De Nederlandsche Bank (DNB), the Dutch central bank, in autumn 2021. During the year, the Chair and Vice-Chair had several calls with DNB to keep them updated on the leadership transition process.

- Contact with the Board of SAAT: the Supervisory Board met with the Board of SAAT as usual before the Annual General Meeting. In addition, the (Vice) Chair joined the Board of SAAT meetings as observer to share the Supervisory Board's vision when asked by the Board of SAAT.

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 has a quantified objective for no more than 70% of its seats to be held by either gender. In 2021, there were four male and three female Supervisory Board members. Consequently, the Supervisory Board complies with its gender diversity policy.

Committees of the Supervisory Board

The Supervisory Board has three standing committees to prepare its decision-making and to advise the Supervisory Board on specific matters: the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. During the latter half of 2020 and part of 2021, an ad hoc Supervisory Board DR Subcommittee was formed to regularly discuss the Depository Receipts situation with a delegation of the Executive Board. The members of the DR subcommittee are Mike Nawas, Sébastien D'Hondt and Ernst Jan Boers.

These committees met separately throughout the year, sometimes online, sometimes in person. Their main considerations and conclusions were shared with the Supervisory Board, where formal decision-making takes place.

The composition of the committees in 2021 was as follows:

Audit and Risk Committee
- Ernst Jan Boers (Chair)
- Sébastien D'Hondt
- Susanne Hannestad (since 28 September)
- Fieke van der Lecq (from 16 January until 31 March)
- Danielle Melis (since 28 September)
- Mike Nawas (until 16 January)

Nomination Committee
- Aart de Geus (Chair until 9 February)
- Mike Nawas (Chair since 9 February)
- Fieke van der Lecq (until 15 January)
- Dineke Oldenhof

Remuneration Committee
- Dineke Oldenhof (Chair since 21 May)
- Fieke van der Lecq (Chair - until 21 May)
- Aart de Geus (until 19 August)
- Mike Nawas (since 19 August)
- Danielle Melis (since 28 September)

For more information on the Supervisory Board members, see Appendix II – Executive Board, Supervisory Board and Board of SAAT biographies (see page 396).

Terms of office of Supervisory Board members (as per December 31, 2021)

Supervisory Board	Year of first appoint-ment	Year of first reappoint-ment	End of current term	Envisaged retirement[1]	A&RC	NomCo	RemCo
Aart de Geus (Chair)	2014	2018	2022	2022	-	-	Member
Mike Nawas (Vice-Chair) [2]	2019	-	2023	2027		Chair	Member
Ernst Jan Boers	2014	2018	2022	2022	Chair	-	-
Sébastien D'Hondt	2019[3]	-	2024 [3]	2028	Member	-	-
Susanne Hannestad	2021[4]	-	2025	2029	Member	-	-
Danielle Melis	2021[5]	-	2025	2029	Member	-	Member
Dineke Oldenhof	2018	-	2022	2022[6]	-	Member	Chair

[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] Since 21 May 2021
[3] Sébastien D'Hondt has been appointed at the EGM on 13 December 2019. End of his first term is after the AGM in 2024.
[4] Susanne Hannestad has been appointed at the EGM on 28 September 2021. End of her first term is after the AGM in 2025.
[5] Danielle Melis has been appointed at the EGM on 28 September 2021. End of her first term is after the AGM in 2025.
[6] Dineke Oldenhof is not available for a second term of office and therefore intends to step down at the 2022 AGM.

Activities of the Audit and Risk Committee

The Audit and Risk Committee (ARC) met, in accordance with the corporate calendar, six times. An extra ARC meeting was held end of March, in which the yearly internal reports on capital and liquidity adequacy were discussed and the recovery plan was prepared for Supervisory Board approval, in order to ensure a timely submission of these documents to De Nederlandsche Bank.

In addition to its regular meetings, informal meetings were held with the external auditor as well as with the internal auditor, without the Executive Boardbeing 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.

During the year, the composition of the Audit and Risk Committee changed. Mike Nawas left the ARC to become Chair of the Nomination Committee in January and Fieke van der Lecq temporarily joined the ARC (January - May). After the Extraordinary General Meeting in September 2021, Danielle Melis and Susanne Hannestad were appointed as Supervisory Board members and joined the ARC. Both new members participated as guests in the August ARC meeting prior to their appointments. Furthermore, Nico Kronemeijer as the Chief Operating Officer, joined the ARC meetings from December onwards as a permanent attendee.

The four ARC members, the Chief Financial Officer, the external auditor and the Group Director Internal Audit were present at all ARC meetings. The CRO was absent during the May and August meetings, with temporary replacements. Internal experts on areas like Finance, Control, Tax, Risk, Compliance, Capital Management, Retail Banking, and ICT were invited to the meetings, as required. In case Triodos Investment Management (T-IM) topics were discussed, management of T-IM was invited.

In its regular meetings, the ARC discussed and prepared for Supervisory Board approval, amongst other things, the half-year and annual results, the 2022 budget, the In Control Statement, the dividend proposal, the engagement of the external auditor, the risk appetite statement, enterprise risk management, the annual compliance plan, the annual Group internal audit plan, the internal audit framework, and the policy on external auditor's independence. Two key audit matters, the expected credit loss provision on loans and fair value measurements of financial instruments, were discussed in the ARC meeting prior to Supervisory Board discussion.

Furthermore, as part of the regular agenda, the ARC discussed the overall and business unit financial results and outlook, the capital planning, Triodos Bank's risk profile and the progress on (ICT) risk control improvements, adherence to 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 quarterly reports from Finance and Control, Internal Audit and 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, 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 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 the data quality.

One of the foremost topics that required specific attention in 2021, was the issuance of Triodos Bank's first tier 2 green bond, as well as the outcomes of the private point in time rating by Fitch, and the cost containment and organisational changes. Also, the outcomes and progress made on several remediation projects were discussed, e.g., on compliance risk and the profitability of the business model, the supervisory review and evaluation process, the deposit guarantee scheme, and the follow-up of the formal instruction Triodos Bank Netherlands received from DNB in March 2019 regarding the Anti-Money Laundering and Countering Terrorism Financing procedures. An analysis of implementation of these AML/CTF procedures for all the branches outside of the Netherlands was presented in ARC.

Activities of the Nomination Committee

The Nomination Committee had six formal meetings in accordance with the corporate calendar and 14 additional meetings.

A significant part of the Nomination Committee's agenda was dedicated to the leadership transition within Triodos Bank, as in 2021 many changes in the composition of the Executive Board and Supervisory Board were successfully completed. At the AGM in May 2021, the new CEO was appointed, Jeroen Rijpkema. A change of CEO is always material, but at Triodos Bank, this was even more so given the very extensive track record of the previous CEO, Peter Blom, who led Triodos Bank for more than twenty years.

Further changes to the Executive Board were implemented in 2021: the COO, Jellie Banga, announced her intention to step down in May 2021, after which the Supervisory Board decided to split the COO role in two separate roles: a COO focused mainly on Triodos Bank's operating model and a CCO focusing on the business model. This expansion of the Executive Board was important to ensure dedication at the executive level to the strategic changes in the business and operating models to position the bank even stronger for the future. An internal recruitment process was run, resulting in the appointment of two new Executive Board members from within Triodos Bank: Nico Kronemeijer as COO and Jacco Minnaar as CCO.

Also two new members of the Supervisory Board were nominated and appointed in 2021: Susanne Hannestad and Danielle Melis. The Nomination Committee worked collaboratively with the Dutch Works Council of Triodos Bank for one of these Supervisory Board members to take on the role of Supervisory Director by Nomination (Voordrachtscommissaris) for the first time in the history of Triodos Bank.

In 2021, the NomCo worked across a number of themes important for the future of Triodos Bank:

talent management within the organisation; the objective setting and performance review process of the Executive Board members; maintaining the connection between Triodos Bank's roots, its mission and actions; and working on the equity, diversity and inclusion goals of the bank. Progress on these themes will be monitored.

The annual self-evaluation of the committee resulted in a discussion with the Executive Board on the breadth of strategic HR topics on which the Nomination Committee, on behalf of the Supervisory Board, intends to focus during the coming years. Highlighted topics were, amongst others, succession planning, talent development, performance management. 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 also recurring topics such as the preparation of the Permanent Education programme, the Supervisory Board self-evaluation process. The committee also prepared the assessment of the profile and the composition of the Supervisory Board.

Activities of the Remuneration Committee

The Remuneration Committee had six formal meetings in accordance with the corporate calendar. The agenda included recurring topics, the compliance check with the applicable Dutch and European remuneration rules, the International Remuneration and Nomination policy, the List of Identified Staff and the discussion about the remuneration proposals for the members of the Executive Board and the remuneration approach for senior management. The remuneration proposals have also been assessed in the light of the consequences of COVID-19 for society, for Triodos Bank's co-workers and for Depository Receipt holders.

As usual, the committee has also taken note of the Eumedion report 2021, in particular of remuneration-related themes of listed companies. In its work and discussions, the Remuneration Committee takes the mission, in which human dignity is central, to heart. This approach should be proportionate to remuneration market-practices in the banking sector.

Based on this principle, the Remuneration Committee has been actively involved in the determination of the terms of employment and settlement agreements for new EB members and an EB member that left the bank in 2021, and the guidelines to be used for severance payments for senior management.

In 2021, the sustainability and adequacy of pension provisions throughout the Group were reviewed. This showed that the bank's pension provisions can be considered adequate, but the practices per country differ, so harmonisation is not yet opportune.

In 2019 the Annual General Meeting 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 and 2021 based on the consequences of COVID-19 and in solidarity with the co-workers and Depository Receipt holders of Triodos Bank.

Supervisory Board competence matrix

The matrix below 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 & other expertise particularly relevant to Triodos	Banking & Finance	Audit & Risk	HR & Organisational Development Corporate governance	Digitisation & Innovation
Aart de Geus (Dutch)	1955	M	•			•	
Mike Nawas (Dutch-American)	1964	M	•	•	•		
Ernst Jan Boers (Dutch)	1966	M		•	•		
Sébastien D'Hondt (Belgian)	1964	M		•	•		•
Susanne Hannestad (Norwegian)	1961	F		•		•	•
Danielle Melis (Dutch)	1972	F		•	•	•	
Dineke Oldenhof (Dutch)	1958	F	•			•	

Meetings of the Supervisory Board

All regular meetings of the Supervisory Board are held jointly with the Executive Board. Every meeting in 2021 was preceded by an internal meeting in which only Supervisory Board members participated. One internal meeting focused on an appraisal and evaluation of the members of the Executive Board.

The Supervisory Board attended the local meetings with Depository Receipt holders that were organised by the Executive Board to engage with Depository Receipt holders and to listen to their opinions and suggestions following the announcements made in the Extraordinary General Meeting on 28 September 2021 with respect to Depository Receipt situation.

On an individual basis, the board members stayed in touch with the managing directors, via online meetings and calls.

The annual meeting with the board of SAAT was also held via an online call. The annual meeting with the external supervisors of De Nederlandsche Bank was held in their office and was considered fruitful by both parties. See also above (Other topics).

Attendance of the Supervisory Board members in 2021

Supervisory Board members in 2021	Formal Supervisory Board Meetings	Formal Audit and Risk Committee Meetings	Formal Nomination Committee Meetings	Formal Remuneration Committee Meetings
Aart de Geus	83%	-	100%	100%[1]
Fieke van der Lecq[2]	100%	100%		100%
Ernst Jan Boers	100%	100%	100%	
Sébastien D'Hondt	100%	100%	-	
Susanne Hannestad[3]	100%	100%		
Danielle Melis[4]	100%	100%		100%
Mike Nawas	100%		100%	100%[5]
Dineke Oldenhof	100%	-	100%	100%

[1] Until 19 August 2021
[2] Until stepping down on 20 May 2021
[3] Since appointment on 28 September 2021
[4] Since appointment on 28 September 2021
[5] Since 19 August 2021

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 2021.

Education

As part of the Supervisory Board's permanent education programme, the Supervisory Board organises meetings with both internal and external experts. In 2021, education sessions were organised on the following topics: ESG & sustainable finance reporting, 'the Digital Bank' and an update on relevant regulations applicable to Triodos Bank.

Self-evaluation

In 2021, the Supervisory Board performed a self-evaluation of the ways of working, including the assessment of the efficiency and effectiveness of meetings. The Supervisory Board continued with obtaining direct feedback from the Executive Board, the corporate secretary and fellow board members.

This resulted in improvements going forward. It was also noted that the competence diversity of the Supervisory Board is an asset, if accompanied by careful communication and efforts to align. Due to the frequency of contacts in the Triodos leadership transition process, the collaboration within the Supervisory Board has been intensified, and the team relations 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 2021 and discharges the members of the Executive Board for their management of Triodos Bank during 2021 and the members of the Supervisory Board for their supervision. The Supervisory Board endorses the Executive Board's dividend proposal of EUR 1.80 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 the challenging times of the COVID-19 crisis as well as 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 supports the Executive Board, and Triodos Bank's co- workers, in their continuing efforts to make a positive difference to the development of people's quality of life.

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, 16 March 2022

Supervisory Board,
Aart de Geus, Chair
Mike Nawas, Vice-Chair
Ernst Jan Boers
Sébastien D'Hondt
Susanne Hannestad
Danielle Melis
Dineke Oldenhof

3. Corporate Governance

Triodos Bank has a corporate governance structure that reflects and protects its mission and meets all relevant legal obligations. General information about Triodos Bank's compliance with the Dutch Corporate Governance Code and the Banking Code is provided on the following pages. More details on Triodos Bank's governance structure are available at www.triodos.com/govstructure.

	Depository receipt holders		Issued capital in millions of EUR	
	2021	**2020**	**2021**	**2020**
1 – 50	14,767	14,749	24.7	23.7
51 – 500	22,627	22,709	396.0	381.8
501 – 1,000	3,799	3,829	230.1	223.9
1,001 and more	2,328	2,327	599.3	578.8
Total	**43,521**	**43,614**	**1,250.1**	**1,208.2**

	Depository receipts x 1,000		Depository receipt holders	
	2021	**2020**	**2021**	**2020**
The Netherlands	8,703	8,712	25,542	25,555
Belgium	2,798	2,800	7,406	7,478
United Kingdom	216	216	1,661	1,662
Spain	2,150	2,152	7,591	7,597
Germany	349	349	1,321	1,322
Total	**14,216**	**14,229**	**43,521**	**43,614**

Triodos Bank's internal governance

Triodos Bank is a European bank with banking activities in the Netherlands (Driebergen), Belgium (Brussels), the United Kingdom (Bristol), Spain (Madrid), Germany (Frankfurt)). The statutory seat is in Zeist, the Netherlands.

Foundation for the Administration of Triodos Bank Shares (SAAT)

Triodos Bank believes it is crucial that its mission and identity is protected. For that reason, 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 institutions. These Depository Receipts embody the economic aspects of the shares of Triodos Bank. SAAT exercises the voting rights attached to the Triodos Bank shares. The Board of SAAT's voting decisions are guided by Triodos Bank's object 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 maintains its own platform for trading in Depository Receipts.

Depository Receipt holders

Depository Receipt holders are entitled to vote at the (annual) meeting of Depository Receipt holders. Each Depository Receipt holder is limited to a maximum of 1,000 votes. The (annual) meeting of Depository Receipt holders appoints the members of the Board of SAAT, based on the Board's nomination. These nominations must be approved by Triodos Bank's Executive Board, whose decision needs prior approval of the Supervisory Board. No Depository Receipt holder may hold more than 10% of all issued Depository Receipts.

Triodos Bank Supervisory Board

The Supervisory Board should supervise the activities and the decisions of the Executive Board and the general affairs of the company and its affiliated enterprise. Members of the Supervisory Board are appointed and reappointed by the General Meeting of Triodos Bank, based on a recommendation from the Supervisory Board. Following the enhanced recommendation right, the Dutch Works Council may recommend candidates to the Supervisory Board to be nominated as members of the Supervisory Board. This applies to one-third of the members of the Supervisory Board.

Triodos Bank's Executive Board

The members of the Executive Board have a shared overall responsibility for the management of Triodos Bank. The Executive Board members have a leadership role in strategic development, alignment and ensuring the delivery of the organisation's goals. They are accountable to the Supervisory Board who appoints and reappoints the members of the Executive Board. All Board member biographies are available in Appendix II – Executive Board, Supervisory Board and Board of SAAT biographies (see page 396).

Statement of institutions with a participating interest of 3% or more

	2021	2020
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	4.0%	4.0%

Dutch Corporate Governance Code

The Dutch Corporate Governance Code ('the Code') only applies to companies whose shares are listed on a regulated market. Even though Triodos Bank's Depository Receipts are not yet listed on any regulated market it chooses to endorse and comply with the principles and best practices of the Code. The full comply-or-explain statement as required under the Code can be accessed at www.triodos.com/govstructure.

Although Triodos Bank generally complies with the principles and best practices of the Code, it has opted to consciously differ from it in several specific instances.

The first deviation relates to voting rights on shares and appointments. To secure the continuity of Triodos Bank's mission and objectives, Depository Receipt holders cannot exercise voting rights on the underlying shares. Instead, these rights are exercised by SAAT. For the same reason, Depository Receipt holders cannot make recommendations for appointments of members of the Board of SAAT, and former Executive Board or Supervisory Board members of the bank can be appointed as members of the Board of SAAT.

The second instance relates to the term of office of Executive Board members. Until 2021, EB members were appointed for an indefinite period, to underline the long-term commitment to the organisation. Given the leadership transition, the Supervisory Board decided to make a shift towards appointment for four years for new contracts. By doing so, the term of office reflects the best practice of the Code, provides for a natural moment to discuss commitment, and helps to continue and secure continuous performance assessment. For EB members appointed prior to 2021, it was decided to maintain current contracts and the term is not limited to a period of four years. For EB members that have been appointed in 2021 and any future appointments, the term is brought in line with the Code.

Triodos Bank also differs from the best practice in the Code that states that a person may be appointed to the Supervisory Board for a maximum of three four-year terms. The Articles of Association allow the General Meeting to re-appoint a member of the Supervisory Board in exceptional circumstances after his or her maximum number of terms has been completed. This creates extra time and space for the Supervisory Board to fill vacancies with high-quality people.

Finally, Triodos Bank also differs from the Code's best practice to submit all proposals relating to material amendments to the Articles of Association as separate agenda items to the General Meeting. For practical reasons, Triodos Bank wants to retain the possibility, at the discretion of the Executive Board and the Supervisory Board, to submit a proposal for multiple amendments to the Articles of Association as one single agenda item when these proposed amendments are strongly interrelated.

Dutch Banking Code

The Banking Code is part of a package of developments for the banking industry called 'Future Oriented Banking', introduced by the NVB (Dutch Bankers' Association). The package includes, besides the Banking Code, a Social Charter and rules of conduct associated with the Dutch bankers' oath. It consists of a number of recommendations and principles that aim to ensure the very best performance by banks. Its primary focus is on governance and the bank's culture. It puts the interests of the customer at the heart of a bank's activity, which ties in fully with Triodos Bank's vision and Business Principles. The customer is a key stakeholder in all Triodos Bank activities and its mission.

Triodos Bank complies with the principles of the Banking Code. However, Triodos Bank chooses not to have variable remuneration based on predetermined financial targets or achievements, as these can enhance a culture of taking inappropriate risks.

Triodos Bank monitors, identifies and addresses any occasions when it does not comply with the Banking Code on an ongoing basis. More information on Triodos Bank's implementation of the Banking Code, including the full comply-or-explain statement as required under the Banking Code, is available at www.triodos.com/govstructure.

Bankers' Oath and Rules of Conduct

All co-workers working in The Netherlands for Dutch banks are required to take the Bankers' Oath. Co-workers are obliged to declare that they will comply with the rules of conduct set by the NVB. The rules of conduct have been drawn up in line with Triodos Bank's own Business Principles. By asking their co-workers to take the oath Triodos Bank makes more explicit what the bank already does.

Corporate Governance statement

The Executive Board of Triodos Bank has drafted a corporate governance and non-financial information statement in accordance with the Dutch corporate governance Decree of 20 March 2009 and the Dutch publication of non-financial information Decree of 14 March 2017. This statement forms part of the 2021 annual report and is valid as of its date. The statement can be found in the online annual report and at www.triodos.com/govstatement.

4. Remuneration Report 2021

Remuneration policy 2021

Triodos Bank's International Remuneration and Nomination policy applies to all co-workers. 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 2021

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 De Nederlandsche Bank Regulation on Sound Remuneration Policies, European Banking Authority (EBA) Guidelines on sound remuneration, EBA Guidelines on remuneration of sales staff, the EU Sustainability Financial Disclosure Regulation (SFDR) and GRI standards for sustainability reporting. 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.

EBA guidelines on gender pay have been published in 2021. Triodos Bank will perform an in-depth gender pay gap analysis in 2022.

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 modest and discretionary and are not an incentive to favour the 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 12 November 2021.

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:
- 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, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long term.

- Triodos Bank may provide individual tokens of appreciation. These are limited and decided discretionally. They are restricted to a maximum one month's salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements 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. 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 for those not in service throughout the whole year. Members of the Executive Board refrain from this award. For 2021, no collective end-of-year token of appreciation was awarded.

- Triodos Bank provides a pension plan. Each country has a Collective Pension policy for all its co-workers if that is appropriate for the local circumstances. If there's 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 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 and/or generally accepted norms require otherwise.

More details on the Triodos Bank remuneration policy are available on the website.

Fair remuneration

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.

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 5.2 in 2021 (2020: 5.4). 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. For 2022, the Supervisory Board has decided to refrain from any salary increase for members of the Executive Board.

Remuneration of the Executive Board in 2021

The remuneration paid to the members of the Executive Board is as follows:

2021	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 Weerdt	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 is paid out in 2021.

2020	Fixed salary expenses	Pension expenses	Pension allowance for salary above EUR 110.111	Private use company car[1]	Social expenses	Severance payment	Other emoluments[2]	Total
Peter Blom, Chair[3]	320	33	59	-	12	320	-	**744**
Andre Haag	250	14	24	-	12	-	38	**338**
Jellie Banga	264	19	27	4	12	-	-	**326**
Carla van der Weerdt	257	24	26	-	12	-	-	**319**
Total	**1,091**	**90**	**136**	**4**	**48**	**320**	**38**	**1,727**

[1] This concerns a benefit in kind.
[2] The other emoluments relate to costs associated with relocation to The Netherlands. This is a one-off payment.
[3] In consultation with the Supervisory Board, Peter Blom stepped down from his position as a Member of the Executive Board of Triodos Bank N.V. at the AGM 2021. A severance payment of 100% of his yearly salary was granted in 2020. This is in line with applicable regulations and is paid out in 2021.

Other emoluments of the Executive Board:

	2021	2020
Andre Haag	-	38

The other emoluments relate to costs associated with relocation to the Netherlands. This is a one-off payment.

The table below provides the loans that have been granted to the members of the Executive Board:

	2021 Amount outstanding	2021 Average interest rate	2021 Repayments	2020 Amount outstanding	2020 Average interest rate	2020 Repayments
Jellie Banga				421	1.7%	12

The table presents the loans and advances provided to Executive Board members that were outstanding on 31 December 2021 and 2020. Since Jellie Banga was no longer an Executive Board member on 31 December 2021, there is no 2021 information included for her. 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 is not linked to company performance. This has a limited effect on the correlation with the company performance.

	2017 Amount	2017 vs 2018	2018 Amount	2018 vs 2019	2019 Amount	2019 vs 2020	2020 Amount	2020 vs 2021	2021 Amount
Executive Board remuneration[1]									
Jeroen Rijpkema[2]									**240**
Peter Blom[3]	300	1%	304	3%	312	3%	320	n/a	**160**
André Haag[4]							250	0%	**250**
Carla van der Weerdt[5]					140	n/a	257	0%	**257**
Jacco Minnaar[6]									**58**
Nico Kronemeijer[7]									**56**
Jellie Banga[8]	240	2%	244	2%	250	6%	264	n/a	**110**
Pierre Aeby[9]	253	2%	257	n/a	101				
Company performance[10]									
Net profit	34,669	1%	35,187	11%	39,005	-30%	27,203	87%	**50,759**
Return on equity in %	3.9%	-14%	3.3%	1%	3.4%	-32%	2.3%	81%	**4.1%**
Operating expenses/total income	79%	0%	79%	1%	80%	0%	80%	0%	**80%**
Average co-worker renumeration[11]	58	3%	60	2%	61	3%	63	2%	**64**

[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.
[3] 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.
[4] The Executive Board membership for André Haag commenced on 1 January 2020.
[5] The Executive Board membership for Carla van der Weerdt 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.
[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.
[8] 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.
[9] 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.
[10] IFRS-EU was adopted as of 1 January 2018 and therefore the company performance of 2017 is reported under Dutch GAAP.
[11] The renumeration consists of the fixed salary expenses.

Remuneration of the Supervisory Board in 2021

Remuneration paid to Supervisory Board is set at the Annual General Meeting and the Annual Meeting of Depository Receipt holders.

Remuneration paid to the Supervisory Board:

Amounts in EUR	2021 Remuneration	2021 Renumeration Committees	2021 Compensation for travel time	2021 Total	2020 Total
Aart de Geus (Chair)	30,000	3,322	2,000	35,322	34,500
Fieke van der Lecq (Vice-Chair, until 22 May 2021)	7,817	2,806	-	10,624	24,500
Ernst-Jan Boers	20,000	6,000	1,000	27,000	27,000
Sebastien d'Hondt	20,000	5,000	11,000	36,000	37,000
Mike Nawas	20,000	3,308	1,000	24,308	25,000
Dineke Oldenhof	20,000	4,307	2,000	26,307	24,000
Susanne Hannestad (as per 28 September 2021)	5,205	1,301	5,000	11,507	-
Danielle Melis (as per 28 September 2021)	5,205	1,822	1,000	8,027	-
	128,228	**27,867**	**23,000**	**179,095**	**172,000**

The following fees apply (per annum):
EUR 20,000 Member of the Supervisory Board
EUR 30,000 Chair of the Supervisory Board
EUR 5,000 Member of the Audit and Risk Committee
EUR 6,000 Chair of the Audit and Risk Committee
EUR 2,500 Chair Remuneration Committee
EUR 2,000 Member Remuneration Committee
EUR 2,500 Chair Nomination Committee
EUR 2,000 Member Nomination Committee

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 of the SAAT Board in 2021

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.

Amounts in EUR	2021 Remuneration	2021 Compensation for travel time	2021 Total	2020 Total
Josephine de Zwaan (Chair)	10,000	-	10,000	10,000
Willem Lageweg (Vice-Chair) (until 28 September 2021)	5,226	-	5,226	7,000
Jolande Sap (Vice-Chair) (as per 29 June 2020)	7,000	-	7,000	-
Koen Schoors	7,000	3,000	10,000	8,000
Nikolai Keller (until 30 September 2020)	-	-	-	5,250
Mercedes Valcarel	7,000	2,000	9,000	7,000
Tarique Arsiwalla (as per 28 September 2021)	1,822	-	1,822	-
Roelien Ritsema van Eck (as per 28 September 2021)	1,822	1,000	2,822	3,500
	39,870	**6,000**	**45,870**	**40,750**

The following fees apply (per annum):
EUR 7,000 Member of the Board of SAAT
EUR 10,000 Chair of the Board of SAAT

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.

Remuneration of Identified Staff and all co-workers

Remuneration of Identified Staff in 2021
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]				
	2021	**2020[2]**	**2019**	**2018**	**2017**
The Netherlands	4.5	4.6	4.6	4.8	4.7
Belgium	2.9	2.8	2.8	2.9	3
United Kingdom[3]	5.2	5.3	6	4.9	4.6
Spain	5.3	5.5	5.6	5.9	6
Germany	2.8	2.9	2.6	2.7	2.6
France[4]	n.a	n.a.	2.7	3.9	3.9
Total	**5.2**	**5.4**	**5.6**	**5.6**	**5.7**

[1] Ratio of the highest-paid co-worker to the median full-time salary of all co-workers (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]				
	2021	**2020[2]**	**2019**	**2018**	**2017**
The Netherlands	0.0	0	0.5	0.5	0.4
Belgium	0.2	0	1.4	0.2	0
United Kingdom[3]	1.1	0	8.4	0.7	0.5
Spain	0.0	0	1.2	0.4	0.6
Germany	0.7	0	1.5	1.7	1
France[4]	n.a.	n.a.	0	0.6	0.2
Total	**0.0[5]**	**0**	**0.9**	**0.6**	**0.4**

[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 on January 1, 2021 compared to January 1, 2020 in each country.
[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 2021 is 0,0, as there is no increase to the highest salary within Triodos Bank.

5. Financials

5. Triodos Bank N.V. Annual Accounts 2021

Consolidated balance sheet as at 31 December 2021

Before appropriation of profit in thousands of EUR	Note[1]	2021	2020
ASSETS			
Cash and cash equivalents	1	4,277,589	2,955,787
Loans and advances to banks	2	265,796	164,611
Loans and advances to customers	3	10,167,798	9,156,710
Debt securities at amortised cost	4	1,483,378	1,317,301
Investment securities	5	39,976	31,214
Intangible assets	6	48,304	45,763
Property and equipment	7	94,664	101,490
Investment property	8	7,905	10,914
Right-of-use assets	9	16,734	19,346
Non-trading derivatives	10	19,650	1,795
Deferred Tax Assets	30	13,617	14,864
Current tax receivable	30	1,730	1,764
Other assets	11	54,365	47,866
Non-current Assets Held for Sale	12	12,679	18,972
Total assets		**16,504,185**	**13,888,397**
LIABILITIES			
Deposits from banks	13	1,608,306	815,140
Deposits from customers	14	13,285,072	11,747,207
Lease liabilities	9	17,425	19,963
Non-trading derivatives	10	6,947	10,452
Deferred Tax Liabilities	30	6,318	4,337
Current tax liabilities	30	12,872	16,540
Other liabilities	15	55,724	55,794
Debt issued and other borrowed funds	16	255,615	6,368
Provisions	17	5,784	4,384
Total liabilities		**15,254,063**	**12,680,185**

Before appropriation of profit in thousands of EUR	Note[1]	2021	2020
EQUITY			
Share Capital	18	723,353	723,353
Share premium reserve	18	200,811	200,811
Translation reserve	18	-4,482	-4,385
Cost of hedging reserve	18	117	-55
Fair value reserve	18	82	-2,025
Other reserve	18	46,431	43,806
Retained earnings	18	233,051	219,504
Result for the period	18	50,759	27,203
Total equity		**1,250,122**	**1,208,212**
Total equity and liabilities		**16,504,185**	**13,888,397**
Contingent liabilities	19	72,044	73,104
Irrevocable facilities	20	2,113,124	1,936,333
		2,185,168	**2,009,437**

[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 and loss account for 2021

in thousands of EUR	Note[1]	2021	2020
INCOME			
Interest income	21	246,320	221,021
Interest expense	22	-24,850	-22,868
Net interest income		**221,470**	**198,153**
Investment income	23	**310**	**449**
Fee and Commission income	24	127,112	114,191
Fee and Commission expense	24	-11,064	-8,066
Net fee and commission income		**116,048**	**106,125**
Net result from other financial instruments at FVTPL	25	2,003	-361
Other income	26	2,100	733
Other income		**4,103**	**372**
Total income		**341,931**	**305,099**
EXPENSES			
Personnel expenses	27	149,930	134,636
Other administrative expenses	27	98,794	82,072
Amortisation and value adjustments of intangible assets	28	12,020	10,646
Depreciation and value adjustments of property and equipment	28	14,458	18,056
Operating expenses		**275,202**	**245,410**
Impairment result on financial instruments	29	**-420**	**24,213**
Total expenses		**274,782**	**269,623**

in thousands of EUR	Note[1]	2021	2020
Operating result before taxation		**67,149**	**35,476**
Taxation on operating result	30	-16,390	-8,273
Net profit		**50,759**	**27,203**
Profit attributable to:			
Owners of Triodos Bank		**50,759**	**27,203**
Average number of issued shares in circulation		**14,260,146**	**14,260,146**
Amounts in EUR			
Earnings per share for profit attributable to the equity holders of the parent entity[2]		3.56	1.91
Dividend per share		1.80	0.65

[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 net profit per share is calculated by dividing the Net Profit by the average number of issued shares in circulation during the financial year.

Consolidated statement of comprehensive income for 2021

in thousands of EUR	Note[1]	2021	2020
Net profit		**50,759**	**27,203**
Other comprehensive income that will not be reclassified to profit or loss			
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	5	**2,784**	**-4,821**
Related tax		**-677**	**1,161**
Total items that will not be reclassified to profit or loss		**2,107**	**-3,660**
Other comprehensive income that will be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		-97	-1,031
Foreign operations – Cost of hedging		172	-178
Total items that will be reclassified to profit or loss		**75**	**-1,209**
Other comprehensive income for the year, net of tax		**2,182**	**-4,869**
Total comprehensive income for the year, net of tax		**52,941**	**22,334**
Total comprehensive income attributable to:			
Owners of Triodos Bank		**52,941**	**22,334**

[1] These are the references to the notes to the consolidated financial statements. These notes form an integral part of the consolidated financial statements.

This page was intentionally left blank

Consolidated statement of changes in equity for 2021

in thousands of EUR	Share capital
Equity as at	
1 January 2020	**720,088**
Result for the period	
Foreign operations – foreign currency translation differences	
Net gain (loss) on hedges of net investments in foreign operations	
Conversion Visa shares	
Equity investments at FVOCI – net change in fair value	
Total comprehensive income	**-**
Increase of share capital	3,265
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	
Purchasing or sale of own depository receipts	
Equity as at	
31 December 2020	**723,353**

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
198,626	**-3,354**	**123**	**1,938**	**38,914**	**205,587**	**39,005**	**1,200,927**
						27,203	**27,203**
	-1,031						**-1,031**
		-178					**-178**
			-303		303		**-**
			-3,660		-		**-3,660**
-	**-1,031**	**-178**	**-3,963**	**-**	**303**	**27,203**	**22,334**
2,185							**5,450**
-							**-**
					39,005	-39,005	**-**
						-	**-**
					-		**-**
				4,892	-4,892		**-**
					-20,499		**-20,499**
200,811	**-4,385**	**-55**	**-2,025**	**43,806**	**219,504**	**27,203**	**1,208,212**

in thousands of EUR	Share capital
Equity as at	
1 January 2021	**723,353**
Result for the period	
Foreign operations – foreign currency translation differences	
Net gain (loss) on hedges 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	
Reverted 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 2021	**723,353**

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
200,811	**-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**
200,811	**-4,482**	**117**	**82**	**46,431**	**233,051**	**50,759**	**1,250,122**

Consolidated cash flow statement for 2021

in thousands of EUR	Note	2021	2020
Operating activities			
Net profit		50,759	27,203
Net profit adjustments for:			
Depreciation	28	12,140	12,812
Amortisation	28	11,687	10,646
Amortisation premium and discount debt securities	4	10,787	10,752
Impairment losses on financial instruments	29	-420	24,213
Interest expense on lease liabilities	9	408	216
Revaluation participating debt (investment securities)	5	-654	568
Value adjustments property and equipment (incl. leases)		2,318	5,244
Value adjustments intangible assets		333	-
Movements in provisions	17	2,216	-2,623
Taxation on operating result	30	16,390	8,273
Tax paid	30	-19,350	-10,961
Net cash flows from business operations		**86,614**	**86,343**
Changes in:			
Loans and advances to banks	2	-96,581	-1,378
Loans and advances to customers	3	-1,031,478	-970,326
Debt securities at amortised cost	4	-166,295	-301,760
Deposits from banks	13	793,166	744,420
Deposits from customers	14	1,537,865	1,053,508
Other operating activities		2,983	37,842
Net cash flows from operational activities		**1,126,274**	**648,649**

in thousands of EUR	Note	2021	2020
Investment activities			
Investment in investment securities	5	-4,998	-12,369
Investment in intangible assets	6	-14,472	-14,977
Investment in property and equipment	7	-2,228	-3,008
Divestment in property and equipment	7	2,136	1,226
Cash flows from investment activities		**-19,562**	**-29,128**
Financing activities			
Issuance of Debt issued and other borrowed funds	16	247,868	6,368
Payments of lease liabilities	9	-3,624	-3,578
Increase share capital	18	-	5,450
Payment of cash dividend	18	-9,241	-
Purchase of depository receipts of own shares	18	-900	-20,499
Cash flows from financing activities		**234,103**	**-12,259**
Net change in cash and cash equivalents		**1,340,815**	**607,262**
Cash and cash equivalents at the beginning of the year		3,082,405	2,475,031
Effect of exchange rate fluctuations on cash and cash equivalents held		-355	112
Cash and cash equivalents at the end of the year		**4,422,865**	**3,082,405**
On demand deposits with central banks		4,277,589	2,955,787
On demand deposits with banks		145,276	126,618
Cash and cash equivalents at the end of the year		**4,422,865**	**3,082,405**
Additional information on operational cash flows from interest and dividends			
Interest paid		-40,735	-22,588
Interest received		244,243	216,513
Dividend received		310	449

Notes to the consolidated financial statements

General

The principal accounting policies are summarised below and have been applied consistently throughout the year, unless stated otherwise.

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 2021 were authorised for issue in accordance with a resolution of the directors on 16 March 2022.

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") . These consolidated financial statements relate to the forty-first financial year of Triodos Bank N.V.

Triodos Bank has a resilient capital base. Our capital and liquidity ratios currently remain well above the minimum required levels and are expected to stay well above the minimum. Furthermore, in 2021 Triodos Bank has issued a Tier 2 Green Bond which has increased the Bank's capital ratios and diversified its capital base. Although the continuing impact of the COVID-19 pandemic on the economy remains unpredictable, based on the current knowledge and scenario analysis made there is currently no material uncertainty with respect to the financial condition of the company. Based on the aforementioned these financial statements have been prepared on the basis of the going-concern assumption.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value and those financial assets and liabilities at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI). The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

Functional and presentation currency

These consolidated financial statements are presented in Euro, which is Triodos Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

New and amended standards and interpretations

The following changes to IFRS are effective after 1 January 2021 and relevant for Triodos Bank:
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

These changes have no impact on the financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Triodos Bank financial statements are not affected by these amendments. Triodos Bank will use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. Triodos Bank has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

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:
- IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities (issued in May 2020, effective 1 January 2022)
- 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)

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Triodos Bank will apply the amendments to financial liabilities that are modified or exchanged on or after 1 January 2022 when these amendments are in effect. Triodos Bank expects that the amendments have no material impact.

Amendments to IAS 1

Triodos Bank applies the Dutch requirements for annual report layout ("Besluit modellen jaarrekening"), which specifies different layouts for banks. The layout applied by Triodos Bank does not differentiate between curent 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 2021.

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.

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;
- incremental borrowing rate leases, and;
- 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 below.

Impairment of financial assets

This chapter should be read in conjunction with the impairment accounting principles for financial instruments, including in the corresponding paragraph below.

Triodos Bank records an allowance for expected credit loss for all loans and other financial assets not held at fair value through profit and 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

As explained in the accounting policy on financial instruments section impairment of financial assets below, 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. See the aforementioned paragraph in Financial instruments (see page 149) for further details on the determination of significant increase in credit risk.

This determination of what downgrade in internal credit rating constitutes a significant increase in credit risk is a significant judgement.

Economic forecasts
Triodos Bank formulates three economic recovery scenarios: a base case scenario (Recovery scenario 1) and two less likely scenarios (Recovery scenario's 2 and 3). The base case is aligned with information used by Triodos Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

Any impact of future outlook is calculated with the use of macroeconomic scenarios. 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. This is done by using external market information and adding internal specific information.

The economic scenarios used as at 31 December 2021 included the following GDP growth for the years ending 31 December 2022 to 2024 and for the long-term. This is a critical estimate.

	Weight	2022	2023	2024
Recovery scenario 1	50%	4.4%	4.4%	2.3%
Recovery scenario 2	25%	4.3%	5.3%	3.5%
Recovery scenario 3	25%	4.2%	5.3%	1.5%

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 2020 weightings were recovery 1 (55%), recovery scenario 2 (15%) and recovery scenario 3 (30%).

Triodos Bank performed a sensitivity analysis related to the macro economic forecasts, focussing on the key driver, GDP growth. The sensitivity analysis had the following outcome:

in thousands of EUR	Impact on ECL
GDP Growth +2%	6,246
GDP Growth +1%	5,508
GDP Growth +0.5%	4,980
GDP Growth -0.5%	-1,916
GDP Growth -1%	-4,021
GDP Growth -2%	-7,508

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. As mentioned above the dependency of clients on general moratoria impacted the significant increase in credit risk classification for clients in several sectors. The global pandemic has also impacted the considerations on the correlation, resulting in increasing the correlations from low to medium or medium to high. 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	Low	Low	Low	Low	Low
Renewable energy	None	None	None	None	None
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	Medium	Medium	High	Medium	Medium
Philosophy of life	Medium	Medium	Medium	Medium	Medium
Social projects	Low	Low	Medium	Low	Low
Fair trade	Medium	Medium	Medium	Medium	Medium
Development cooperation	Low	Low	Low	Low	Low
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.

Fair values of financial assets and financial liabilities

Triodos Bank determines the fair values of those financial instruments measured at FVOCI and FVTPL periodically. Additionally, the fair values of all financial instruments are disclosed. For more details on the measurement of fair values refer to Fair value of financial instruments (see page 306).

Incremental borrowing rate leases

Triodos Bank can't readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. 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 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).

Residual value de Reehorst

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, build with sustainable and reusable materials.

Within common accounting policies the residual value of owned offices is set at zero, because this is standard and information on residual value is lacking. As 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 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.

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.

Equity participations:
- 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 Investment Advisory Services B.V. in Zeist, participating interest 100%, group company, fully consolidated. This entity was liquidated in 2020;
- Triodos Bank UK Ltd in Bristol, participating interest 100%, group company, fully consolidated.

Other controlled entities:
- Sinopel 2019 B.V. in Amsterdam, fully consolidated.

Securitisation

Triodos Bank has one retained residential mortgage backed securitisation (RMBS) transaction 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 568.8 million (2020: 638.7 million).

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).

Hedging of the net investment in business operations abroad

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in OCI and presented in the translation reserve within equity. The effective portion of the change in fair value of the hedging instrument is computed with reference to the functional currency of the parent entity against whose functional currency the hedged risk is measured. 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.

Financial instruments

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, and interest tenor. In contrast, contractual terms that introduce a more than de minimis 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 x LGD x 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 265) 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. 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
– 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.	– Internally collected data on customer behaviour – e.g. utilisation of overdraft facilities.	– 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.
– Data from credit reference agencies, press articles, changes in external credit ratings.	– Affordability metrics.	– Utilisation of the granted limit.
– Quoted bond and credit default swap (CDS) prices for the borrower where available.	– External data from credit reference agencies, including industry-standard credit scores.	– Requests for and granting of forbearance.
– Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.		– 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 three 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; and
- a backstop of 30 days past due.

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	0.16%
Grade 4	0.49%
Grade 5	1.00%
Grade 6	1.91%
Grade 7	3.57%
Grade 8	6.20%
Grade 9	9.38%
Grade 10	16.34%
Grade 11	28.67%
Grade 12	31.23%
Grade 13	47.61%
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.

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.

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 as a response to the borrower's request or financial difficulties.

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.

Hedge Accounting

Triodos Bank designates certain derivatives held for risk management as well as certain non 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.

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 interest rate risk of its longer term fixed-rate financial assets. Under this hedging strategy the hedging instruments are in an economic hedge relationship with a portfolio of loans to cover interest rate risks.

Net investment hedge of a foreign operation
Triodos Bank hedges its net investment in Triodos Bank UK Limited, its subsidiary in England. The hedged risk is the foreign currency exposure arising from the net investment. Triodos Bank designates the hedged risk as the risk of the GB pound 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, changes in the forward foreign exchange rate and the basis spread. The basis spread is identified as the transaction price of the foreign exchange forward contract, being the difference between the spot and forward rate in the contract. This is recorded on a systematic basis through profit or loss. Triodos Bank elects to use the cost of hedging method for the forward foreign exchange rate change and records these in a separate component within equity. The spot rate changes is, together with the changes in the hedge risk, recognized in the translation reserve.

Derivatives

Derivative financial instruments, consisting of foreign currency forward contracts and interest rate swaps, are initially recognized at fair value, with subsequent fair value movements at each balance sheet date in profit and loss. Triodos Bank uses interest rate swaps and foreign exchange forwards as derivatives. Interest rate swaps fair values are determined by discounted cash flow analysis 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 and loss account, as result on financial transactions.

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 and loss;
- The embedded derivative would meet the definition of a stand alone derivative;
- The embedded derivative is not closely related to the host contract.

Cash and cash equivalents

On the balance sheet, cash and cash equivalents comprise cash with central banks and cash in ATM machines. Cash and cash equivalents are carried at amortised cost on the balance sheet.

Loans and advances to banks

Loans and advances to banks are financial instruments initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost less impairment allowance, using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Loans and advances to customers

Loans and advances to customers are financial instruments initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost less impairment allowance, using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Debt securities at amortised cost

All debt securities at amortised cost are held in the investment portfolio. These are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Investment securities

Investment securities include participating interests in other financial institutions either in equity or debt form. The participating interests in equity form are measured at FVOCI. The participating interest in debt form are measured at FVTPL. 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.

Intangible fixed assets

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 reviewed for impairment against the benefits that the asset is expected to generate. Research costs and costs incurred prior to the establishment of technical feasibility and economic viability are expensed as incurred.

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 six years as of the end of 2020.

Computer software that has been purchased will be written off over its useful life. This period will not exceed five years.

Property and equipment

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 and loss account under Other income.

Impairments expected on the balance sheet date are recorded in the profit and loss accounts.

Investment Property

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 Property and equipment.

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.

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.

Leases

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; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- 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.

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.

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.

Impairment of intangible assets, property and equipment, right of use assets, and investment properties

At each balance sheet date, Triodos Bank assesses whether there is any indication that its intangible assets, property and equipment, right of use assets, or investment properties 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.

Other assets

Other assets are recognised initially at fair value and subsequently measured at amortised cost. For trade receivables a lifetime impairment provision is calculated in accordance with the simplified method.

Non-current assets held for sale

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 and a sale is considered highly probable.

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.

Provisions and contingent liabilities

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.

Tax

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in profit or loss or equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the asset will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting, nor taxable profit or loss. 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 offset where Triodos Bank has a legally enforceable right to offset, and where they relate to income taxes levied by the same taxation authority.

Deposits from banks and customers

Deposits from banks and customers are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Other liabilities

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.

Purchases of depository receipts for own shares

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 Dutch Central Bank, as supervisor, grants permission on the request of Triodos Bank on a yearly basis the maximum amount of own depository receipts that may be acquired for market making purposes. For 2021that maximum amount was determined at EUR 36.0million (2020: EUR 36.0million).

A decision to purchase own depository receipts may be made if the supply of existing depository receipts exceeds the demand for new depository receipts. For this, authority has been given to management by the Annual General Meeting.

Revaluation reserve

If revaluations have been recognised in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the income statement. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result.

Contingent liabilities and irrevocable facilities

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 income statement, and an ECL allowance.

The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

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 net yet accepted), similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

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.

Net interest income recognition

Interest income or expense on financial instruments is determined using the effective interest rate method. The effective interest rate allocates the interest income or 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.

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.

Fee and commission income

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer, in line with the requirements of IFRS 15. The arrangements are always contractual and the cost of providing the service is incurred as each service is performed. The price is usually fixed and always determinable. In note 24 Net fee and commission income the different fee and commission income categories are explained, including when income is recognised.

Investment income

Investment income includes the net result on investments in equity instruments designated at fair value through other comprehensive income. This income includes dividend income.

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in investment income based on the underlying classification of the equity investment.

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.

Net income from other financial instruments at FVTPL

Net income from other financial instruments at FVTPL includes the ineffective parts of applied hedge accounting, transactions results on foreign exchange forwards and net result on investments in debt instruments designated at fair value through profit and loss. The latter includes interest and dividend income.

Personal expenses

Pension schemes

Triodos Bank has a number of 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. For more information please go to note 27.

The Belgian Branch has a minimum yield requirement to their pension scheme which results in an actuarial provision which is determined on each reporting date. Changes to the actuarial provision are charged to the profit or loss. The increase in the provision due to the passage of time is recognised as interest expense.

Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Taxation on operating result

Taxes are calculated on the pre-tax result on the basis of the applicable profit tax rates taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) . Exempted profit items, deductible items, additions and differences between the balance sheet value and the fiscal value of particular assets and liabilities are taken into account.

Deferred tax items arising from differences between the balance sheet value and the fiscal value are valued at nominal value insofar these may be recovered through future profits (temporary differences).

Deferred tax assets arising from operating losses are reviewed at each reporting date. To the extent that future taxable profits do not exceed the tax losses recognised, an impairment loss is recognised.

Earnings per share

Earnings per share is calculated on the basis of the weighted average number of shares outstanding. In calculating the weighted average number of shares outstanding:

- Own shares held by Triodos Bank are deducted from the total number of shares in issue;
- The computation is based on monthly averages.

Cash flow statement

The cashflow 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 arise from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Segment reporting

The segments (branches and subsidiaries) are reported in a manner consistent with the internal reporting provided to the Executive Board. This board is responsible for allocating resources and assessing performance. All transactions between segments are eliminated as intercompany income and expenses in Group Functions. Segment assets, liabilities, income and results are measured based on our accounting policies. 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. The geographical analyses are based on the location of the office from which the transactions are originated.

Related parties

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. Transactions with related parties are disclosed in the note Related Parties (see page 217). The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Segregation of capital

Triodos Bank N.V. holds by its related parties Stichting Triodos Beleggersgiro and Triodos Nominees Ltd on behalf of their customers segregated from the assets and liabilities of the bank the following securities:

Amounts in thousands of euros	2021	2020
Triodos Fair Share Fund	331,457	313,125
Triodos Groenfonds N.V.	620,803	533,700
Triodos Sicav I	1,154,878	885,520
Triodos Sicav II	32,898	18,041
Triodos Impact Strategies N.V.	26,345	21,750
Triodos Impact Strategies II N.V.	71,982	64,325
Total as at 31 December	**2,238,363**	**1,836,461**

Triodos Impact Strategies N.V. holds on behalf of its sub-fund Triodos Multi Impact Fund as at 31 December 2021 EUR 6,807thousand (2020: 6,513 thousand) of securities Triodos Fair Share Fund and EUR 3,913thousand (2020: 3,956 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.

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:

	2021	2020
On demand deposit Dutch Central Bank	2,568,297	1,961,432
On demand deposit Belgian Central Bank	513,382	167,249
On demand deposit German Central Bank	244,245	183,657
On demand deposit Spanish Central Bank	506,584	224,358
On demand deposit United Kingdom Central Bank	445,464	419,467
Cash in ATM's	-	16
Interest receivable	-383	-392
Balance sheet value as at 31 December	**4,277,589**	**2,955,787**

2 Loans and advances to banks

	2021	2020
On demand deposits with banks	145,276	126,618
Deposits with banks	120,588	37,996
Interest receivable	-44	15
Allowance for ECL	-24	-18
Balance sheet value as at 31 December	**265,796**	**164,611**

Received cash collateral regarding forward currency contracts and interest rate swaps was presented as other assets but are reclassified to loans and advances to banks. The comparative figure in the amount of EUR 14,048 is adjusted accordingly.

An amount of EUR 118.2 million of the deposits is encumbered (2020: EUR 41.8 million). These are on demand deposits at Cecabank for the amount of EUR 1.0 million (2020: EUR 1.0 million), ING Bank EUR 13.0 million (2020: EUR 13.0 million), Banco Cooperativo EUR 1.5 million (2020: EUR 7.5 million), the Dutch Central Bank EUR 50.0 million (2020: EUR 0.0 million), Rabobank EUR 13.5 million (2020: EUR 7.1 million), ABN AMRO EUR 39.2 million (2020: EUR 12.6 million) and Mastercard 0.0 million (2019: EUR 0.6 million. A deposit of EUR 1.0 million (2020: EUR 1.0 million) is subordinated. 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:

	2021	2020
On demand	145,217	126,615
1 to 3 months	1,426	8,948
3 months to 1 year	-	15,000
1 to 5 years	119,153	14,048
Longer than 5 years	-	-
Balance sheet value as at 31 December	**265,796**	**164,611**

The balance sheet value of the loans and advances to banks as at 31 December can be broken down as follows:

	2021	2020
ABN AMRO Bank	60,998	13,592
Banco Cooperativo	2,551	8,595
Cecabank	4,289	4,000
DZ Bank	15,764	24,304
Euroclear Bank	1,542	2,248
ING Bank	35,420	57,681
National Westminster Bank (Natwest)	44,164	21,897
Rabobank	39,115	22,994
BNP Paribas	3,340	22
Royal Bank of Scotland	3,705	455
Dutch Central Bank	50,000	-
Other	4,908	8,823
Balance sheet value as at 31 December	**265,796**	**164,611**

3 Loans and advances to customers

Loans and advances to customers at amortised cost:

	2021			2020		
	Gross carrying amount	Allowance for ECL	Carrying amount	Gross carrying amount	Allowance for ECL	Carrying amount
Corporate loans	6,267,585	-45,366	6,222,219	5,987,800	-46,524	5,941,276
Mortgage lending	3,621,128	-1,078	3,620,050	2,739,930	-1,650	2,738,280
Municipality loans	138,628	-	138,628	332,713	-	332,713
Current accounts and credit cards	186,192	-2,536	183,656	122,593	-2,796	119,797
Fair value hedge accounting	-14,708	-	-14,708	5,286	-	5,286
Interest receivables	17,953	-	17,953	19,358	-	19,358
Balance sheet value as at 31 December	**10,216,778**	**-48,980**	**10,167,798**	**9,207,680**	**-50,970**	**9,156,710**

The Expected Credit Loss allowance (ECL) 2021 is 0.48% of the total loan portfolio gross carrying amount at 31 December 2021 (31 December 2020: 0.55%).

The annual incurred loss rate, which is the stage 3 impairment expense over the average loan book per 31 December 2021, is 0.06%(6 bps) (2020: 0.12% (12 bps)).

The movements of the ECL of Loans and Advances to customers is as follows:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 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
of which:				
- Effect of transition between stages	*851*	*-266*	*395*	*980*
- Macro-economic forward looking impact	*-3,916*	*-6,646*	*-*	*-10,562*
- Update ECL model	*778*	*-437*	*-*	*341*
- Individual loan or advance behaviour	*1,302*	*1,450*	*5,218*	*7,970*
Net portfolio growth	1,432	-168	-	1,264
Other transfers	-	-	-	-
Write-offs	-	-	-2,306	-2,306
Exchange rate differences	80	101	142	323
Balance at 31 December	**8,675**	**3,418**	**36,887**	**48,980**

The total ECL provision of EUR 51.0 million per 31 December 2020 decreased by EUR 2.0 million to EUR 49.0 million per 31 December 2021 due to a decrease in the Stage 2 provision of EUR 6.0 million which is partially offset by an increase in Stage 3 of EUR 3.4 million. The decrease in Stage 2 is mainly caused by the decrease of EUR 6.6 million due to more favourable macro-economic forward looking parameters compared to 2020. This is partly offset by an increase of EUR 1.5 million due to changes in individual loan or advance behaviour which includes, amongst others, changes in credit ratings and exposure. This has resulted in a net gain in the profit and loss account of EUR 7 (2020: a net loss of EUR 22,358).

In 2020, because of the COVID-19 pandemic, the economic circumstances resulted in a large increase in the ECL provision, mainly in Stages 1 and 2. This increase in ECL provision was expected to move to the Stage 3 ECL provision in 2021 once defaults due to the economic downturn would materialise. The Stage 3 ECL provision has shown an increase of EUR 3.4 million in 2021.

More detailed information regarding the allowance for ECL and the impairment gain/loss recognised in the profit and loss accounts can be found in the Risk Management chapter, section Credit risk, with quantitative information starting on page 268.

Loans and advances to customers classified by residual maturity:

	2021	2020
Payable on demand	186,558	132,435
1 to 3 months	520,850	615,256
3 months to 1 year	896,227	832,317
1 to 5 years	3,600,046	3,202,127
Longer than 5 years	4,964,117	4,374,575
Balance sheet value as at 31 December	**10,167,798**	**9,156,710**

A total amount of EUR 9.4 million (2020: EUR 16.9 million) of the loans and advances to customers is subordinated. Within the loans to local municipalities a total of EUR 65.0 million (2020: EUR 252.7 million) have a maximum original maturity of one year and one day.

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 313) for additional information.

4 Debt securities at amortised cost

	2021	2020
Dutch government bonds	69,667	69,983
Belgian government bonds	108,035	141,697
Spanish government bonds	51,733	63,209
United Kingdom government bonds	125,171	63,120
Other bonds	1,119,399	968,775
Interest receivable	8,738	9,434
Fair value hedge accounting	645	1,146
Allowance for ECL	-10	-63
Balance sheet value as at 31 December	**1,483,378**	**1,317,301**

Part of the value of securities is used as collateral for a possible debit balance, amounting to EUR 207.1 million at the Dutch Central Bank (2020: EUR 177.5 million).

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. Triodos Bank changed its risk management strategy by using portfolio fair value hedging. The remaining fair value hedge accounting movement will amortise over the remaining lifetime.

The movement in debt securities at amortised cost is as follows:

	2021	**2020**
Balance sheet value as at 1 January	1,317,301	1,034,291
Purchases	402,532	527,238
Repayments	-229,447	-225,689
Sale	-6,095	-
Amortisation difference between acquisition price and redemption value	-10,725	-10,752
Exchange rate results on foreign currencies	10,956	-7,435
Interest receivable movement	-696	211
Fair value hedge accounting movement	-501	-534
Net movement in allowance for ECL	53	-29
Balance sheet value as at 31 December	**1,483,378**	**1,317,301**

The increase in the debt securities are in the other bonds. 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.

Issuer	2021				
Public sector entities	**Listed**	**Non-listed**	**Maturity <1 year**	**Maturity >1 year**	**Of which Green bond**[1]
Belgium, government	108,035	-	81,427	26,608	-
Comunidad Autonoma de Madrid, Spain	116,960	-	35,597	81,363	14,368
Hessen, Germany	100,785	-	70,495	30,290	-
Region Wallonne, Belgium	51,054	20,000	20,000	51,054	-
The Netherlands, government	69,667	-	69,667	-	-
Kingdom of Spain, government	51,733	-	12,558	39,175	-
United Kingdom, government	125,171	-	22,589	102,582	-
European Investment Bank	68,618	-	-	68,618	-
Berlin, Germany	41,316	-	41,316	-	-
Autonomous Community of Basque Country, Spain	53,426	-	-	53,426	-
Instituto de Crédito Official (government guaranteed), Spain	16,171	-	-	16,171	-
Schleswig-Holstein, Germany	20,004	-	20,004	-	-
Xunta de Galicia, Spain	48,084	-	20,072	28,012	-
Niedersachsen, Germany	24,612	-	-	24,612	-
Junta de Castilla y Leon, Spain	23,700	-	1,021	22,679	-
Ayuntamiento de Madrid, Spain	15,509	-	15,509	-	-
Gemeinsame Deutsche Bundeslaender, Germany	21,475	-	21,475	-	-
Nordrhein-Westfalen, Germany	19,762	-	6,054	13,708	-
Region Ile de France	17,988	-	-	17,988	17,988
Rheinland-Pfalz, Germany	20,309	-	-	20,309	-
European Stability Mechanism, Luxembourg	20,279	-	-	20,279	-
Comunidad Autónoma de Andalucía, Spain	3,702	-	-	3,702	-
Nordic Investment Bank, Finland	17,386	-	-	17,386	-
Deutschsprachige Gemeinschaft Belgiens, Belgium	20,075	-	-	20,075	-
Brussels Region, Belgium	-	36,912	-	36,912	-
European Union, Belgium	5,114	-	-	5,114	-
Fonds régional bruxellois de refinancement des trésoreries communales, Belgium	-	10,008	10,008	-	-
Caisse d'Amortissement de la Dette Sociale, France	77,149	-	-	77,149	-
European Financial Stability Facility, Luxembourg	8,632	-	-	8,632	-

Issuer	2021				
Total public sector entities	**1,166,716**	**66,920**	**447,792**	**785,844**	**32,356**

[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.

Issuer	2021				
Non-public sector entities	**Listed**	**Non-listed**	**Maturity <1 year**	**Maturity >1 year**	**Of which Green bond[1]**
Adif Alta Velocidad, Spain	47,783	-	13,143	34,640	-
NRW Bank (government guaranteed), Germany	24,934	-	-	24,934	19,910
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	46,103	-	-	46,103	-
Unibail-Rodamco-Westfield, France	15,828	-	-	15,828	-
Landwirtschaftliche Rentenbank, Germany	12,226	-	-	12,226	-
Nationwide Building Society, United Kingdom	11,890	-	11,890	-	-
Anglian Water Services Financing Plc, United Kingdom	11,156	-	-	11,156	11,156
ABN AMRO Bank N.V., The Netherlands	10,499	-	10,499	-	10,499
Nederlandse Waterschapsbank, The Netherlands	23,524	-	-	23,524	-
Cofinimmo SA N.V., Belgium	4,999	-	-	4,999	4,999
Ethias Vie, Belgium	500	-	-	500	-
Network Rail Infra Finance Plc, United Kingdom	22,927	-	-	22,927	-
Aquafin N.V., Belgium	-	8,000	2,000	6,000	8,000
Total non-public sector entities	**232,369**	**8,000**	**37,532**	**202,837**	**54,564**

[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.

Issuer	2020				
Public sector entities	**Listed**	**Non-listed**	**Maturity <1 year**	**Maturity >1 year**	**Of which Green bond[1]**
Belgium, government	141,697	-	32,882	108,815	-
Comunidad Autonoma de Madrid, Spain	125,350	-	25,108	100,242	14,486
Hessen, Germany	86,319	-	-	86,319	-
Region Wallonne, Belgium	71,128	20,001	30,001	61,128	-
The Netherlands, government	69,983	-	-	69,983	-
Kingdom of Spain, government	63,209	-	10,038	53,171	-
United Kingdom, government	63,120	-	17,414	45,706	-
European Investment Bank	50,935	-	4,932	46,003	-
Berlin, Germany	41,607	-	-	41,607	-
Autonomous Community of Basque Country, Spain	41,495	-	-	41,495	-
Instituto de Crédito Official (government guaranteed), Spain	37,396	-	31,398	5,998	-
Schleswig-Holstein, Germany	30,080	-	10,004	20,076	-
Xunta de Galicia, Spain	28,027	-	-	28,027	-
Niedersachsen, Germany	24,711	-	-	24,711	-
Junta de Castilla y Leon, Spain	24,127	-	-	24,127	-
Ayuntamiento de Madrid, Spain	23,672	-	8,153	15,519	-
Gemeinsame Deutsche Bundeslaender, Germany	21,920	-	-	21,920	-
Nordrhein-Westfalen, Germany	20,019	-	-	20,019	-
Region Ile de France	17,986	-	-	17,986	17,986
Rheinland-Pfalz, Germany	15,116	-	-	15,116	-
Transport for London, United Kingdom	5,729	-	-	5,729	5,729
Comunidad Autónoma de Andalucía, Spain	3,729	-	-	3,729	-
Deutschsprachige Gemeinschaft Belgiens, Belgium	-	20,005	20,005	-	-
Brussels Region, Belgium	-	17,301	-	17,301	-
Fonds régional bruxellois de refinancement des trésoreries communales, Belgium	-	10,026	-	10,026	-
La Commanauté Francaise de Belgique, Belgium	-	10,000	-	10,000	-
Provincie Vlaams-Brabant, Belgium	-	6,000	6,000	-	-
Total public sector entities	**1,007,355**	**83,333**	**195,935**	**894,753**	**38,201**

[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.

Issuer	2020				
Non-public sector entities	**Listed**	**Non-listed**	**Maturity <1 year**	**Maturity >1 year**	**Of which Green bond[1]**
Adif Alta Velocidad, Spain	48,125	-	-	48,125	-
Coöperative Rabobank U.A., The Netherlands	24,996	-	24,996	-	24,996
NRW Bank (government guaranteed), Germany	24,939	-	-	24,939	19,891
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	21,820	-	-	21,820	-
Unibail-Rodamco-Westfield, France	15,941	-	-	15,941	-
Landwirtschaftliche Rentenbank, Germany	11,549	-	-	11,549	-
Nationwide Building Society, United Kingdom	11,171	-	-	11,171	-
Anglian Water Services Financing Plc, United Kingdom	10,522	-	-	10,522	10,522
ABN AMRO Bank N.V., The Netherlands	10,497	-	-	10,497	10,497
Bank Nederlandse Gemeenten (BNG), The Netherlands	6,037	-	6,037	-	-
Cofinimmo SA N.V., Belgium	4,999	-	-	4,999	4,999
Ethias Vie, Belgium	500	-	-	500	-
Société Régionale Wallonne du Transport (government guaranteed), Belgium	-	15,000	15,000	-	-
Aquafin N.V., Belgium	-	10,000	2,000	8,000	10,000
Total non-public sector entities	**191,096**	**25,000**	**48,033**	**168,063**	**80,905**

[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.

5 Investment securities

	2021	2020
Participating interests designated at fair value through OCI	30,143	26,673
Participating debt at mandatory fair value through profit and loss	5,463	4,461
Shares in Triodos investment funds	4,285	-
Shares S.W.I.F.T. SCRL	85	80
Balance sheet value as at 31 December	**39,976**	**31,214**

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 though OCI. The instruments classified as debt, being the participating debt, are mandatorily designated to be accounted for at fair value through profit and loss.

The value of these interests is based on the published share price. In absence of a public share price or if such a public share price is established in a non active stock exchange market (low trading activity) Triodos Bank estimates the fair value through the net asset value.

The other participating interests can be broken down as follows:

	2021		2020	
	Participating interest	Amount in thousands of EUR	Participating interest	Amount in thousands of EUR
Participating interests at fair value through OCI				
Amalgamated Bank, New York[1]	2.3%	10,703	2.3%	8,156
Merkur Bank KGaA, Copenhagen[1]	6.1%	3,203	6.2%	3,150
Cultura Bank Sparebank, Oslo[1]	1.2%	100	1.2%	95
GLS Gemeinschaftsbank eG, Bochum[1]	1.6%	10,050	1.8%	10,050
Banca Popolare Etica Scpa, Padova[1]	0.1%	133	0.2%	133
Ekobanken Medlemsbank, Järna[1]	0.6%	52	0.6%	52
Social Enterprise Finance Australia Limited, Sydney	4.5%	1	4.5%	1
Bpifrance Financement S.A., Maisons-Alfort.	0.0%	156	0.0%	140
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague[1]	2.0%	760	2.0%	702
Thrive Renewables Plc, Bristol	6.0%	3,465	5.8%	3,275
Transactie Monitoring Nederland B.V., Purmerend	3.0%	780	3.0%	210
La Société d'Investissement France Active (SIFA), Montreuil	0.1%	295	0.1%	300
Visa Inc, San Francisco[1]	0.0%	345	0.0%	309
La Bolsa Social, plataforma de financiación participativa, S.A., Madrid	4.7%	100	6.0%	100
Balance sheet value as at 31 December		**30,143**		**26,673**
Participating debt at fair value through profit and loss				
Sustainability – Finance – Real Economies SICAV-SIF public limited liability company, Luxembourg	12.8%	5,112	12.8%	4,150
Visa Inc, San Francisco[1]	0.0%	351	0.0%	311
Balance sheet value as at 31 December		**5,463**		**4,461**

[1] Credit institution

The movement of the participating interest at fair value through OCI is as follows:

	2021	2020
Balance sheet value as at 1 January	26,673	19,542
Acquisitions	-	210
Increase of capital	691	12,099
Revaluation	1,801	-4,138
Repayment of capital	-	-
Divestments	-	-
Conversion[1]	-	-292
Exchange rate results on foreign currencies	978	-748
Balance sheet value as at 31 December	**30,143**	**26,673**

[1] In 2020, a portion of the shares held in Visa were converted and were therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

The movement of the participating debt at fair value through profit and loss is as follows:

	2021	2020
Balance sheet value as at 1 January	4,461	4,737
Acquisitions	-	-
Increase of capital	16	-
Revaluation	654	-208
Repayment of capital	-	-
Divestments	-	-
Conversion[1]	-	292
Exchange rate results on foreign currencies	332	-360
Balance sheet value as at 31 December	**5,463**	**4,461**

[1] In 2020, a portion of the shares held in Visa were converted and were therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

When a new fund is originated, Triodos Investment Management posts, if needed, seed capital to get the fund started. Depending on de 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 posted. The investment classifies as an associate and is accounted for using the equity method.

The movement of Shares in Triodos investment funds is as follows:

	2021	2020
Balance sheet value as at 1 January	-	-
Purchase	4,320	-
Revaluation	-35	-
Sales	-	-
Balance sheet value as at 31 December	**4,285**	**-**

The shares in S.W.I.F.T. SCRL are held in the framework of the Bank's participation in S.W.I.F.T. payment transactions.

	2021	2020
Balance sheet value as at 1 January	80	20
Purchase	-	60
Revaluation	5	-
Sales	-	-
Balance sheet value as at 31 December	**85**	**80**

6 Intangible assets

	2021	2020
Development costs for information systems	46,104	43,274
Management contracts	957	1,159
Computer software	1,243	1,330
Balance sheet value as at 31 December	**48,304**	**45,763**

The development costs for information systems

The development costs for information systems contain costs for internally developed intangible assets related to the Bank’s ICT systems in The Netherlands, Spain and Germany.

The movement in the development costs for the information systems item is as follows:

	2021	2020
Purchase value as at 1 January	69,830	70,628
Cumulative amortisation as at 1 January	-26,556	-32,416
Balance sheet value as at 1 January	**43,274**	**38,212**
Internal development	13,889	14,732
Acquisitions	-	-
Amortisation	-10,829	-9,577
Impairments	-318	-
Exchange rate results on foreign currencies	88	-93
Balance sheet value as at 31 December	**46,104**	**43,274**
Purchase value as at 31 December	81,816	69,830
Cumulative amortisation as at 31 December	-35,712	-26,556
Balance sheet value as at 31 December	**46,104**	**43,274**

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:

	2021	2020
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-2,871	-2,670
Balance sheet value as at 1 January	**1,159**	**1,360**
Amortisation	-202	-201
Balance sheet value as at 31 December	**957**	**1,159**
Purchase value as at 31 December	4,030	4,030
Cumulative amortisation as at 31 December	-3,073	-2,871
Balance sheet value as at 31 December	**957**	**1,159**

Computer software

Computer software relate to software that has been purchased. The movement in computer software is as follows:

	2021	2020
Purchase value as at 1 January	3,903	4,573
Cumulative amortisation as at 1 January	-2,573	-2,602
Balance sheet value as at 1 January	**1,330**	**1,971**
Internal development	-	-
Acquisitions	583	245
Amortisation	-656	-882
Impairment	-15	-
Exchange rate results on foreign currencies	1	-4
Balance sheet value as at 31 December	**1,243**	**1,330**
Purchase value as at 31 December	4,088	3,903
Cumulative amortisation as at 31 December	-2,845	-2,573
Balance sheet value as at 31 December	**1,243**	**1,330**

7 Property and equipment

	2021	2020
Property for own use	71,516	72,537
Equipment	23,148	28,953
Balance sheet value as at 31 December	**94,664**	**101,490**

The movement in the property for own use is as follows:

	2021	2020
Purchase value as at 1 January	79,196	95,495
Cumulative revaluation as at 1 January	-1,596	-1,596
Cumulative depreciation as at 1 January	-5,063	-7,749
Balance sheet as at 1 January	**72,537**	**86,150**
Purchases	212	152
Depreciation	-1,998	-2,322
Revaluation	-	-
Impairment	-	-4,971
Transfer to held for sale	-	-5,764
Exchange rate differences	765	-708
Balance sheet value as at 31 December	**71,516**	**72,537**
Purchase value as at 31 December	80,297	79,196
Cumulative revaluation as at 31 December	-1,596	-1,596
Cumulative depreciation as at 31 December	-7,185	-5,063
Balance sheet value as at 31 December	**71,516**	**72,537**

The Executive Board of Triodos Bank decided in December 2020 to sell the buildings located at the Nieuweroordweg 1 and Utrechtseweg 60 in Zeist and related to Triodos Head Office. The decision to sell the buildings was made in December 2020 as a consequence of the new way of working within Triodos Bank during 2020 resulting from the COVID-19 pandemic. This way of working entails a combination of working from home and working from the office. Triodos Bank believes that this is a more efficient way of working. Furthermore, it is in line with the Triodos Bank values of lowering the carbon footprint which will be continued after the COVID-19 pandemic.

This decision triggered an impairment in 2020 because the carrying value of the buildings will no longer be recovered through its continuing use, but through the sale of the property. An impairment loss of EUR 5.1 million for property and equipment related to Triodos Head Offices combined is recorded in 2020 in the profit and loss account. The impairment is recognised to adjust the carrying value to the fair value less cost of disposal.

At the end of 2021 an agreement to sell has been signed with a buyer. The book value represents the sales price less cost to sell and continues to be classified as held for sale, refer to note 12 Non-current Assets Held for Sale (see page 190). The transaction is expected to be finalised in the first half year of 2022.

The movement in equipment is as follows:

	2021	2020
Purchase value as at 1 January	56,736	60,460
Cumulative depreciation as at 1 January	-27,783	-25,914
Balance sheet value as at 1 January	**28,953**	**34,546**
Purchase	2,129	2,856
Sale	-113	-1,226
Depreciation	-6,551	-6,954
Impairment	-1,378	-83
Transfer to held for sale	-	-97
Exchange rate differences	108	-89
Balance sheet value as at 31 December	**23,148**	**28,953**
Purchase value as at 31 December	57,930	56,736
Cumulative depreciation as at 31 December	-34,782	-27,783
Balance sheet value as at 31 December	**23,148**	**28,953**

Fully depreciated equipment with a total purchase value of EUR 1.4 million (2020: EUR 4.1 million) has been disposed of.

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:

	2021	2020
Acquisition value as at 1 January	12,788	12,630
Cumulative depreciation as at 1 January	-1,874	-1,618
Balance sheet as at 1 January	**10,914**	**11,012**
New foreclosed assets	-	158
Sales	-1,874	-
Depreciation	-239	-234
Impairments	-896	-22
Balance sheet value as at 31 December	**7,905**	**10,914**
Purchase value as at 31 December	10,463	12,788
Cumulative depreciation as at 31 December	-2,558	-1,874
Balance sheet value as at 31 December	**7,905**	**10,914**

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 and loss account.

	2021	2020
Rental income	183	181
Operating expenses	-499	-46
Total result on investment properties	**-316**	**135**

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

	2021				2020			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Balance at 1 January	17,538	1,360	448	**19,346**	19,357	1,656	342	**21,355**
Depreciation	-2,537	-748	-67	**-3,352**	-2,541	-687	-68	**-3,296**
Additions	173	736	-	**909**	859	433	174	**1,466**
Exchange rate difference	93	-	-	**93**	-119	-	-	**-119**
Disposals	-172	-90	-	**-262**	-18	-42	-	**-60**
Balance at 31 December	**15,095**	**1,258**	**381**	**16,734**	**17,538**	**1,360**	**448**	**19,346**

Lease liabilities

	2021				2020			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Current	2,381	891	72	**3,344**	1,912	463	72	**2,447**
Non-current	13,397	369	315	**14,081**	16,207	929	380	**17,516**
Balance sheet value at 31 December	**15,778**	**1,260**	**387**	**17,425**	**18,119**	**1,392**	**452**	**19,963**

	2021				2020			
Maturity analysis – contractual undiscounted cash flows	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,772	630	72	**3,474**	2,418	397	72	**2,887**
One to five years	7,351	670	211	**8,232**	8,042	1,041	242	**9,325**
More than five years	9,843	-	134	**9,977**	12,082	-	144	**12,226**
Undiscounted lease liabilities at 31 December	**19,966**	**1,300**	**417**	**21,683**	**22,542**	**1,438**	**458**	**24,438**

Amounts recognised in profit or loss

	2021	2020
Interest on lease liabilities	408	216
Expenses of short-term leases	46	61
Expenses of low-value assets	5	212
Sub-lease income	48	48

Amounts recognised in the statement of cash flows

	2021	2020
Total cash outflow for leases	3,675	3,578

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 5.000 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 these leases.

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 313) 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:

Non-trading derivative assets

	Notional amount				Fair value
2021	**Total**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	
Currency contracts:					
OTC:					
Forwards	5,277	-	5,277	-	554
Non deliverable forwards	4,453	2,969	1,484	-	1,113
Swap	-	-	-	-	-
Other OTC 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:			*-0.40%*	*0.16%*	

	Notional amount				Fair value
2020	**Total**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	
Currency contracts:					
OTC:					
Forwards	4,908	-	4,908	-	176
Non deliverable forwards	9,191	5,013	4,178	-	1,595
Swap	-	-	-	-	-
Other OTC contracts:					
Interest rate swaps (hedge accounting only)	70,000	-	-	70,000	24
Total derivatives	**84,099**	**5,013**	**9,086**	**70,000**	**1,795**
Average IRS rates:				*-0.02%*	

Triodos Bank applies macro fair value hedge accounting, in which the interest rate swaps (also named IRS) are the hedging instruments. Triodos Bank only enters into these contract for the purpose of hedging the interest rate risk, no derivatives are used for trading purposes. In 2021 Triodos Bank entered into additional interest rate swaps to further mitigate the interest rate risk. See page 295 for further information on interest rate risk for Triodos Bank.

Triodos Bank entered into currency contracts with Triodos Investment Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position are almost the same. In 2017 Triodos Bank stopped entering into new currency contract with Triodos Investment Management because of new regulation.

Non-trading derivative liabilities

	Notional amount				Fair value
2021	**Total**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	
Currency contracts:					
OTC:					
Forwards	226,720	221,443	5,277	-	3,113
Non deliverable forwards	4,453	2,969	1,484	-	1,077
Swap	-	-	-	-	-
Other OTC 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:		*0.12%*	*0.46%*	*0.47%*	

	Notional amount				Fair value
2020	**Total**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	
Currency contracts:					
OTC:					
Forwards	206,008	201,100	4,908	-	2,584
Non deliverable forwards	9,191	5,013	4,178	-	1,524
Swap	-	-	-	-	-
Other OTC contracts:					
Interest rate swaps (hedge accounting only)	295,175	24,975	187,500	82,700	6,344
Total derivatives	**510,374**	**231,088**	**196,586**	**82,700**	**10,452**
Average IRS rates:		*-0.12%*	*0.24%*	*0.18%*	

The forward currency contracts relates mainly to GPB contracts that Triodos Bank entered for a notional amount of EUR 221.4million (2020: EUR 201.1million) for hedging the currency risk of the UK subsidiary equity participation of Triodos Bank. The other currency contracts relates to contracts that Triodos Bank entered into with Triodos Investment Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position of these contracts are almost the same.

11 Other assets

The balance sheet value of the other assets as at 31 December can be broken down as follows:

	2021	2020
Receivable regarding the deposit guarantee scheme	2,700	3,916
Other prepayments and accrued income	35,558	22,702
Other	17,226	21,953
Allowance for ECL	-1,119	-705
Balance sheet value as at 31 December	**54,365**	**47,866**

Received cash collateral regarding forward currency contracts and interest rate swaps was presented as other assets but are reclassified to loans and advances to banks. The comparative figure in the amount of EUR 14,048 is adjusted accordingly.

The main reason for the increase in other prepayments and accrued income is the received cash collateral for rents in Spain.

The other assets fall due within one year for an amount of EUR 46,201 (2020: EUR 40,368).

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:

	2021	2020
Repossessed assets	6,544	10,343
Own property held for sale	6,135	5,860
Shares in investment funds held for sale	-	2,769
Balance sheet value as at 31 December	**12,679**	**18,972**

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.

Triodos Investment Management has provided seed capital to a new investment fund in November 2020 to improve the product offering and with the intention to exit within a year. The exit was realised, as intended, in November 2021.

The disclosure regarding the addition to the assets held for sale as required by IFRS 5 is included in note 7, Property and Equipment, on page 182 of the financial statements. The increase in bookvalue can be explained by the revaluation based on the sale agreement in 2021.

	2021	2020
Cumulative impairments on assets held for sale	-762	-594
Total for the year	**-762**	**-594**

Equity and liabilities

13 Deposits from banks

	2021	2020
Deposits from banks	73,920	66,965
Deposits from Central Banks (TLTRO)	1,550,000	750,000
Interest payable	-15,614	-1,825
Balance sheet value as at 31 December	**1,608,306**	**815,140**

The deposits from banks concerns credits held by Kreditanstalt für Wiederaufbau, Germany and Landwirtschaftliche Rentenbanken, Germany for interest-subsidised loans in the renewable energy sector.

Triodos Bank entered into TLTROIII (hereafter 'TLTRO') funding with the ECB, with an early repayment option on 23 June 2022. The interest rate on the TLTRO depends on the lending volumes granted to corporates (excluding financial institutions) and households (excluding mortgages).

The interest rate applied on all TLTRO operations outstanding will be 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 are met. The lending condition is met if Triodos Bank shows growth in its lending volumes equal to or above 0% in two periods. The period is between 1 March 2020 and 31 March 2021 and the second period between 1 October 2020 and 31 December 2021. Triodos Bank met the conditions in both periods. The interest rate for the first period is applied between 24 June 2020 and 23 June 2021 and for the second period between 24 June 2021 and 23 June 2022. In subsequent years the interest will be between the Deposit Facility and Main Refinancing Operations interest rates, depending to what lending growth conditions Triodos Bank meets within the TLTRO program.

Deposits from banks classified by residual maturity:

	2021	2020
Payable on demand	13,460	87
1 to 3 months	2,815	-
3 months to 1 year	1,536,708	753,067
1 to 5 years	14,513	13,378
Longer than 5 years	40,810	48,608
Balance sheet value as at 31 December	**1,608,306**	**815,140**

14 Deposits from customers

	2021	2020
Business clients:		
Saving accounts	1,531,093	1,713,276
Fixed term deposits	118,650	141,267
Current accounts	2,689,536	2,319,295
Retail clients:		
Saving accounts	6,355,907	5,446,909
Fixed term deposits	465,352	489,134
Current accounts	2,122,142	1,632,788
Interest payable	2,392	4,538
Balance sheet value as at 31 December	**13,285,072**	**11,747,207**

Deposits from customers classified by residual maturity:

	2021			2020		
	Business clients	Retail clients	Total	Business clients	Retail clients	Total
Payable on demand	4,110,531	8,350,259	**12,460,790**	3,897,412	6,838,246	**10,735,658**
1 to 3 months	158,604	196,850	**355,454**	193,933	300,844	**494,777**
3 months to 1 year	40,706	239,228	**279,934**	37,005	241,029	**278,034**
1 to 5 years	26,240	128,881	**155,121**	41,743	162,358	**204,101**
Longer than 5 years	3,980	29,793	**33,773**	5,180	29,457	**34,637**
	4,340,061	**8,945,011**	**13,285,072**	**4,175,273**	**7,571,934**	**11,747,207**

15 Other liabilities

The balance sheet value of the other liabilities as at 31 December can be broken down as follows:

	2021	2020
Other liabilities	17,084	17,830
Other accruals and deferred income	38,640	37,964
Balance sheet value as at 31 December	**55,724**	**55,794**

The other liabilities fall due within one year for an amount of EUR 55,499 (2020: EUR 54,413).

16 Debt issued and other borrowed funds

	2021	2020
Subordinated Tier 2 instruments:		
Subordinated Green Bond (institutional investors)	247,930	-
Subordinated Bond (retail investors)	6,769	6,359
Interest payable	916	9
Balance sheet value as at 31 December	**255,615**	**6,368**

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:

	2021	2020
Balance sheet value as at 1 January	-	-
Issuance	247,868	-
Amortisation	62	-
Interest payable	866	-
Balance sheet value as at 31 December	**248,796**	**-**

The 10-year Triodos Bank UK Ltd. bond 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:

	2021	**2020**
Balance sheet value as at 1 January	6,368	-
Issuance	-	6,359
Amortisation	-	-
Interest payable	50	9
Exchange rate difference	401	-
Balance sheet value as at 31 December	**6,819**	**6,368**

17 Provisions

	2021	**2020**
ECL on financial guarantee contracts issued	21	14
ECL on loan commitments issued	1,395	2,233
Other provisions	4,368	2,137
Balance sheet value as at 31 December	**5,784**	**4,384**

In 2019 a managed investment fund sold an investment, for which a management fee was received. The sale has been marked, in retrospect, for a fiscal claim and therefore part of the management fee might need to be repaid in the amount of EUR 2.3 million, for which a provision was formed. Further provisions have been formed regarding employee benefits and claims.

An amount of EUR 3.2 million (2020: EUR 4.1million) can be classified as shorter than one year.

The movement of the other provisions is as follows:

	2021	**2020**
Balance sheet value as at 1 January	2,137	4,782
Addition	3,308	1,179
Withdrawal	-282	-1,952
Release	-810	-1,850
Exchange rate differences	15	-22
Balance sheet value as at 31 December	**4,368**	**2,137**

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 (2020: 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 (2020: 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 internet site of Triodos Bank.

The movement of the number of shares is as follows:

	2021	2020
Number of shares as at 1 January	14,467,056	14,401,765
Increase of share capital	-	65,291
Stock dividend	-	-
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.

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 revaluation 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:

	2021	2020
Development costs	46,431	43,806
Balance sheet value as at 31 December	**46,431**	**43,806**

The following table shows the movement in the other reserve related to the in-house developed intangibles assets.

	2021	2020
Balance sheet value as at 1 January	43,806	38,914
Transfer of other reserve	2,625	4,892
Balance sheet value as at 31 December	**46,431**	**43,806**

Retained earnings

The movement in other reserves includes purchasing of own depository receipts. At year-end 2021, Triodos Bank had purchased 250,634 own depository receipts amounting to EUR 21,556 million (2020: 237,975 own depository receipts amounting to EUR 20,656).

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 and 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 proposed appropriation of profit is based on the number of depository receipts issued as at 31 December 2021, 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:

	2021
Net profit	50,759
Addition to the retained earnings	-25,169
Dividend (EUR 1.80 per depository receipt)	**25,590**

For the year result of 2021 Triodos Bank proposes a dividend of EUR 1.80 per share, equivalent to a 50% pay-out ratio (the percentage of total profit distributed as dividends).

Off-balance sheet liabilities

19 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.

	2021	2020
Credit substitute guarantees	37,712	41,009
Non-credit substitute guarantees	34,332	32,095
Total contingent liabilities	**72,044**	**73,104**

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 repayment of two large loans which were guaranteed by Triodos Bank.

20 Irrevocable facilities

These relate to the total liabilities in respect of irrevocable undertakings, which may lead to a further loan.

	2021	2020
Undrawn debit limits on current accounts and credit cards	387,188	385,280
Accepted loans not yet paid out	1,142,696	1,442,923
Valid loan offers not yet accepted	128,257	107,634
Other facilities	454,983	496
Total irrevocable facilities	**2,113,124**	**1,936,333**

The increase of the irrevocable facilities is mainly due to the increase in mortgage loan offers issued and outstanding construction morgage accounts.

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 is 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 (2020: EUR 8,166 million) and in the United Kingdom EUR 1,335 million (GBP 1,123 million, 2020: EUR 1,099 million or GBP 985 million). In 2016 the annually 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 amount to EUR 15.7 million in 2021 (2020: EUR 12.2 million).

Commitments for software use

in thousands of EUR

The following commitments have been entered for software use:
- For a period of at least 1 year a fixed annual payment of EUR 171 regarding a mortgage tool.
- For a period of at least 1 year a fix annual payment of EUR 145 regarding a customer due diligence application.
- For a period of at least 1 year a variable annual charge of approximately EUR 778 regarding the use of a banking system.
- For a period of at least 3 years a fixed annual payment of EUR 497 regarding a regulatory reporting tool.
- For a period of at least 1 year a variable annual charge of approximately EUR 78regarding an application and database server.
- For a period of at least 1 year a variable annual charge of approximately EUR 61 regarding the support of a customer engagement tool.
- For a period of at least 4 years a variable annual charge of approximately EUR 2,400 regarding the use of a banking system.
- For a period of at least 2 years a variable annual charge of approximately EUR 68 regarding the use of an asset management tool.

Other Commitments

in thousands of EUR

The following commitments have been entered:

- Services relating managing of mortgages for a period of at least 1 year with an annual charge of EUR 2,826
- Services relating payment transactions for a period of at least 2 years with a variable annual charge of approximately EUR 4,500.
- Services relating payment transactions for a period of at least 1 year with a variable annual charge of approximately EUR 90.
- Services relating payment transactions for a period of at least 1 year with a variable annual charge of approximately EUR 126.
- Services relating private banking for a period of at least 1 year with a variable annual charge of approximately EUR 739.
- Services relating payment transactions for a period of at least 2 years with an annual charge of approximately EUR 41.
- Services relating payment transactions for a period of at least 1 years with an annual charge of approximately EUR 379.
- Services relating clearing and payment transactions for a period of at least 1 year with an annual charge of EUR 633.
- Services relating protection of payment systems for a period of at least 0.5 years with a variable annual charge of approximately EUR 570.
- Services relating to credit checks / business information searches with an estimated annual charge of EUR 331.
- Services relating to provision of debit cards with an estimated annual charge of EUR 472.
- Services relating maintenance of building equipment for a period of at least 1 year with an annual charge of EUR 93.
- Security services with an annual charge of EUR 58.
- Services relating providing temporary co-workers for the customer due diligence teams for a period of at least 3 months with an variable annual charge of approximately EUR 2,731.
- Services relating providing temporary co-workers for the customer contact centre for a period of at least 3 months with an variable annual charge of approximately EUR 1,487.
- Audit services for at least a period of 2 years with a variable annual charge of approximately EUR 2,500.

Notes to the consolidated income statement

Income

21 Interest income

	2021	2020
Loans and advances to customers	212,530	202,201
Loans and advances to banks	341	811
Debt securities	10,597	12,043
Negative interest expense on TLTRO III	13,703	1,911
Negative interest expense deposits from customers	6,441	3,964
Other interest income	2,708	91
Total interest income	**246,320**	**221,021**

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 includes transaction result of EUR -236.0 thousand (2020: nil).

The negative interest expense on TLTRO III relates to the negative interest on the funding received from the ECB under Deposits from banks (refer to note 13 on page 192).

The negative interest expense other relates to the negative interest received on Deposits from customers (refer to note 14 on page 193).

Other interest income mainly relates to a one-off interest amount receivable on estimated amounts to be paid out under the Deposit Guarantee Scheme.

22 Interest expense

	2021	2020
Deposits from customers	-5,674	-10,506
Subordinated liabilities	-1,194	-9
Deposits from banks	-663	-1,062
Negative interest income banks	-13,598	-7,599
Negative interest income debt securities	-1,009	-646
Negative interest income other	-37	-973
Other interest expense	-2,675	-2,073
Total interest expense	**-24,850**	**-22,868**
Net interest income	**221,470**	**198,153**

The interest expense on Deposits from customers has decreased, as interest on saving accounts decreased to 0% or became negative, see interest income disclosure.

Negative interest income banks mainly relates to negative interest paid on cash at central banks. The increase is caused by the additional cash received from TLTRO III funding not yet utilised for lending activities. Net interest income on TLTRO III, after deduction of negative interest paid the aforementioned cash received regarding TLTRO III, amounted to EUR 6.9 million.

In the other interest expense a total of EUR 1.3 million (2020: EUR 1.8 million) was included for the interest on currency forward contracts.

23 Investment income

	2021	2020
Dividend from investment securities	310	449
Investment income	**310**	**449**

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 14.0 million (2020: EUR 13.6 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.

Triodos Bank doesn't have any contract assets or liabilities outstanding on balance sheet date.

For the year ended 31 December							Reportable	
	Bank Netherlands		Bank Belgium		Bank United Kingdom		Bank Spain	
	2021	2020	2021	2020	2021	2020	2021	2020
Transaction fee securities	**1,318**	2,159	**-**	-	**-**	-	**1**	51
Payment transactions	**30,506**	26,789	**105**	90	**175**	153	**3,309**	3,201
Lending	**5,037**	4,132	**2,340**	3,750	**1,837**	1,552	**2,629**	2,676
Asset Management	**6,290**	4,663	**2,745**	2,061	**-**	-	**-**	-
Management fees	**-**	-	**3,266**	2,347	**615**	525	**269**	215
Other commission income	**-**	-	**1**	-	**2,297**	1,345	**3,581**	3,723
Total fee and commission income from contracts with customers	**43,151**	**37,743**	**8,457**	**8,248**	**4,924**	**3,575**	**9,789**	**9,866**
Financial guarantee contracts and loan commitments	**73**	77	**-**	-	**-**	-	**383**	358
Total fee and commission income	**43,224**	**37,820**	**8,457**	**8,248**	**4,924**	**3,575**	**10,172**	**10,224**
Commission to agents	**-**	-	**-289**	-121	**-**	-	**-6**	-2
Asset Management	**-916**	-614	**-**	-	**-**	-	**-**	-
Other commission expense	**-**	-	**-651**	-428	**-1,774**	-56	**-2,450**	-1,691
Total Fee and commission expense	**-916**	**-614**	**-940**	**-549**	**-1,774**	**-56**	**-2,456**	**-1,693**
Net fee and commission income	**42,308**	**37,206**	**7,517**	**7,699**	**3,150**	**3,519**	**7,716**	**8,531**

e segments

Bank Germany		Total banking activities		Investment Management		Other		Total	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
-	-	**1,319**	2,210	**-**	-	**-**	-	**1,319**	2,210
2,007	1,681	**36,102**	31,914	**-**	-	**-**	-	**36,102**	31,914
1,302	917	**13,145**	13,027	**-**	-	**-**	-	**13,145**	13,027
-	-	**9,035**	6,724	**-**	-	**-**	-	**9,035**	6,724
-	-	**4,150**	3,087	**54,383**	49,464	**1,482**	1,387	**60,015**	53,938
764	710	**6,643**	5,778	**-**	-	**4**	2	**6,647**	5,780
4,073	**3,308**	**70,394**	**62,740**	**54,383**	**49,464**	**1,486**	**1,389**	**126,263**	**113,593**
393	163	**849**	598	**-**	-	**-**	-	**849**	598
4,466	**3,471**	**71,243**	**63,338**	**54,383**	**49,464**	**1,486**	**1,389**	**127,112**	**114,191**
-	-	**-295**	-123	**-**	-	**-**	-	**-295**	-123
-	-	**-916**	-614	**-3,654**	-3,907	**-**	-	**-4,570**	-4,521
-1,259	-1,192	**-6,134**	-3,367	**-65**	-55	**-**	-	**-6,199**	-3,422
-1,259	**-1,192**	**-7,345**	**-4,104**	**-3,719**	**-3,962**	**-**	**-**	**-11,064**	**-8,066**
3,207	**2,279**	**63,898**	**59,234**	**50,664**	**45,502**	**1,486**	**1,389**	**116,048**	**106,125**

Performance obligations and income recognition policies

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 of 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

	2021	2020
Net result on investment debt mandatorily at fair value through profit and loss:	2,003	-361
Net result from other financial instruments at FVTPL	**2,003**	**-361**

26 Other income

	2021	2020
Exchange results for foreign currency transactions	-44	35
Transaction results on currency forward contracts	23	56
Realized results assets not in use[1]	1,225	-
Income assets not in use[1]	183	181
Hedge accounting ineffectiveness	34	111
Modification result[2]	27	-
Other income	652	350
Total other income	**2,100**	**733**

[1] Assets not in use relates to acquired collateral on written off loans.
[2] Modification result will be shown in Other income as of 2021, refer to section 29 Impairment losses on financial instruments for the modification result in 2020.

The other income relates to fees for other services performed and results from asset disposals.

Expenses

27 Personnel and other administrative expenses

	2021	2020
Personnel expenses		
• salary expenses	98,065	89,097
• pension expenses	13,143	11,893
• social security expenses	16,790	15,362
• temporary co-workers	24,023	18,610
• other staff costs	7,579	7,655
• capitalised co-worker costs	-9,670	-7,981
Total personnel expenses	**149,930**	**134,636**
Average number FTE's during the year	**1,532.7**	**1,408.7**

	2021	2020
Other administrative expenses		
• IT costs	19,398	16,965
• external administration costs	11,641	11,028
• fees for advice	15,721	7,470
• advertising charges	8,947	6,435
• office costs	6,170	5,686
• accommodation expenses	5,283	5,525
• fees for independent auditor	2,439	2,663
• travel and lodging expenses	931	1,180
• other expenses	7,809	8,471
Other operating administrative expenses	**78,339**	**65,423**
Regulatory expenses	20,455	16,649
Total other administrative expenses	**98,794**	**82,072**
Operating expenses/total income	**80%**	**80%**
Operating expenses excluding regulatory expenses/total income	**75%**	**75%**

Pension expenses

	2021	2020
Pension expenses, defined contribution schemes	13,143	11,893
Pension expenses, defined benefit pension schemes	-	-
Total pension expenses	**13,143**	**11,893**

The pension expenses for the defined contribution schemes and the defined benefit pension schemes are based on the contributions owed for the financial year.

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 112,189.

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 42% 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 3.3% of the salary and the employer's contribution is 6.7%. 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 column Other PwC network specifies the fees that were invoiced by PwC units with the exception of PwC Accountants NV.

2021	PWC Accountants N.V.	Other PwC network	Total PwC network
Audit of the financial statements	1,610	592	2,202
Other audit-related engagements	120	117	237
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**1,730**	**709**	**2,439**

2020	PWC Accountants N.V.	Other PwC network	Total PwC network
Audit of the financial statements	1,525	609	2,134
Other audit-related engagements	390	255	645
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	**1,915**	**864**	**2,779**

The decrease of the audit fees is a result of completing the implementation of IFRS EU during 2020. These costs were non-recurring for 2021 and future years.

Our independent auditor, PwC Accountants N.V., has rendered, for the period to which our statutory audit 2021relates, 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 Green bond issue
- Agreed upon procedures on total assets reported to the ECB
- Review engagement on the interim condensed consolidated financial statements as of and for the six month period ended 30 June 2021

Regulatory expenses

The regulatory expenses can be broken down as follows:

	2021	2020
Bank tax	3,557	3,273
Depository Guarantee Scheme	15,721	12,196
Single resolution fund	1,177	1,180
Total regulatory expenses	**20,455**	**16,649**

28 Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

	2021	2020
Amortisation of intangible fixed assets	11,687	10,646
Impairment of intangible fixed assets	333	-
Amortisation & impairment charge for the year	**12,020**	**10,646**
Depreciation of property and equipment	12,140	12,812
Impairment of property and equipment	2,318	5,244
Depreciation & impairment charge for the year	**14,458**	**18,056**

Depreciation & impairment charge has decreased, due to an one-off item in 2020. The impairment in 2020 related to the sale of the office buildings located at the Nieuweroordweg 1 and Utrechtseweg 60 in Zeist, where Triodos Head Office was located.

29 Impairment result on financial instruments

	2021	2020
Allowance for expected credit loss	-500	23,915
Modification result[1]	-	7
Other impairments financial instruments	80	291
Impairment result on financial instruments for the year	**-420**	**24,213**

[1] Modification result will be shown in Other income as of 2021, refer to section 26 Other income

30 Taxation on operating result

Total taxation expense

	2021	2020
Taxation to be paid	**13,836**	**10,583**
Origination and reversal of temporary differences	2,402	-3,101
Changes in tax rates	152	791
Deferred taxation	**2,554**	**-2,310**
Total taxation expense	**16,390**	**8,273**

Current tax receivable and payable

	2021	2020
Corporate tax receivable	1,364	1,388
Other tax receivable	366	376
Current tax receivable	**1,730**	**1,764**

	2021	2020
Corporate tax payable	5,740	5,283
Other tax payable	7,132	11,257
Current tax payble	**12,872**	**16,540**

Amounts recognised in OCI

	2021			2020		
	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	2,784	-677	2,107	-4,821	1,161	-3,660
Other comprehensive income that will be reclassified to profit or loss						
Foreign operations – foreign currency translation differences	-97	-	-97	-1,031	-	-1,031
Foreign operations – Cost of hedging	172	-	172	-178	-	-178
Total items that will be reclassified to profit or loss	**75**	**-**	**75**	**-1,209**	**-**	**-1,209**
Total amounts recognised in OCI	**2,859**	**-677**	**2,182**	**-6,030**	**1,161**	**-4,869**

The other comprehensive income for Triodos Bank consists of revaluations of equity instruments at fair value through OCI and foreign currency translation differences. Investment securities are the related balance sheet account for the revaluations, 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

	2021	2020
Result before taxation	67,149	35,476
Statutory tax rate	25.0%	25.0%
Statutory tax amount	**16,787**	**8,869**
Income Non Taxable	-222	-401
Tax Deduction Not Expensed	-	-
Expenses Non Deductible	1,338	1,146
Impact tax rate differences - statutory rate foreign jurisdictions	-327	-656
Restatement of deferred taxation items as the result of amended tax rates	152	791
Incentives for gifts, community investment and innovation	-1,408	-1,084
Other reconciling items	70	-392
Effective tax amount	**16,390**	**8,273**
Effective tax rate	**24.4%**	**23.3%**

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 24.4% in 2021 (2020: 23.3%).

Movement in deferred tax balances

2021				Balance at 31 December		
	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
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	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**

2020				Balance at 31 December		
	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property and equipment, and intangible assets	-4,657	-203	-	-4,860	1,093	5,953
Investment securities at FVOCI	-573	77	1,161	665	76	-589
Effective interest method application	5,121	-578	-	4,543	2,901	-1,642
Allowance for expected credit losses	1,002	2,226	-	3,228	2,703	-524
Employee benefits - Vitality leave	139	42	-	181	-	-181
Lease liability	208	-80	-	128	77	-51
Loan modifications	85	-38	-	47	46	-1
Tax losses carried forward	6,318	-200	-	6,118	7,488	1,372
Other	-584	1,064	-	480	480	-
Tax assets (liabilities)	**7,059**	**2,310**	**1,161**	**10,530**	**14,864**	**4,337**

Deferred tax balances

	2021		2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current balance	233	1,002	1,300	-219
Non-current balance	13,384	5,316	13,564	4,556
Total	**13,617**	**6,318**	**14,864**	**4,337**

The deferred tax asset relates for an amount of EUR 6.4 million (2020: EUR 6.8 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 1.0 million (2020: 1.4 million) to a taxable temporary difference following the tax losses incurred by the German branch over the period 2009 – 2011 amounting to EUR 6.8 million which have been offset against taxable income in the Triodos Bank Dutch corporate income tax return over the same period. The Dutch corporate income tax act 1969 allowed income tax deduction on losses incurred by foreign branches of a Dutch resident taxpayer in so far that these tax losses could not be recovered in the country of residence till 2011. This Dutch income tax deduction is subsequently reversed when the branch recovers profitability and the incurred tax losses are offset in the local income tax return, resulting in a taxable temporary difference. Under the German corporate income tax code tax losses have no expiration date.

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.

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

	Other related parties	Associates
Commission income	59,910	
Commission expenses	5,009	
Deposits	81,783	
Interest income	872	
Loan facilities and loan commitments (off balance)	132,934	
Loans	37,094	1,000

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 fee and unsecured and are to be settled in cash.

Loans

The loan granted to associates is a subordinated loan provided to Merkur Bank. The maturity date of this loan is 30th of April 2026, to be settled in cash. The interest rate charged is 5%.

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 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 3.5 million from an overdraft facility with an agreed limit of EUR 10 million and an interest rate of 2.75%. The loan provided to Triodos SICAV II (TMF) is EUR 4.4 million, matures on September 13, 2022 and has an interest rate of 1.010%. The EUR 2.2 million loan provided to Legal Owner Triodos Funds B.V. has a maturity date of March 31, 2022 and has an interest rate of 1.674%.

Furthermore, the EUR 231 loan provided to Sun Roof Limited matures on November 10, 2027 and has an interest rate of 6.5%. A total of EUR 16.8 million has been provided as loans to several related parties from the Spanish branch, including a EUR 5.8 million loan to CARPIO FOTOVOLTAICA, S.L.U. (maturity date of January 1, 2033 and an interest rate of 2.85%), a EUR 9.3 million loan to LUCENTUN ENERGIA S.L. (maturity date of January 1, 2034 and an interest rate of 3.85%), a EUR 862 loan to GSI NEROSOL, S.L. (maturity date of January 1, 2025 and an interest rate of 0.765%) and a total of EUR 859 loans (maturity date of January 1, 2025 and an interest rate of 0.751%) to other several related parties.

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:

	2021	2020
Fixed salary expenses	1,131	1,091
Pension expenses	99	90
Pension allowance for salary above EUR 100.000	128	136
Private use company car	12	4
Social security expenses	53	48
Severance payment[1]	264	320
Total key management personnel compensation	**1,687**	**1,689**

[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. Also in consultation with the Supervisory Board, Peter Blom stepped down from his position as a Member of the Executive Board of Triodos Bank N.V. at the AGM 2021. A severance payment of 100% of his yearly salary was granted in 2020 and paid out in 2021. Both severance payments are in line with applicable regulations

Other emoluments of the Executive Board:

	2021	2020
Total other emoluments	**-**	**38**

The other emoluments relate to costs associated with relocation to the Netherlands.

Remuneration paid to the Supervisory Board:

	2021	2020
Total compensation	**179**	**172**

Remuneration paid to the Board of SAAT

	2021	2020
Total compensation	**46**	**41**

Loans and advances to key management personnel

	2021	2021	2021	2020	2020	2020
	Amount outstanding	Average interest rate	Repayments	Amount outstanding	Average interest rate	Repayments
Jellie Banga				421	1.7%	12

The table presents the loans and advances provided to Executive Board members that were outstanding on 31 December 2021 and 2020. Since Jellie Banga was no longer an Executive Board member on 31 December 2021, there is no information included for 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.

Subsequent events

Fitch Ratings (Fitch) announced on 4 February 2022 it has affirmed the Long-Term Issuer Default rating of Triodos Bank at ‘BBB’ with a stable outlook and has affirmed the Viability Rating of Triodos Bank at ‘bbb’. Fitch’s rating analysis was done at the request of Triodos Bank. The Stable Outlook reflects Fitch’s view that Triodos Bank’s ratings have sufficient headroom at their current level to absorb significant shocks under various scenarios to Fitch’s baseline economic forecast.

The current CRO, Carla van der Weerdt, is expected to require a recovery period of up to 12 months from the health impact of long COVID-19. Triodos Bank will seek a temporary statutory replacement for this role in the Executive Board. Pending the search and approval process for a temporary statutory replacement, André Haag (Chief Finance Officer) currently assumes the statutory oversight responsibility for the Risk function of Triodos Bank, similar to the period June to October 2021. Due to her absence she was not able to sign these financial statements.

The invasion of Ukraine by Russia at the end of February 2022 presents new uncertainty. As the war started in 2022, it has no effect on the financial position presented as per 31 December 2021. The impact on the short term and the longer term on society and financial markets is hard to predict at this moment of publication of our annual report. Triodos Bank does not have direct exposure in Russia, but we anticipate that the effects on society and financial markets will amongst others influence management fees and Expected Credit Losses.

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	*Retail Banking, Business Banking and Private Banking*
Bank Belgium	*Retail Banking, Business Banking and Private Banking*
Bank United Kingdom	*Retail Banking and Business Banking*
Bank Spain	*Retail Banking and Business Banking*
Bank Germany	*Retail Banking and Business Banking*
Investment Management	*Impact investing taking place through investment funds or investment institutions bearing the Triodos name*
Head Office including TRMC	*Unallocated Head office activities and TRMC*

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 below. 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. Inter-segment pricing is determined on an arm's length basis.

This page was intentionally left blank

Segment income statement for the year 2021

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	1,017		
- Other income	47	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 losses 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		1,040		963	2,003
	1,775	63	1,923	115	62	2,100
	-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%

Segment income statement for the year 2020

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
External income			
Material items of income and expense			
- Net interest income	74,609	41,871	36,602
- Investment income			
- Net fee and commission income	37,206	7,700	3,519
- Net income from other financial instruments at FVTPL			
- Other income	160	1	-20
- Net intercompany income	682	9	-175
Total segment income	**112,657**	**49,581**	**39,926**
- Personnel and other administrative expenses	-79,832	-34,224	-30,027
- Depreciation and amortisation;	-699	-1,428	-1,009
- Impairment losses on financial instruments	-4,442	-4,430	-3,349
Total segment expenses	**-84,973**	**-40,082**	**-34,385**
Segment profit before tax	**27,684**	**9,499**	**5,541**
- Taxation on operating result	-6,365	-2,755	-439
Net profit	**21,319**	**6,744**	**5,102**
Operating expenses/total income	71%	72%	78%

	Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Total
	36,045	11,002	200,129	-125	-1,851	198,153
			-		449	449
	8,531	2,280	59,236	45,502	1,387	106,125
	-1		-1		-360	-361
	274	58	473	-19	279	733
	-558	-6	-48	-	48	-
	44,291	**13,334**	**259,789**	**45,358**	**-48**	**305,099**
	-34,391	-12,176	-190,650	-36,223	10,165	-216,708
	-4,640	-491	-8,267	-456	-19,979	-28,702
	-10,994	-1,009	-24,224	10	1	-24,213
	-50,025	**-13,676**	**-223,141**	**-36,669**	**-9,813**	**-269,623**
	-5,734	**-342**	**36,648**	**8,689**	**-9,861**	**35,476**
	1,717	-274	-8,116	-2,222	2,065	-8,273
	-4,017	**-616**	**28,532**	**6,467**	**-7,796**	**27,203**
	88%	95%	77%	81%		80%

Selected assets and liabilities per segment 2021

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	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

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
		2,132,768	6,365,408	66,530	-902,629	7,662,077
2,791,707	**900,530**	**18,874,137**	**6,404,892**	**2,224,896**	**-3,337,663**	**24,166,262**
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

Selected assets and liabilities per segment 2020

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom
Loans and advances to customers	3,987,316	1,815,425	1,195,193
Number of loans and facilities	35,980	5,134	5,950
Total assets	6,696,893	2,354,844	1,830,507
Funds under management	791,061	845,356	
Total assets under management	**7,487,954**	**3,200,200**	**1,830,507**
Deposits from customers	5,271,173	2,082,155	1,577,467
Number of accounts	462,714	85,254	84,170
Total liabilities	6,241,472	2,097,279	1,628,010
Average number of FTE's during the year	269.4	143.5	188.1

Bank Spain	Bank Germany	Total banking activities	Investment Management	Head Office including TRMC	Elimination intercompany transactions	Total
1,636,375	560,349	9,194,658	-	-	-37,948	9,156,710
20,540	14,124	81,728			-2	81,726
2,434,715	787,177	14,104,136	33,122	1,782,579	-2,031,440	13,888,397
		1,636,417	5,449,248	67,288	-791,061	6,361,892
2,434,715	**787,177**	**15,740,553**	**5,482,370**	**1,849,867**	**-2,822,501**	**20,250,289**
2,216,340	613,518	11,760,653	-	-	-13,446	11,747,207
201,016	34,223	867,377	-	-	-	867,377
2,245,571	689,325	12,901,657	14,012	569,752	-805,236	12,680,185
272.8	58.0	931.8	179.9	297.0		1,408.7

Reconciliations of information on reportable segments to IFRS measures

	2021	2020
i. Income		
Total income for reportable segments	341,931	305,974
Unallocated amounts	-	-
Elimination of inter-segment income	-	875
Consolidated revenue	**341,931**	**305,099**
ii. Profit before tax		
Total profit or loss for reportable segments	67,149	35,476
Unallocated amounts	-	-
Consolidated profit before tax	**67,149**	**35,476**
iii.Assets		
Total assets for reportable segments	16,504,185	13,888,397
Other unallocated amounts	-	-
Consolidated total assets	**16,504,185**	**13,888,397**
iv. Liabilities		
Total liabilities for reportable segments	15,254,063	12,680,185
Other unallocated amounts	-	-
Consolidated total liabilities	**15,254,063**	**12,680,185**

This page was intentionally left blank

Key figures 2021 by country

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	Tri
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	France	Total
odos Bank UK Ltd	Triodos Bank N.V.	Triodos Bank N.V.	Triodos Finance B.V.	
Bank	Bank	Bank	Agency for branch Belgium and market research	
Bristol	Madrid	Frankfurt	Paris	
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

Key figures 2020 by country

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., Triodos Investment Advisory Services B.V., Sinopel 2019 B.V.	Triodos Bank NV, Triodos IMMA BVBA	Tri
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking	
Geographical location	Zeist	Brussel	
Total income	157,947	49,581	
Operating expenses	-128,497	-35,652	
Impairment losses on financial instruments	-4,431	-4,430	
Segment profit before tax	**25,019**	**9,499**	
Taxation on operating result	-6,522	-2,755	
Net profit	**18,497**	**6,744**	
Public subsidies received	-	-	
Average number of FTE's during the year	741.2	143.5	

United Kingdom	Spain	Germany	France	Total
odos Bank UK Ltd	Triodos Bank N.V.	Triodos Bank N.V.	Triodos Finance B.V.	
Bank	Bank	Bank	Agency for branch Belgium and market research	
Bristol	Madrid	Frankfurt	Paris	
39,926	44,291	13,334	20	305,099
-31,036	-39,031	-12,667	1,473	-245,410
-3,349	-10,994	-1,009	-	-24,213
5,541	**-5,734**	**-342**	**1,493**	**35,476**
-439	1,717	-274	-	-8,273
5,102	**-4,017**	**-616**	**1,493**	**27,203**
1	-	-	-	1
188.1	272.8	58.0	5.1	1,408.7

Tax paid by country

in thousands of EUR	The Netherlands	Belgium	United Kingdom	Spain	Germany	France	Total
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
2020							
Tax on Profit	5,050	5,216	874	-179	-	-	10,961
Value Added Tax (VAT)	9,210	824	3,750	1,819	312	-	15,915
Banking Tax	-	2,657	-	616	-	-	3,273

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.

Lending by Sector

The lending by sector provides information about the loans and facilities outstanding per sector and per reportable banking segment. 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 fair value hedge adjustment.

The percentage shown is the percentage of the net amount per sector compared to the total net amount.

The number shows the number of loan accounts and facilities per sector. The definition of the number of loans and facilities has been sharpened in this lending by sector section to give better insight in the average facility balance. The number of loans and facilities now excludes the number of current accounts and credit cards with no overdraft balance. The comparable figures for 2020 have been changed accordingly. Of the number of accounts - loans and advances to customers 45,509 accounts (2020: 46,536 accounts) relate to facilities that have no overdraft balances and have therefore not been included in the lending by sector overviews.

The structure of the lending by sector has been updated such that the sectors include loans and current accounts related to business banking. Mortgages are shown separately. Other facilities include private loans, other current accounts and credit cards. The comparable figures for 2020 have been changed accordingly.

Lending by sector in 2021

2021			Total		
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	165,943	-4,688	161,255	1.6	626
Organic food	123,816	-4,303	119,513	1.2	604
Renewable energy	1,662,965	-3,571	1,659,394	16.3	959
Sustainable property	907,259	-2,399	904,860	8.9	454
Environmental technology	187,891	-5,561	182,330	1.8	310
	3,047,874	**-20,522**	**3,027,352**	**29.8**	**2,953**
Social					
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
Social housing	521,540	-93	521,447	5.1	387
Healthcare	1,286,934	-5,740	1,281,194	12.6	1,389
Social projects	214,352	-1,536	212,816	2.1	498
Fair trade	5,083	-41	5,042	-	32
Development cooperation	46,589	-925	45,664	0.4	34
	2,192,724	**-12,353**	**2,180,371**	**21.4**	**2,945**
Culture					
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
	1,204,591	**-13,961**	**1,190,630**	**11.7**	**2,725**
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				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	54,044	-361	53,683	1.2	212
Organic food	20,143	-563	19,580	0.4	142
Renewable energy	316,202	-315	315,887	6.9	124
Sustainable property	310,781	-1,596	309,185	6.7	191
Environmental technology	7,564	-25	7,539	0.2	17
	708,734	**-2,860**	**705,874**	**15.4**	**686**
Social					
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
Social housing	42,604	-22	42,582	0.9	97
Healthcare	407,436	-553	406,883	8.8	481
Social projects	4,270	-71	4,199	0.1	18
Fair trade	842	-7	835	-	9
Development cooperation	24,718	-881	23,837	0.5	8
	525,165	**-3,026**	**522,139**	**11.2**	**788**
Culture					
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
	373,957	**-3,678**	**370,279**	**8.1**	**544**
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				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	4,564	-596	3,968	0.2	60
Organic food	21,203	-965	20,238	1.1	159
Renewable energy	519,880	-1,645	518,235	28.4	364
Sustainable property	292,297	-621	291,676	16.0	135
Environmental technology	22,922	-175	22,747	1.3	66
	860,866	**-4,002**	**856,864**	**47.0**	**784**
Social					
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
Social housing	69,678	-57	69,621	3.8	44
Healthcare	226,405	-189	226,216	12.4	318
Social projects	29,350	-27	29,323	1.6	110
Fair trade	2,600	-2	2,598	0.1	11
Development cooperation	13,270	-22	13,248	0.7	20
	363,063	**-913**	**362,150**	**19.7**	**634**
Culture					
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
	226,884	**-2,903**	**223,981**	**12.3**	**526**
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				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	41,428	-1,216	40,212	3.0	180
Organic food	14,482	-288	14,194	1.1	30
Renewable energy	286,790	-820	285,970	21.3	255
Sustainable property	9,997	-2	9,995	0.7	22
Environmental technology	16,387	-91	16,296	1.2	43
	369,084	**-2,417**	**366,667**	**27.3**	**530**
Social					
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
Social housing	374,449	-13	374,436	27.8	230
Healthcare	318,749	-258	318,491	23.7	127
Social projects	57,448	-404	57,044	4.2	98
Fair trade	1,068	-	1,068	0.1	4
Development cooperation	6,114	-14	6,100	0.5	2
	786,265	**-1,192**	**785,073**	**58.3**	**494**
Culture					
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
	197,472	**-3,777**	**193,695**	**14.4**	**282**
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		
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	65,821	-2,515	63,306	3.6	173
Organic food	66,892	-2,485	64,407	3.7	267
Renewable energy	366,483	-150	366,333	20.8	158
Sustainable property	129,356	-172	129,184	7.3	70
Environmental technology	45,337	-4,965	40,372	2.3	141
	673,889	**-10,287**	**663,602**	**37.7**	**809**
Social					
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
Social housing	34,809	-1	34,808	2.0	16
Healthcare	219,606	-3,136	216,470	12.3	414
Social projects	121,784	-1,032	120,752	6.9	268
Fair trade	573	-32	541	-	8
Development cooperation	2,487	-8	2,479	0.1	4
	401,993	**-5,616**	**396,377**	**22.5**	**976**
Culture					
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
	344,526	**-3,494**	**341,032**	**19.3**	**1,330**
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				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	86	-	86	-	1
Organic food	1,096	-2	1,094	0.2	6
Renewable energy	173,610	-641	172,969	27.5	58
Sustainable property	164,828	-8	164,820	26.2	36
Environmental technology	95,681	-305	95,376	15.2	43
	435,301	**-956**	**434,345**	**69.1**	**144**
Social					
Retail non-food	-	-	-	-	-
Production	-	-	-	-	-
Professional services	-	-	-	-	-
Social housing	-	-	-	-	-
Healthcare	114,738	-1,604	113,134	18.0	49
Social projects	1,500	-2	1,498	0.2	4
Fair trade	-	-	-	-	-
Development cooperation	-	-	-	-	-
	116,238	**-1,606**	**114,632**	**18.2**	**53**
Culture					
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
	61,752	**-109**	**61,643**	**9.9**	**43**
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**

Lending by sector in 2020

2020	Total				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	149,049	-3,535	145,514	1.6	654
Organic food	141,094	-5,208	135,886	1.5	665
Renewable energy	1,667,919	-3,553	1,664,366	18.2	932
Sustainable property	866,374	-3,105	863,269	9.4	498
Environmental technology	150,808	-5,392	145,416	1.6	292
	2,975,244	**-20,793**	**2,954,451**	**32.3**	**3,041**
Social					
Retail non-food	34,211	-1,992	32,219	0.3	169
Production	23,801	-215	23,586	0.3	119
Professional services	65,745	-1,284	64,461	0.7	294
Social housing	486,135	-122	486,013	5.3	386
Healthcare	1,195,952	-7,437	1,188,515	13.0	1,387
Social projects	184,865	-1,861	183,004	2.0	501
Fair trade	5,102	-57	5,045	0.1	40
Development cooperation	25,511	-675	24,836	0.3	30
	2,021,322	**-13,643**	**2,007,679**	**22.0**	**2,926**
Culture					
Education	313,418	-1,011	312,407	3.4	537
Child care	11,822	-105	11,717	0.1	59
Arts and culture	500,037	-3,543	496,494	5.4	1,299
Philosophy of life	87,123	-353	86,770	0.9	283
Recreation	212,229	-9,101	203,128	2.2	432
	1,124,629	**-14,113**	**1,110,516**	**12.0**	**2,610**
Other					
Residential mortgages	2,744,516	-1,343	2,743,173	30.0	12,516
Municipality loans	332,676	-27	332,649	3.6	25
Other facilities	9,293	-1,051	8,242	0.1	14,072
	3,086,485	**-2,421**	**3,084,064**	**33.7**	**26,613**
Total	**9,207,680**	**-50,970**	**9,156,710**	**100.0**	**35,190**

2020	The Netherlands				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	51,399	-405	50,994	1.3	229
Organic food	21,123	-471	20,652	0.5	160
Renewable energy	253,626	-202	253,424	6.4	112
Sustainable property	338,036	-1,280	336,756	8.5	191
Environmental technology	5,378	-107	5,271	0.1	17
	669,562	**-2,465**	**667,097**	**16.8**	**709**
Social					
Retail non-food	7,435	-163	7,272	0.2	50
Production	3,804	-5	3,799	0.1	23
Professional services	42,017	-1,010	41,007	1.0	85
Social housing	43,189	-33	43,156	1.1	94
Healthcare	398,111	-1,853	396,258	10.0	492
Social projects	3,078	-132	2,946	0.1	15
Fair trade	906	-40	866	-	12
Development cooperation	9,019	-645	8,374	0.2	5
	507,559	**-3,881**	**503,678**	**12.7**	**776**
Culture					
Education	19,519	-12	19,507	0.5	51
Child care	4,616	-3	4,613	0.1	25
Arts and culture	273,046	-346	272,700	6.9	260
Philosophy of life	17,875	-14	17,861	0.5	52
Recreation	73,209	-3,921	69,288	1.8	155
	388,265	**-4,296**	**383,969**	**9.8**	**543**
Other					
Residential mortgages	2,155,063	-723	2,154,340	54.6	8,207
Municipality loans	237,160	-	237,160	6.0	14
Other facilities	3,397	-273	3,124	0.1	5,056
	2,395,620	**-996**	**2,394,624**	**60.7**	**13,277**
Total	**3,961,006**	**-11,638**	**3,949,368**	**100.0**	**15,305**

2020			Belgium		
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	5,007	-504	4,503	0.2	69
Organic food	23,395	-1,170	22,225	1.2	162
Renewable energy	567,257	-1,619	565,638	31.2	346
Sustainable property	287,969	-1,099	286,870	15.8	157
Environmental technology	25,755	-358	25,397	1.5	68
	909,383	**-4,750**	**904,633**	**49.9**	**802**
Social					
Retail non-food	12,137	-633	11,504	0.6	35
Production	8,535	-74	8,461	0.5	31
Professional services	9,238	-59	9,179	0.5	87
Social housing	72,649	-68	72,581	4.0	47
Healthcare	229,549	-1,031	228,518	12.6	315
Social projects	26,656	-56	26,600	1.5	104
Fair trade	2,371	-3	2,368	0.1	11
Development cooperation	13,588	-17	13,571	0.7	20
	374,723	**-1,941**	**372,782**	**20.5**	**650**
Culture					
Education	99,723	-90	99,633	5.5	216
Child care	3,719	-89	3,630	0.2	18
Arts and culture	64,792	-1,301	63,491	3.5	243
Philosophy of life	6,058	-9	6,049	0.3	25
Recreation	34,319	-1,409	32,910	1.8	63
	208,611	**-2,898**	**205,713**	**11.3**	**565**
Other					
Residential mortgages	325,296	-492	324,804	17.9	1,844
Municipality loans	7,493	-	7,493	0.4	1
Other facilities	-	-	-	-	-
	332,789	**-492**	**332,297**	**18.3**	**1,845**
Total	**1,825,506**	**-10,081**	**1,815,425**	**100.0**	**3,862**

2020	United Kingdom				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	39,526	-417	39,109	3.3	195
Organic food	14,373	-252	14,121	1.2	30
Renewable energy	282,564	-837	281,727	23.6	247
Sustainable property	25,621	-3	25,618	2.1	30
Environmental technology	10,411	-17	10,394	0.9	39
	372,495	**-1,526**	**370,969**	**31.1**	**541**
Social					
Retail non-food	9,154	-396	8,758	0.7	14
Production	5,797	-86	5,711	0.5	6
Professional services	9,396	-20	9,376	0.8	18
Social housing	352,426	-19	352,407	29.5	232
Healthcare	236,789	-235	236,554	19.8	120
Social projects	38,670	-218	38,452	3.2	93
Fair trade	1,103	-	1,103	0.1	5
Development cooperation	212	-	212	-	1
	653,547	**-974**	**652,573**	**54.6**	**489**
Culture					
Education	59,252	-478	58,774	4.9	49
Child care	492	-1	491	-	3
Arts and culture	45,747	-457	45,290	3.8	47
Philosophy of life	43,589	-165	43,424	3.6	139
Recreation	24,363	-744	23,619	2.0	52
	173,443	**-1,845**	**171,598**	**14.3**	**290**
Other					
Residential mortgages	-	-	-	-	-
Municipality loans	-	-	-	-	-
Other facilities	135	-82	53	-	477
	135	**-82**	**53**	**-**	**477**
Total	**1,199,620**	**-4,427**	**1,195,193**	**100.0**	**1,797**

2020	Spain				
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	53,024	-2,208	50,816	3.1	160
Organic food	80,870	-3,307	77,563	4.7	306
Renewable energy	359,849	-146	359,703	22.0	168
Sustainable property	127,605	-709	126,896	7.7	95
Environmental technology	38,644	-4,546	34,098	2.1	144
	659,992	**-10,916**	**649,076**	**39.6**	**873**
Social					
Retail non-food	5,485	-800	4,685	0.3	70
Production	5,665	-50	5,615	0.3	59
Professional services	5,094	-195	4,899	0.3	104
Social housing	17,871	-2	17,869	1.1	13
Healthcare	210,407	-2,791	207,616	12.7	406
Social projects	115,518	-1,454	114,064	7.0	286
Fair trade	722	-14	708	-	12
Development cooperation	2,692	-13	2,679	0.2	4
	363,454	**-5,319**	**358,135**	**21.9**	**954**
Culture					
Education	96,264	-387	95,877	5.9	190
Child care	2,901	-12	2,889	0.2	12
Arts and culture	115,950	-1,438	114,512	7.0	747
Philosophy of life	19,601	-165	19,436	1.2	67
Recreation	51,239	-2,724	48,515	3.0	152
	285,955	**-4,726**	**281,229**	**17.3**	**1,168**
Other					
Residential mortgages	264,157	-128	264,029	16.1	2,465
Municipality loans	80,018	-27	79,991	4.9	9
Other facilities	4,590	-675	3,915	0.2	3,359
	348,765	**-830**	**347,935**	**21.2**	**5,833**
Total	**1,658,166**	**-21,791**	**1,636,375**	**100.0**	**8,828**

2020			Germany		
in thousands of EUR	Gross amount	ECL	Net amount	%	Number
Environment					
Organic farming	93	-1	92	-	1
Organic food	1,333	-8	1,325	0.2	7
Renewable energy	204,623	-749	203,874	36.4	59
Sustainable property	87,143	-14	87,129	15.6	25
Environmental technology	70,620	-364	70,256	12.6	24
	363,812	**-1,136**	**362,676**	**64.8**	**116**
Social					
Retail non-food	-	-	-	-	-
Production	-	-	-	-	-
Professional services	-	-	-	-	-
Social housing	-	-	-	-	-
Healthcare	121,096	-1,527	119,569	21.3	54
Social projects	943	-1	942	0.2	3
Fair trade	-	-	-	-	-
Development cooperation	-	-	-	-	-
	122,039	**-1,528**	**120,511**	**21.5**	**57**
Culture					
Education	38,660	-44	38,616	6.9	31
Child care	94	-	94	-	1
Arts and culture	502	-1	501	0.1	2
Philosophy of life	-	-	-	-	-
Recreation	29,099	-303	28,796	5.1	10
	68,355	**-348**	**68,007**	**12.1**	**44**
Other					
Residential mortgages	-	-	-	-	-
Municipality loans	8,005	-	8,005	1.4	1
Other facilities	1,171	-21	1,150	0.2	5,180
	9,176	**-21**	**9,155**	**1.6**	**5,181**
Total	**563,382**	**-3,033**	**560,349**	**100.0**	**5,398**

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 supervised by 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 determining the overall internal audit work and for monitoring the integrity of these systems.

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.

Risk governance structure

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 our mission and in realising our 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 of Defence

The Three Lines of Defence (LoD) 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 Management department 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, the first-line responsibilities are shared by the respective functional areas.

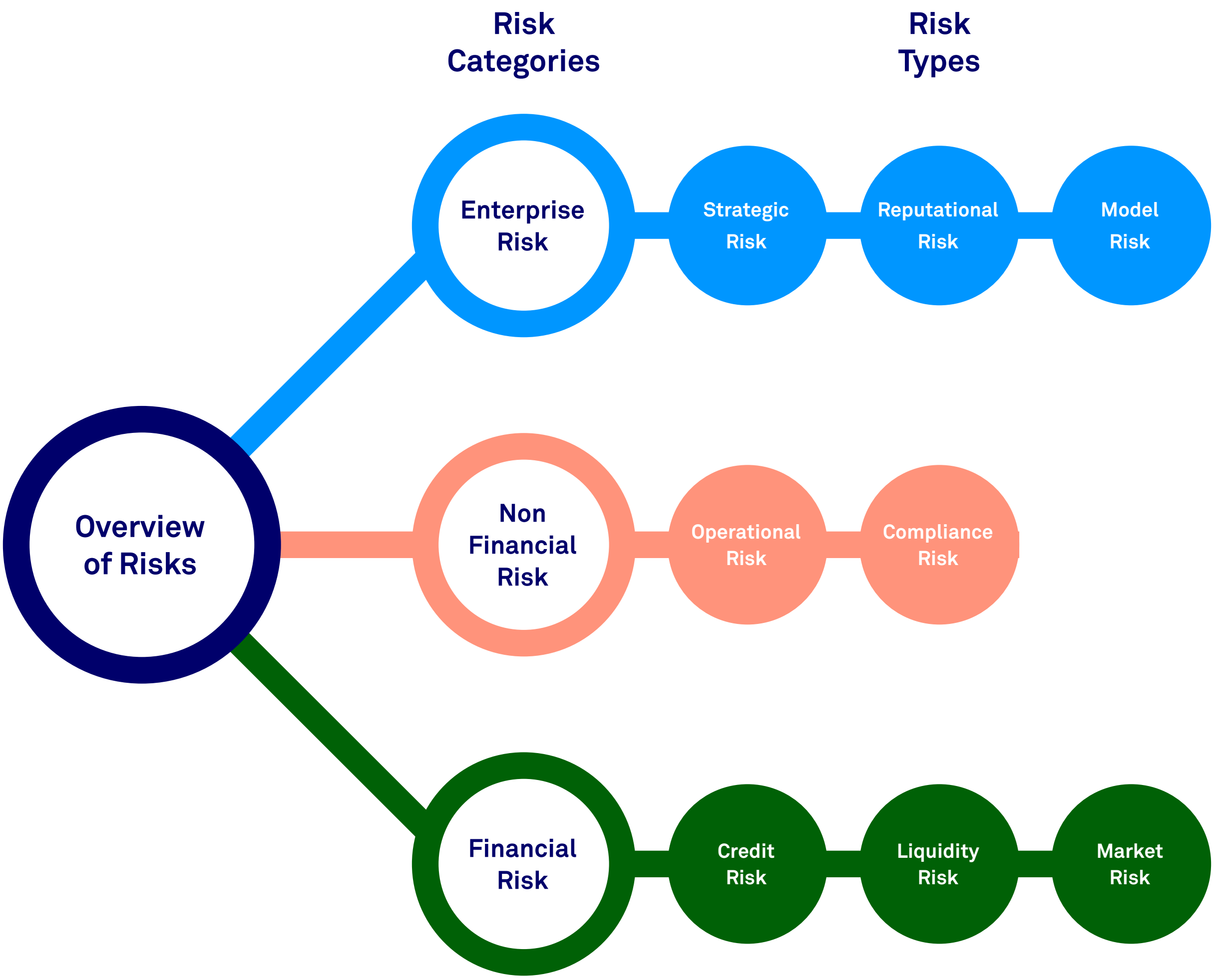
The second line consists of the risk management and compliance functions. Both functions are present at local business unit level and at Group level. Whereas the first line exercises 'risk ownership', the second line exercises 'risk control'. The second line supports and facilitates a sound risk management 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, Audit and Risk Committee, 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 (partly) delegated decision-making authority to the following risk committees at a central level:

- 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 regulatory and associated measures to combat money laundering and counter the financing of terrorism;
- for Enterprise Risk, the Enterprise Risk Committee has authority to decide on strategic, model and reputational risk issues.

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 Group Heads 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.

Enterprise risk

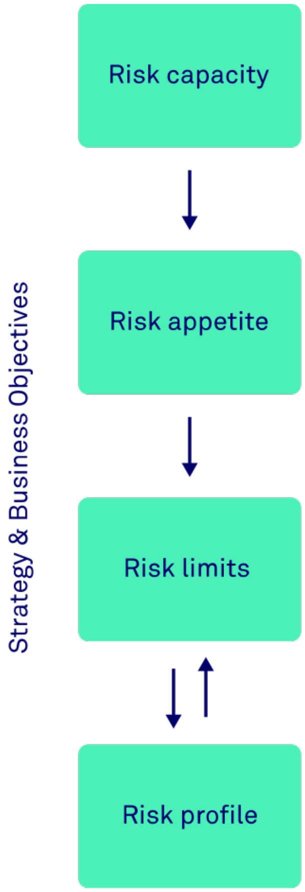
The Enterprise Risk discipline synthesises the risks of all risk areas and performs analyses to determine at a strategic level which circumstances and developments may potentially influence Triodos Bank's risk profile. Triodos Bank manages Enterprise Risk by means of specific tasks and related activities: 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 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.

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 is illustrated below:



- The maximum level of risk the financial institution can assume given its current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment (e.g. technical infrastructure, risk management capabilities, expertise) and obligations, also from a conduct perspective, to depositors, policyholders, shareholders, fixed income investors, as well as other customers and stakeholders.

- The aggregate level and types of risk a financial institution is willing to assume within its risk capacity to achieve its strategic objectives and business plan.
- Directly related to an entity's risk capacity as well as its culture, desired level of risk/return, capability and business strategy.

- Quantitative measures based on forward looking assumptions that allocate the financial institution's aggregate risk appetite statement (e.g. measure of loss or negative events) to business lines, legal entities as relevant, specific risk categories, concentrations, and as appropriate, other levels.

- Point in time assessment of the financial institution's gross and, as appropriate, net risk exposures (after taking into account mitigants) aggregated within and across each relevant risk category based on forward looking assumptions.

The risk appetite is based on three objectives that match Triodos Bank's corporate goals and ensure a sustainable banking model. These objectives are to: (1) protect identity and reputation, (2) maintain sound balance sheet relations, and (3) ensure stable profits.

Triodos Bank uses a set of indicators and limits to measure and assess the level of risk appetite and risk profile of the organisation. The risk limits, determined at Group level, are translated into a localised limit structure for each business unit.

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 shared with the Audit and Risk Committee and the Supervisory Board.

Every risk discipline reports monthly or on a quarterly basis. These reports are discussed in corresponding committees and measures are taken whenever needed. On a quarterly basis, they are integrated in the ERM report which provides insights into the Triodos Bank risk profile in relation to its risk appetite.

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.

Strategic risk

Strategic risk relates to the risk of inadequate initial strategy selection, execution or modification over time and may impact the realisation of the organisation's purpose. Strategic Risk Assessments (SRA) are performed at Executive Board level for Triodos Bank as a whole and at business unit level for each business unit.

The SRA contains an assessment of the strategic risk exposures that can ultimately affect shareholder value or the viability of the organisation. The external landscape is changing. In particular, the low interest rate environment, climate change, energy transition, regulatory requirements, the European political landscape and technological developments are examples of relevant developments. Additionally, more sudden and disruptive events may occur such as the COVID-19 pandemic. The challenges that arise from these changes will continuously influence Triodos Bank.

Triodos Bank considers its banking model to have a modest risk profile. While on the one hand the bank's mission is to support the real economy and society with basic and straightforward banking products, the risk appetite reflects the recognition that the relatively fast-changing external environment requires us to adapt.

Strategic risks need to be carefully managed to protect and support the realisation of financial and mission-driven objectives. Sensitivities both at Group and local level feed into scenarios, that are used to test Triodos Bank's capital, liquidity, profitability and operational stability during the year. Triodos Bank has identified the following developments, that drive the strategic risk profile at Group level:

- Economic risk: persistent economic pressure as a result of the COVID-19 pandemic, increasing volatility as a result of political uncertainty, decreasing business confidence which leads to lower investment levels, intervention of central banks to stimulate economic growth which may continue longer than expected and result in lower interest rates;
- Climate risk: likelihoods associated with and responses to the impacts of climate change on the bank's assets and on the bank itself as well as on how societal constraints shape adaptation options;

- Political and social risk: political uncertainty in the countries Triodos Bank operates in and at EU level and public discontent which leads to more volatility;
- Technological risk: FinTech companies may create new fields of competition and raise customer expectations which could challenge Triodos Bank's relationship approach.
- Regulatory risk: regulations like the Bank Recovery and Resolution Directive (BRRD) and the Capital Requirements Regulation/Capital Requirements Directive (CRR/CRD) are continuously developing and may result in requirements that influence Triodos Bank's business model.

Climate change and environmental degradation are sources of structural change that affect the quality of life, 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, as well as 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).

Given that sustainability considerations are a starting point within the bank's underwriting process, transition risks are minimal in the loan portfolio.

Regarding physical risk, the changes in climate leading to storms, floods and droughts may have an impact on the bank's asset base. Triodos Bank carries out annual stress tests which take extreme but plausible weather conditions into account.

Ultimately, Triodos Bank is of the opinion that, since climate and environmental related risks certainly are capable of severely affecting quality of life, the financing of unsustainable assets must be drastically decreased and minimised in all sectors of society.

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 at Triodos Bank is conducted at several levels: Group-wide, at risk domain and at sector level. In addition, 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. Scenarios that are assessed are of a varied nature, including macro-economic stress and idiosyncratic stress (e.g. operational and reputational stress).

The selected stress-test scenario demonstrates that Triodos Bank is sensitive to a long-lasting, low interest environment. It shows that profitability would be under pressure in the coming years. This risk will be mitigated by focusing on higher yielding lending products, improving our commission income and further shaping our cost base to realise cost efficiencies in our core bank operations. Finally, Triodos Bank is sensitive to scenarios relating to reputational risk. To prevent such an event, it is essential to communicate our mission clearly and to act accordingly.

Recovery

The Recovery Plan specifies measures that Triodos Bank can take to recover from a severe crisis. The aim of the Recovery Plan is to be prepared for a crisis and to identify and quantify the effectiveness of measures in different stress scenarios.

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 on the non-financial risk appetite and other non-financial risk aspects (including compliance). This committee meets both locally and at a Group level on a monthly basis. In 2021, the non-financial risk appetite 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 policy framework includes:
- The ORM Framework which describes guiding principles for the management of operational risk within Triodos Bank.

- The Non-financial Scenario Analysis policy describes the methodology of the ORM instrument 'Scenario Analysis' within Triodos Bank.
- The Risk and Control Self-Assessment (RCSA) policy formalises and explains the definition and positioning of the RCSA methodology within Triodos Bank.
- The Key Control Management policy formalises positioning of key controls and the management of these key controls within Triodos Bank. This includes the identification of key controls, and the testing, reviewing and evaluation of their effectiveness.
- The Non-financial Risk Acceptance and Waiver policy describes the process of waiving policy implementations as well as the process of accepting risks for which it has been decided that it is not feasible to avoid, transfer or mitigate the risk to a low residual risk.
- The Operational Risk Event Management policy describes how risk events are managed, captured and reported within Triodos Bank.
- The Action Tracking policy describes action tracking as an ORM instrument that aims to mitigate identified risks within Triodos Bank.

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 2021, 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.

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 West-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 operates worldwide with her investment funds. All tax risk-related issues are handled by a dedicated tax department in close cooperation with Group Tax.

Fraud risk

Fraud risk is a common risk in the financial sector. Triodos Bank performs a yearly Systematic Integrity Risk Analysis (SIRA) to assess it vulnerabilities to, amongst others, fraud. Internal fraud within Triodos is relatively low compared to the sector. 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 fraud monitoring controls over the past years. In 2021, a major step was taken by implementing the stop payment functionality in Triodos Bank Netherlands. The impact of fraud on the annual results is limited. Within Triodos Bank a central KYC and Fraud domain has been set-up with a Group Director to functionally steer the Triodos Bank 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 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 Group Director Compliance reports to the CRO. 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.

In 2018, De Nederlandsche Bank (DNB) conducted a thematic, sector-wide survey among Dutch banks, focusing on the measures that the 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 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 2020, DNB performed an on-site inspection regarding the compliance function. The first purpose was to obtain assurance that the compliance function is sufficiently empowered to provide independent advice to and assume a challenging role to the first line and management. The second purpose was to assess whether the management body has 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 is not in all aspects sufficiently effective and that the existing improvement plan needs more detailed guidance. Regarding the management oversight, DNB concluded that the management body is not sufficiently involved in overseeing the compliance function.

Based on both findings a remediation plan was prepared at the beginning of 2021 and progress with the remediation of the findings is on track.

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 categories: 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 a client and at portfolio level. It operates within a pre-defined 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 borrowers or counterparty. Compliance analysis 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 level, individual files have a second-line review and the portfolio is monitored and reviewed on a continuous basis. The larger files based on exposure and rating, are also analysed at Group level. 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. This evidence will be stored by Group ORM. Deviations from this policy should be approved via the monthly Group 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 mangement 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 and actively invests in further increasing its knowledge.

Triodos Bank focuses primarily on the quality and diversification of its loan portfolio. Triodos Bank puts extra effort into identifying loans to front-runners with a track record in their fields; 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. A specification of the lending by sector can be found from page 239 onwards.

At Group level, Triodos Bank divides the sector concentration limits in different levels. Specific limits for each sector per country are set by the Executive Board within these levels, taking into account the specific risks of each sector and country.

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 any 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.

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 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), 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 occur, when the capacity of selected banks in a country is not considered sufficient to place Triodos Bank's liquidities given a specific maximum concentration per individual bank. 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 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 does not enter 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 the 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.

Each 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.

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 the amounts committed or guaranteed, respectively.

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	2021 Stage 1	2020 Stage 1
Gross amount	265,820	164,629
allowance for expected credit losses	-24	-18
Carrying amount	**265,796**	**164,611**

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 250,000 are rated. Clients with retail mortgage loans and or total business loans below EUR 250,000 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.

	2021			
Loans and advances to customers at amortised cost	**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	3,671,195	34,723	-	3,705,918
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**

	2020			
Loans and advances to customers at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Rating 1-9: Normal risk	5,315,917	611,226	-	5,927,143
Rating 10-13: Increased risk	39,664	119,416	-	159,080
Rating 14: Default	-	-	214,649	214,649
Not rated	2,697,674	209,134	-	2,906,808
Gross amount	**8,053,255**	**939,776**	**214,649**	**9,207,680**
allowance for expected credit losses	-8,148	-9,384	-33,438	-50,970
Carrying amount	**8,045,107**	**930,392**	**181,211**	**9,156,710**

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	2021			
	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**

Loans and advances to customers at amortised cost	2020			
	Stage 1	Stage 2	Stage 3	Total
Current	8,050,729	285,271	-	8,336,000
Overdue < 90 days	2,526	654,505	-	657,031
Overdue > 90 days	-	-	214,649	214,649
Total	**8,053,255**	**939,776**	**214,649**	**9,207,680**

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	2021	2020
	Stage 1	Stage 1
AAA	34,263	67,941
AA	509,173	390,372
A	539,528	428,501
BBB	400,424	430,550
allowance for expected credit losses	-10	-63
Carrying amount	**1,483,378**	**1,317,301**

Loan commitments are not (yet) rated and the ECL is determined based on the business loans and mortgage loans portfolios. The outcome is presented in the table below.

Loan commitments	2021		
	Stage 1	Stage 2	Total
Gross carrying amount	1,065,319	77,377	1,142,696
allowance for expected credit losses	-1,103	-292	-1,395
Carrying amount (provision)	-1,103	-292	-1,395

	2020		
Loan commitments	**Stage 1**	**Stage 2**	**Total**
Gross carrying amount	1,301,301	141,622	1,442,923
allowance for expected credit losses	-1,025	-1,209	-2,234
Carrying amount (provision)	-1,025	-1,209	-2,234

All financial guarantee contracts are within stage 1 as shown in the table below.

	2021	2020
Financial guarantee contracts	**Stage 1**	**Stage 1**
Gross carrying amount	37,712	41,009
allowance for expected credit losses	-21	-14
Carrying amount (provision)	-21	-14

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		
	2021	**2020**	**Principal type of collateral held**
Non-trading derivatives	100	100	Cash Collective
Loans and advances to customers			
Mortgage lending	98	97	Residential Property
Business lending	63	61	Commercial Property, Other
Current accounts	-	-	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	2021	2020
Less than 65%	1,669,593	1,400,205
65-75%	501,592	338,468
75-90%	609,655	458,956
More than 90%	840,288	542,301
Total residential mortgage lending	**3,621,128**	**2,739,930**

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.

	2021	2020
Property	81	874

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; 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 re-classification 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. Unfortunately, the default may be cured, causing credit ratings to go up, in which case the loan can be transferred back to stage 2 or stage 1.

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:

	2021			
Total expected credit loss allowances	**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**

	2020			
Total expected credit loss allowances	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL loans and advances to banks at amortised cost	18	-	-	18
ECL loans and advances to customers at amortised cost - Business loans and current accounts	7,287	9,061	32,972	49,320
ECL loans and advances to customers at amortised cost - Mortgages	861	323	466	1,650
ECL debt securities at amortised cost	63	-	-	63
ECL financial guarantees	14	-	-	14
ECL loan commitments issued	1,025	1,208	-	2,233
ECL other assets	10	-	695	705
Total expected credit loss allowances	**9,278**	**10,592**	**34,133**	**54,003**

The following tables present the movements of these ECL allowances per financial instrument.

The first table shows the movement in ECL allowance for loans and advances to banks at amortised cost. There have been no rating changes for banks, and no change in credit risk, from issuance of current outstanding balance. As a result, everything remains within stage 1.

ECL loans and advances to banks at amortised cost	2021 Stage 1	2020 Stage 1
Balance at 1 January	18	42
Net remeasurement of allowance for expected credit losses	6	-24
Net portfolio growth	-	-
Balance at 31 December	**24**	**18**

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.

	2021			
ECL loans and advances to customers at amortised cost - Business loans and current accounts	**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
of which:				
- Effect of transition between stages	*853*	*-307*	*395*	*941*
- Macro-economic forward-looking impact	*-3,766*	*-6,566*	*-*	*-10,332*
- Update ECL model	*938*	*-457*	*-*	*481*
- Individual loan or advance behaviour	*1,365*	*1,462*	*5,584*	*8,411*
Net portfolio growth	1,301	-237	-	1,064
Other transfers	-	-	-	-
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**

ECL loans and advances to customers at amortised cost - Business loans and current accounts	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	4,102	828	28,011	32,941
Net remeasurement of allowance for expected credit losses	1,658	7,093	10,047	18,798
of which:				
- Effect of transition between stages	*-1,558*	*5,357*	*45*	*3,844*
- Macro-economic forward-looking impact	*7,356*	*1,228*	*-*	*8,584*
- Update ECL model	*-36*	*-40*	*-*	*-76*
- Individual loan or advance behaviour	*-4,104*	*548*	*10,002*	*8,208*
Net portfolio growth	1,545	1,202	-	2,747
Other transfers	-	-	-696	-696
Write-offs	-	-	-4,287	-4,287
Exchange rate differences	-18	-62	-103	-183
Balance at 31 December	**7,287**	**9,061**	**32,972**	**49,320**

The following table shows the movements within the ECL for mortgage loans.

ECL loans and advances to customers at amortised cost – Mortgages	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	861	323	466	1,650
Net remeasurement of allowance for expected credit losses	-375	-31	-366	-772
of which:				
- Effect of transition between stages	*-2*	*41*	*-*	*39*
- Macro-economic forward-looking impact	*-150*	*-80*	*-*	*-230*
- Update ECL model	*-160*	*20*	*-*	*-140*
- Individual loan or advance behaviour	*-63*	*-12*	*-366*	*-441*
Net portfolio growth	131	69	-	200
Balance at 31 December	**617**	**361**	**100**	**1,078**

ECL loans and advances to customers at amortised cost – Mortgages	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	373	169	296	838
Net remeasurement of allowance for expected credit losses	156	74	170	400
of which:				
- Effect of transition between stages	*-1*	*-56*	*13*	*-44*
- Macro-economic forward-looking impact	*197*	*109*	*-*	*306*
- Update ECL model	*6*	*13*	*-*	*19*
- Individual loan or advance behaviour	*-46*	*8*	*157*	*119*
Net portfolio growth	332	80	-	412
Balance at 31 December	**861**	**323**	**466**	**1,650**

For the movements within the ECL for business loans, current accounts, and mortgages together, refer to note 3 Loans and advances to customers.

The following table shows the movements within the ECL for debt securities at amortised cost.

	2021	2020
ECL debt securities at amortised cost	**Stage 1**	**Stage 1**
Balance at 1 January	63	34
Net remeasurement of allowance for expected credit losses	-	6
Net portfolio growth	-54	23
Foreign exchange and other movements	1	-
Balance at 31 December	**10**	**63**

The following table shows the movements within the ECL for financial guarantees.

	2021	2020
ECL financial guarantees	**Stage 1**	**Stage 1**
Balance at 1 January	14	19
Net remeasurement of allowance for expected credit losses	7	-5
Net portfolio growth	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**21**	**14**

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 for loan commitments.

		2021	
ECL loan commitments issued	**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
of which:			
- Macro-economic forward-looking impact	*-26*	*-575*	*-601*
- Update ECL model	*128*	*-329*	*-201*
- Individual commitment behaviour	-	-	-
Net portfolio growth	-37	-28	-65
Foreign exchange and other movements	13	16	29
Balance at 31 December	**1,103**	**292**	**1,395**

ECL loan commitments issued	2020 Stage 1	 Stage 2	 Total
Balance at 1 January	570	106	676
Net remeasurement of allowance for expected credit losses	271	1,067	1,338
of which:			
- Macro-economic forward-looking impact	469	1,825	*2,294*
- Update ECL model	-4	-2	*-6*
- Individual commitment behaviour	-194	-756	*-950*
Net portfolio growth	184	35	219
Foreign exchange and other movements	-	-	-
Balance at 31 December	**1,025**	**1,208**	**2,233**

Allowance for expected credit losses reconciliation to income statement

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 losses on financial instruments	 Stage 1	2021 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 losses on financial instruments for the year	**475**	**-6,999**	**6,024**	**-500**

Impairment losses on financial instruments	2020 Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks	-24	-	-	**-24**
Loans and advances to customers	3,723	8,414	10,221	**22,358**
Debts securities at amortised cost	29	-	-	**29**
Financial guarantees	-5	-	-	**-5**
Loan commitments issued	455	1,102	-	**1,557**
Impairment losses on financial instruments for the year	**4,178**	**9,516**	**10,221**	**23,915**

Triodos Bank has an annual incurred loss rate of 0.06% (2020: 0.12%) 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.

	2021	2020
Credit-impaired loans and advances to customers at 1 January	33,438	28,307
Addition	11,662	14,125
Write-off	-2,306	-4,287
Release	-6,049	-3,908
Other transfers	-	-696
Exchange rate differences	142	-103
Balance sheet value as at 31 December	**36,887**	**33,438**

Modified financial assets

The following table provides information on financial assets that were modified during the reporting period. The net modification loss comprises the modification result minus modification fees or penalty interest received.

	2021	2020
Financial assets modified during the period		
Amortised cost before modification	92,441	65,730
Net modification loss	-27	7

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 pledged with central and commercial banks, for payment system purposes, increased in 2021 and is expected to increase with the further growth of Triodos Bank.

Collateral needs stemming from FX forwards increased in 2021 because of EUR/GBP exchange rate developments. At the end of 2021, a total net amount of EUR 13.5 million cash collateral was posted (2020: EUR 7.1 million).

Interest rate swaps which are centrally cleared, increased the potential collateral needs as well during the year. At the end of 2021 a total net amount of EUR 25.8 million cash collateral was posted (2020: EUR 12.6 million). The cash collateral posted as part of the ISDA agreement as mentioned above, is eligible for the counterparty in case of default.

Debt securities 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. At the end of 2021, Triodos Bank participated in two longer-term refinancing operations (TLTRO) for an amount of EUR 1,550 million. A collateral value of EUR 1,749 million was placed with the Dutch Central Bank (2020: EUR 878 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. In 2021, Triodos Bank issued a green subordinated Tier 2 bond (Tier 2 capital) with a nominal amount of EUR 250 million which diversifies 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 liquidity shortages during the day.

As a mid-sized European bank with total funds entrusted of EUR 13,285 million per the end of December 2021, 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. Triodos Bank also issued a Green Subordinated Tier 2 bond with a nominal amount of EUR 250 million in 2021.

The liquidity portfolio increased in 2020 and in 2021 due to our participation in the Targeted Longer-Term Refinancing Operation (TLTRO) of the euro system in anticipation of potential (temporary) higher credit demand from Triodos Bank's clients. 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, if the risk-return is more favourable than having the liquidity placed with the central banks. Around one-third of our liquidity is invested, mainly in bonds and to a small extent in cash loans. The rest is mainly 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

Triodos Bank has adopted the three lines of defence model as the basis for managing the risks within the organisation. The three lines of defence model is an internal control and risk management approach that helps the bank to strengthen, clarify and coordinate its essential governance, internal control and risk management roles and responsibilities. It helps to define clear responsibilities of business operations (first line), risk and compliance (second line), and the internal audit function (third line). For liquidity risk, the Treasury department is as owner of liquidity risk, the first line of defence. The Group Risk department performs the second line of defence role and the Internal Audit department performs the third line of defence

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 committees in place with the following roles:

- The Enterprise Risk Committee is the delegated body taking decisions on strategic risk, business risk and reputation risk of Triodos Bank as a whole. Liquidity risk is a focus area within that. General roles and responsibilities are defined in the Enterprise Risk Committee charter.
- For managing liquidity risk, 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 this. 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 the liquidity and funding risks and Triodos Bank’s corresponding liquidity levels and the quality of the 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 a retained securitisation transaction of Dutch mortgage loans (Sinopel 2019) and mobilised 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 on-going 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 Modelling and Valuations. Therefore, Group Modelling and Valuations has responsibility and accountability to the Asset and Liability Committee.

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 transforms client funds entrusted to lending purposes that have a positive impact on society. Triodos Bank wants to meet the obligations to all clients at all time 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 13,285 million at year-end 2021 of which 79.4% are deposits insured by the deposit guarantee scheme.

In 2021, Triodos Bank increased its collateral position at DNB to participate in a second Targeted Long-Term Refinancing Operation of the euro system. This additional collateral consists of ECB-eligible bonds. Other collateral needs mainly 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 which are centrally cleared, increased the potential collateral needs as well during the year. At the end of 2021 a total net amount of EUR 25.8 million cash collateral was posted (2020: posted EUR 12.6 million) based on the combined variation and initial margin requirements. This cash collateral is posted as part of the ISDA agreement as mentioned above, eligible for the counterparty in case of default.

Debt securities 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. At the end of 2021, Triodos Bank participated in two longer-term refinancing operations (TLTRO) for an amount of EUR 1,550 million. In total an amount of EUR 1,749 million was placed as collateral with the Dutch Central Bank (2020: EUR 878 million).

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 of defence organisational structure, with independent control, compliance, audit and risk management functions, ensures a clear division of tasks, power and responsibility is in place.

The Liquidity Contingency Plan has been 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 its conservative and robust liquidity management framework that is integrated in the 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 continuing low interest rate climate influences liquidity risk management at Triodos Bank. Triodos Bank needs to manage its liquidity buffer at an ever-increasing cost-of-carry. The trade-off between having sufficient liquidity and the relatively high costs of holding that liquidity is becoming more important and pressuring the bank's overall profitability.

Securitisation

In 2019, Triodos executed its first retained residential mortgage-backed securities (RMBS) transaction called Sinopel 2019 B.V. (Sinopel). 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.

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 568.8 million (2020: 638.7 million).

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.

2021	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-curre
[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
-	119,153	-	-	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	**4,525,155**	**5,187,685**	**234,323**	**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.

2020	Less than 1 month[1]	1–3 months
Financial asset by type		
Cash and cash equivalents	2,955,787	-
Loans and advances to banks	126,615	8,948
Loans and advances to customers	132,435	615,256
Debt securities at amortised cost	9,015	36,149
Investment securities	-	-
Non-trading derivatives	-	-
Other assets[2]	26,310	12,258
Total assets	**3,250,162**	**672,611**
Financial liability by type		
Deposits from banks	87	-
Deposits from customers	10,735,658	494,777
Non-trading derivatives	476	714
Debt issued and other borrowed funds	-	-
Other liabilities[3]	61,842	4,034
Total liabilities	**10,798,063**	**499,525**
off-balance sheet liabilities by type		
Contingent liabilities	3,336	794
Irrevocable facilities	94,364	53,844
Total off-balance sheet liabilities	**97,700**	**54,638**

[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-curre
[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
-	-	-	-	2,955,787
15,000	14,048	-	-	164,611
832,317	3,202,127	4,374,575	-	9,156,710
206,436	857,992	207,709	-	1,317,301
-	-	-	31,214	31,214
877	894	24	-	1,795
3,840	2,113	5,328	211,130	260,979
1,058,470	**4,077,174**	**4,587,636**	**242,344**	**13,888,397**
753,067	13,378	48,608	-	815,140
278,034	204,101	34,637	-	11,747,207
4,912	869	3,481	-	10,452
9	-	6,359	-	6,368
11,775	12,002	9,936	1,429	101,018
1,047,797	**230,350**	**103,021**	**1,429**	**12,680,185**
4,834	22,957	41,183	-	73,104
208,909	1,111,268	467,948	-	1,936,333
213,743	**1,134,225**	**509,131**	**-**	**2,009,437**

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

	2021 Carrying amount	2020 Carrying amount
Balances with central banks	4,277,589	2,955,787
Cash and balances with other banks	265,796	164,611
Unencumbered debt securities issued by sovereigns	191,736	877,246
Undrawn credit lines granted by central banks[1]	223,772	139,143
Other assets eligible for use as collateral with central banks	258,308	245,977
Total liquidity reserves	**5,217,201**	**4,382,764**

[1] The amount is the actual credit line available.

Financial assets available to support future funding

	Pledged as collateral		
2021	**Encumbered**	**Unencumbered**	**Total**
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**

	Pledged as collateral		
2020	**Encumbered**	**Unencumbered**	**Total**
Cash and cash equivalents	-	2,955,787	2,955,787
Loans and advances to banks	41,862	122,749	164,611
Debt securities at amortised cost	178,526	1,138,775	1,317,301
Loans and advances to customers	793,749	8,362,961	9,156,710
Investment securities	-	31,214	31,214
Non-financial assets	-	262,774	262,774
Total assets	**1,014,137**	**12,874,260**	**13,888,397**

The increase in encumbered assets is caused by debt securities posted at the Dutch Central Bank as collateral under TLTRO III. In addition, Triodos Bank has an obligation to maintain a reserve with local central banks. As at 31 December 2021, the minimum mandatory reserve deposits with various central banks amount to EUR 115,850 (2020: EUR 102,245).

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.

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 GBP.

Triodos Bank aims to avoid net currency positions, with the exception of those arising from strategic investments. The forward positions in foreign currencies are used for hedging the currency risk of the UK subsidiary equity participation. The position also contains the currency derivatives of Triodos Investment Funds which are nearly fully hedged.

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 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.

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 P&L 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 main strategic risks is the low interest rate environment. Although there is upward pressure due to increasing inflation, relatively low interest rates are likely to continue for some time, with a negative impact on Triodos Bank's return. As rates on the assets are decreasing, and the rates on the liabilities have hit the psychological floor of zero percent, the margin is being compressed. The threshold for negative rates on savings and current accounts has been lowered in several market segments over the last year. At the same time, fees on savings accounts were introduced and/or increased to be able to deal with the margin compression.

Benchmark reform

Triodos Bank has robust written plans in place per business unit and product as referred to in Article 28(2) of the EU Benchmarks Regulation (BMR). It details (1) the operational procedures that apply in case the benchmark would materially change or cease to exist , and (2) the organisational arrangements for continuously monitoring relevant developments in respect of the underlying benchmark. Risks associated with benchmark reform did not result in changes to the underlying risk management strategy. The benchmark reform will also not have a material effect on the underlying products of Triodos Bank.

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 CET-1 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 low interest rate environment and the maturity of the portfolio, prepayments increased during the last years. 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 is using 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 solve 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 and loss statement. As a consequence hedge ineffectiveness is automatically reflected in the P&L.

Explanation of the significance of the IRRBB measures and significant variations

Economic value of equity at risk declined in 2021. Triodos Bank hedged its position with interest rate derivatives, and a recalibration of the prepayment parameter led to slightly higher prepayment speeds. On the other hand, continuing growth in the mortgage portfolio, and a decline in duration of savings accounts due to somewhat higher yield curves increased Triodos Bank's vulnerability to rate rises at the long end of the curve. All in all, EVE at Risk, as measured under a steepener scenario, decreased from 15.0% to 7.7%.

Net interest income at risk decreased in 2021 as well, from 2.8% to 1.2%. The scenarios were updated in 2021, reflecting the latest interest rate outlook. This means the scenario became less severe at the short end of the curve and more severe at the long end. A negative shock at the short end of the curve immediately impacts Triodos Bank's interest income due to the interest paid on cash positions.

Changes in net interest income, as disclosed in template EUR IRRBB1 are measured with the following assumptions:
- The upward scenario reflects a parallel up shock of 200 basis points, and the downward scenario the expected interest rate movement in a depression scenario.
- 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 2.7 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 decreased from 2.8% to 1.2% in 2021, and two-year net interest income at risk from 5.6% to 4.4%. Both indicators show their worst-case outcome in a scenario where the economy moves into recession and interest rates decrease. The scenarios were updated in 2021, reflecting the latest interest rate outlook. This means the scenario became less severe at the short end of the curve and more severe at the long end. A negative shock at the short end of the curve immediately impacts Triodos Bank's interest income due to the interest paid on cash positions.

Supervisory outlier test
In 2021, the supervisory outlier test decreased from 17.2% to 8.7%. The decrease came mainly from purchases of interest rate swaps during the year. In addition, a recalibration of the prepayment parameters led to slightly higher prepayment speeds and lowered the position further. On the other hand, the continuing growth in mortgages in 2021, from EUR 2.7 billion to EUR 3.6 billion was the main factor putting upward pressure on this indicator. A decrease in the duration of savings accounts, due to higher market interest rates, created upward pressure as well. The supervisory outlier test worst-case outcome is measured in the steepener scenario where short rates decline and long rates increase.

EVE-at-Risk
EVE-at-Risk decreased during the first half of the year and slowly started rising again in the second half. The drivers behind the development of the supervisory outlier test and EVE-at-Risk are similar, i.e., upward pressure due to continued mortgages production and a decrease in duration of savings, and downward pressure due to the purchase of interest rate swaps and higher prepayment speeds. All in all, EVE-at-Risk decreased from 15% to 7.7% in 2021. As with the supervisory outlier test, the steepener scenario is the worst-case scenario for EVE-at-Risk.

Duration of equity
Duration of equity decreased from 6.3 to 3.2 years over the course of 2021. The developments resembled that of EVE-at-Risk, i.e. a decline in the first half of the year, and a slow increase in the second half.

The underlying drivers are similar to those for the supervisory outlier test and EVE-at-Risk, although a difference is that duration of equity is calculated under the assumption of a 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:

2021	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**

2020	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	2,956,179	-	-	-	-	2,956,179
Banks	148,160	1,453	-	14,000	1,000	164,613
Loans	1,174,082	998,082	1,510,417	2,759,799	2,757,857	9,200,237
Hedged loans	12,500	159,000	165,900	-195,500	-141,900	-
Interest-bearing securities	-	53,923	214,299	840,055	199,652	1,307,929
Total	**4,290,921**	**1,212,458**	**1,890,616**	**3,418,354**	**2,816,609**	**13,628,958**
Interest-bearing liabilities						
Banks	750,220	1,312	9,264	24,258	31,910	816,964
Subordinated loans	-	-	-	-	6,369	6,369
Funds entrusted	12,472	1,385,853	1,943,651	5,877,833	2,521,691	11,741,500
Total	**762,692**	**1,387,165**	**1,952,915**	**5,902,091**	**2,559,970**	**12,564,833**

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
Foreign exchange risk is the current or prospective risk to earnings and capital that arises from adverse movements in foreign exchange rates. Triodos Bank’s base currency is the euro. The base currency of the UK subsidiary of Triodos is GBP.

The following table shows Triodos Bank's foreign currency position in thousands of EUR as at 31 December.

2021	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 21,511 thousand.

2020	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	1,792,659	1,585,255	-	192,519	14,885	-
USD	13,995	434	4,908	4,908	13,561	-
NOK	95	-	-	-	95	-
AUD	1	-	-	-	1	-
SEK	51	-	-	-	51	-
INR	-	-	9,191	9,191	-	-
Total	**1,806,801**	**1,585,689**	**14,099**	**206,618**	**28,593**	**-**

Net open foreign currency position (total of net positions debit and credit): EUR 28,593 thousand.

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 IV. The Capital Requirements Regulation is directly applicable and the Capital Requirements Directive IV 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 IV 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 increased by 2.5% from 18.8% at the year-end 2020 to 21.3% at the year-end 2021. 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 – The capital charge for the counterparty risk of derivative transactions that are not cleared through a qualified central counterparty.

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 SREP of DNB 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 its solvency by reducing risks and/or increasing capital and provides a specific governance structure for these stressed conditions.

Capital strategy

Triodos Bank aims for a sound and resilient capital base supporting our sustainable and conscious 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 solvency comes from Common Equity Tier 1 (CET-1) capital and Tier 2 capital.

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 2021, available capital has been at sufficient levels at all times in line with external regulatory minimum requirements. A retained portion of the 2021 profit will be added to reserves in 2022.

Management of excessive leverage

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 all regulatory requirements. At year end, the relevant capital used to calculate the leverage ratio consists only of CET-1 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.

Triodos Bank has participated in the TLTRO tender III.5 and tender III.7 which would normally decrease the leverage ratio. However, in 2020 the ECB published a new regulation so that amounts placed with central banks can be left out of the leverage ratio calculation. Triodos Bank benefits from this relief measure until end-March 2022.

The decrease in the leverage ratio in 2021 is a direct result of the capital strategy of Triodos Bank. In order to diversify the capital base, Triodos Bank issued a green subordinated Tier 2 bond in 2021 with a nominal amount of EUR 250 million. The issuance of that inaugural Tier 2 bond, if used to finance loans, results in a decrease of the leverage ratio by 0.15 percent points. The leverage ratio is mainly impacted due to loan portfolio growth while the Tier 1 capital increased only marginally in 2021. This reflects the capital strategy of Triodos Bank to improve the usage of its Tier 1 capital to further develop the sustainable loan portfolio.

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 cashflows, 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 cashflows, with account taken of expected prepayment behavior. 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 and 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 and 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. See Financial instruments for further information on the valuation. 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.

2021	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**

2020	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management				
Interest rate	-	24	-	24
Foreign exchange	-	1,771	-	1,771
Total	**-**	**1,795**	**-**	**1,795**
Investment securities				
Equities	8,601	13,694	4,458	26,753
Debt	-	4,461	-	4,461
Total	**8,601**	**18,155**	**4,458**	**31,214**
Derivative liabilities held for risk management				
Interest rate	-	6,344	-	6,344
Foreign exchange	-	4,108	-	4,108
Total	**-**	**10,452**	**-**	**10,452**

Level 3 valuations relate to participating interest which are valued at fair value through other comprehensive income. Total fair value changes amount to EUR 135 (2020: EUR -420).

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.

2021	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
Debt issued and other borrowed funds	-	-	255,233	255,233	255,615
Lease liabilities	-	-	19,730	19,730	17,425

2020	Level 1	Level 2	Level 3	Total Fair Values	Total Carrying
Assets					
Debt securities at amortised cost	1,230,304	119,339	-	1,349,643	1,317,301
Loans and advances to banks	-	-	150,616	150,616	164,611
Loans and advances to customers	-	-	9,414,780	9,414,780	9,156,710
Liabilities					
Deposits from banks	-	-	813,457	813,457	815,140
Deposits from customers	-	-	11,935,701	11,935,701	11,747,207
Debt issued and other borrowed funds	-	-	7,194	7,194	6,368
Lease liabilities	-	-	24,182	24,182	19,963

The amounts in the annual report 2020 represented the clean fair values, for comparison reasons the fair values have been adjusted to dirty fair values, therefore including the current interest accrual at the end of 2020.

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.

2021	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI – equity instruments	Amortised cost[1]	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
Other liabilities	-	-	-	336,313	336,313
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.

2020	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI – equity instruments	Amortised cost[1]	Total carrying amount
Cash and cash equivalents	-	-	-	2,955,787	2,955,787
Debt securities at amortised cost	-	-	-	1,317,301	1,317,301
Loans and advances to customers	-	-	-	9,156,710	9,156,710
Loans and advances to banks	-	-	-	164,611	164,611
Investment securities	4,461	-	26,753	-	31,214
Other assets	-	-	-	260,979	260,979
Derivative assets held for risk management	1,795	-	-	-	1,795
Total financial assets	**6,256**	**-**	**26,753**	**13,855,388**	**13,888,397**
Derivative liabilities held for risk management	10,452	-	-	-	10,452
Deposits from banks	-	-	-	815,140	815,140
Deposits from customers	-	-	-	11,747,207	11,747,207
Lease liabilities	-	-	-	19,963	19,963
Other liabilities	-	-	-	87,423	87,423
Total financial liabilities	**10,452**	**-**	**-**	**12,669,733**	**12,680,185**

[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.

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Instrument type				
Interest rate				
Designated in fair value hedges	17,675	2,757	-	6,344
Other derivatives	308	-	24	-
Total interest rate	**17,983**	**2,757**	**24**	**6,344**
Foreign exchange				
Designated in a net investment hedge	-	2,568	-	2,407
Other derivatives	1,667	1,622	1,771	1,701
Total foreign exchange	**1,667**	**4,190**	**1,771**	**4,108**
Total non-trading derivatives	**19,650**	**6,947**	**1,795**	**10,452**

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). As of 1 January 2020, Triodos Bank applies the EU carve-out under IAS 39.

Triodos Bank applies macro fair-value hedge accounting, designating hedge items and hedging instruments 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, to ensure that they are within an 80% to 125% range.

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 periodically performed by calculating the fair value of the hedged items and hedging instruments with the curves applicable as at that date (month end). 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 of 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 and 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. The bank has elected to commence amortisation at the date of de-designation.

Triodos Bank discloses its risk management related to interest rate risk in Market risk management.

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
- Fair value changes in the floating leg of the swaps

2021		**Carrying amount**			
Hedging instruments	**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**		
Hedged item	**Assets**	**Debit adjustment**	**Credit adjustment**	**Change in fair value**
Loans and advances to customers	1,042,400	-	14,709	-20,491

2020		**Carrying amount**			
Hedging instruments	**Nominal amount**	**Assets**	**Liabilities**	**Change in fair value**	**Ineffective-ness**
Interest rate swaps – portfolio hedge accounting	295,175	-	6,344	-2,216	111

2020	Nominal amount	Fair value hedge adjustments		
Hedged item	**Assets**	**Debit adjustment**	**Credit adjustment**	**Change in fair value**
Loans and advances to customers	295,975	5,286	-	2,327

Net investment hedge

Triodos Bank entered into GBP foreign currency forward contracts as of April 2019 to hedge the currency risk of the UK subsidiary equity participation of Triodos Bank. In order to maintain an effective hedging relationship, the hedge may be lower than the full value of the UK subsidiary equity participation. Triodos Bank hedges up to a maximum of 100% of the UK subsidiary.

Triodos Bank discloses its risk management related to foreign exchange risk in Market risk management.

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.

2021		Carrying amount			
Hedging instruments	**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	**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

2020		Carrying amount			
Hedging instruments	**Nominal amount**	**Assets**	**Liabilities**	**Change in fair value**	**Ineffective-ness**
Foreign currency forward contracts (EUR:GBP)	180,100	-	2,407	-10,200	-

2020		Carrying amount			
Hedged item	Nominal amount	Assets	Liabilities	Change in fair value	Foreign currency translation reserve
GBP net investment in UK subsidiary	181,351	202,497	-	11,408	-4,440

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 2021

Before appropriation of profit			
in thousands of EUR	**Note[1]**	**2021**	**2020**
ASSETS			
Cash and cash equivalents		3,832,078	2,536,320
Loans and advances to banks	31	186,729	121,558
Loans and advances to customers	32	8,855,308	7,999,465
Debt securities at amortised cost	33	1,163,603	1,146,456
Investments in group companies	34	247,609	223,810
Investment securities	35	35,690	31,213
Intangible fixed assets	36	45,942	43,121
Property and equipment	37	80,448	87,710
Investment property	38	7,905	10,914
Right-of-use assets	39	15,196	17,648
Non-trading derivatives		19,650	1,795
Deferred Tax Assets		13,334	14,684
Current tax receivable		1,730	1,723
Other assets	40	64,767	47,644
Non-current Assets Held for Sale	41	12,679	16,203
Total assets		**14,582,668**	**12,300,264**

Before appropriation of profit **in thousands of EUR**	**Note[1]**	**2021**	**2020**
LIABILITIES			
Deposits from banks	42	1,608,305	815,140
Deposits from customers	43	11,386,200	10,183,171
Lease liabilities	39	15,858	18,252
Non-trading derivatives		6,947	10,452
Deferred Tax Liabilities		6,327	4,346
Current tax liabilities		7,687	8,394
Other liabilities	44	50,289	49,059
Debt issued and other borrowed funds	45	248,796	-
Provisions	45	2,137	3,238
Total liabilities		**13,332,546**	**11,092,052**
EQUITY			
Capital	46	723,353	723,353
Share premium reserve	47	200,811	200,811
Translation reserve		-4,482	-4,385
Cost of hedging reserve		117	-55
Fair value reserve		82	-2,025
Other reserve	48	46,431	43,806
Retained earnings	49	233,051	219,504
Result for the period		50,759	27,203
Equity		**1,250,122**	**1,208,212**
Total equity and liabilities		**14,582,668**	**12,300,264**
Contingent liabilities	50	89,042	90,286
Irrevocable facilities	51	1,929,582	1,740,444
		2,018,624	**1,830,730**

[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 and loss account 2021

in thousands of EUR	Note[1]	2021	2020
INCOME			
Interest income calculated using the effective interest method	52	200,766	178,443
Interest expense	53	-21,590	-16,591
Interest		**179,176**	**161,852**
Investment income	54	**310**	**449**
Fee and Commission income	55	67,814	61,149
Fee and Commission expense	56	-5,571	-4,046
Net fee and commission income		**62,243**	**57,103**
Net income from other financial instruments at FVTPL	57	2,003	-361
Other income	58	2,025	753
Other income		**4,028**	**392**
Total income		**245,757**	**219,796**
EXPENSES			
Personnel expenses	59	111,493	100,419
Other administrative expenses	59	63,300	52,756
Amortisation and value adjustments of intangible assets	60	11,551	10,072
Depreciation and value adjustments of property and equipment	60	13,458	17,164
Operating expenses		**199,802**	**180,411**
Impairment result on financial instruments	61	-2,891	20,875
Total expenses		**196,911**	**201,286**

in thousands of EUR	Note[1]	2021	2020
Operating result before taxation		**48,846**	**18,510**
Taxation on operating result	62	-13,469	-5,612
Result on participating interests after taxation		15,382	14,305
Net profit		**50,759**	**27,203**

[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 statement of changes in equity 2021

in thousands of EUR	Share capital
Equity as at	
1 January 2020	**720,088**
Result for the period	
Foreign operations – foreign currency translation differences	
Net gain / (loss) on hedges of net investments in foreign operations	
Conversion Visa shares	
Equity investments at FVOCI – net change in fair value	
Total comprehensive income	**-**
Increase of share capital	3,265
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	
Purchasing or sale of own depository receipts	
Equity as at	
31 December 2020	**723,353**

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
198,626	**-3,354**	**123**	**1,938**	**38,914**	**205,587**	**39,005**	**1,200,927**
						27,203	**27,203**
							-
	-1,031	-178					**-1,209**
	-	-	-303		303		**-**
			-3,660		-		**-3,660**
-	**-1,031**	**-178**	**-3,963**	**-**	**303**	**27,203**	**22,334**
2,185							**5,450**
-							**-**
					39,005	-39,005	**-**
						-	**-**
					-		**-**
				4,892	-4,892		**-**
					-20,499		**-20,499**
200,811	**-4,385**	**-55**	**-2,025**	**43,806**	**219,504**	**27,203**	**1,208,212**

in thousands of EUR	Share capital
Equity as at	
1 January 2021	**723,353**
Result for the period	
Foreign operations – foreign currency translation differences	
Net gain (loss) on hedges of net investments in foreign operations	
Debt instruments at FVOCI – net change in fair value	
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	
Reverted 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 2021	**723,353**

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
200,811	**-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**
200,811	**-4,482**	**117**	**82**	**46,431**	**233,051**	**50,759**	**1,250,122**

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, please 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, please refer to the accounting principles 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 recognized 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 Loans and advances to banks

	2021	2020
On demand deposits with banks	119,162	85,017
Deposits with banks	67,612	36,543
Interest receivable	-44	-1
Allowance for ECL	-1	-1
Balance sheet value as at 31 December	**186,729**	**121,558**

Received cash collateral regarding forward currency contracts and interest rate swaps was recognised as other assets but are transferred to loans and advances to banks. The comparative figure in the amount of EUR 14,048 is adjusted accordingly.

An amount of EUR 118.2 million of the deposits is encumbered (2020: EUR 41.2 million). These are on demand deposits at Cecabank in the amount of EUR 1.0 million (2020: EUR 1.0 million), ING Bank EUR 13.0 million (2020: EUR 13.0 million), Banco Cooperativo EUR 1.5 million (2020: EUR 7.5 million) The Dutch Central Bank EUR 50.0 million (2020: EUR 0.0 million), Rabobank EUR 13.5 million (2020: EUR 7.1 million) and ABN AMRO EUR 39.2 million (2020: 12.6 million). A deposit of EUR 1.0 million (2020: EUR 1.0 million) is subordinated. All other deposits can be freely disposed of.

32 Loans and advances to customers

	2021	2020
Loans	8,896,871	8,046,008
Allowance for ECL	-41,563	-46,543
Balance sheet value as at 31 December	**8,855,308**	**7,999,465**

	2021			2020		
	Gross carrying amount	Allowance for ECL	Carrying amount	Gross carrying amount	Allowance for ECL	Carrying amount
Corporate loans	4,955,244	-38,043	4,917,201	4,912,146	-42,137	4,870,009
Mortgage lending	3,621,128	-1,078	3,620,050	2,739,930	-1,650	2,738,280
Municipality loans	138,628	-	138,628	252,700	-	252,700
Current accounts and credit cards	181,190	-2,442	178,748	118,907	-2,756	116,151
Municipality loans	-14,709	-	-14,709	5,286	-	5,286
Interest receivables	15,390	-	15,390	17,039	-	17,039
Balance sheet value as at 31 December	**8,896,871**	**-41,563**	**8,855,308**	**8,046,008**	**-46,543**	**7,999,465**

Loans classified by residual maturity:

	2021	2020
Payable on demand	181,837	129,353
1 to 3 months	482,181	583,095
3 months to 1 year	770,856	739,036
1 to 5 years	3,104,344	2,754,583
Longer than 5 years	4,316,090	3,793,398
Balance sheet value as at 31 December	**8,855,308**	**7,999,465**

EUR 65.0 million (2020: EUR 252.7 million) of the loans relates to loans to local authorities with a maximum original maturity of one year and one day.

The loans and advances to customers includes an amount of EUR 33.2 million (2020: EUR 37.9 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 2021 which can be found on the website of Triodos Bank.

33 Debt securities at amortised cost

	2021	2020
Dutch Government bonds	69,667	69,983
Belgian Government bonds	108,035	141,697
Spanish Government bonds	51,733	63,209
Other bonds	925,731	861,978
Interest receivable	7,797	8,494
Fair value hedge accounting	645	1,146
Allowance for ECL	-5	-51
Balance sheet value as at 31 December	**1,163,603**	**1,146,456**

The movement in interest-bearing securities is as follows:

	2021	2020
Balance sheet value as at 1 January	1,146,456	896,996
Purchase	238,254	458,031
Repayments	-211,023	-199,002
Sale	-	-
Amortisation difference between acquisition price and redemption value	-8,932	-9,432
Exchange rate results on foreign currencies	-	-
Interest receivable movement	-697	422
Fair value hedge accounting movement	-501	-534
Net movement in allowance for ECL	46	-25
Balance sheet value as at 31 December	**1,163,603**	**1,146,456**

34 Investments in group companies

The investments in group companies relate to the subsidiaries of Triodos Bank, mainly being Triodos Bank UK limited and Triodos Investment Management B.V.

The movement of the participating interest in group companies is as follows

	2021	2020
Balance sheet value as at 1 January	223,810	232,800
Acquisitions	-	-
Increase of capital	-	-
Result on participating interests	15,382	14,305
Transfer from or to provision for negative equity of participating interests	-	-
Dividend paid	-2,673	-11,222
Revaluation	-	-
Repayment of capital	-2,106	-686
Sale	-	-
Exchange rate result on foreign currency	13,196	-11,387
Balance sheet value as at 31 December	**247,609**	**223,810**

35 Investment securities

	2021	2020
Participating interests designated at fair value through OCI	30,143	26,673
Participating debt at mandatory fair value through profit and loss	5,462	4,460
Shares S.W.I.F.T. SCRL	85	80
Balance sheet value as at 31 December	**35,690**	**31,213**

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 participating interest at fair value through OCI is as follows:

	2021	**2020**
Balance sheet value as at 1 January	26,673	19,542
Acquisitions	-	210
Increase of capital	691	12,099
Revaluation	1,801	-4,138
Repayment of capital	-	-
Divestments	-	-
Conversion[1]	-	-292
Exchange rate results on foreign currencies	978	-748
Balance sheet value as at 31 December	**30,143**	**26,673**

[1] A portion of the shares held in Visa were converted and are therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

The movement of the participating debt at fair value through profit and loss is as follows:

	2021	2020
Balance sheet value as at 1 January	4,460	4,737
Acquisitions	-	-
Increase of capital	16	-
Revaluation	654	-209
Repayment of capital	-	-
Divestments	-	-
Conversion[1]	-	292
Exchange rate results on foreign currencies	332	-360
Balance sheet value as at 31 December	**5,462**	**4,460**

[1] A portion of the shares held in Visa were converted and are therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

The shares in S.W.I.F.T. SCRL are held in the framework of the Bank's participation in S.W.I.F.T. payment transactions.

The movement in shares is as follows:

	2021	2020
Balance sheet value as at 1 January	80	20
Purchases	-	60
Revaluation	5	-
Sales	-	-
Balance sheet value as at 31 December	**85**	**80**

36 Intangible fixed assets

	2021	2020
Development costs for information systems	44,746	41,839
Computer software	1,196	1,282
Balance sheet value as at 31 December	**45,942**	**43,121**

Development costs for information systems

The development costs for information systems relate to the development costs for the banking system.

The movement in the development costs for the information systems item is as follows:

	2021	2020
Purchase value as at 1 January	65,633	66,307
Cumulative amortisation as at 1 January	-23,794	-29,953
Balance sheet value as at 1 January	**41,839**	**36,354**
Capitalised expenses	13,830	14,737
Amortisation	-10,605	-9,252
Impairments	-318	-
Balance sheet value as at 31 December	**44,746**	**41,839**
Purchase value as at 31 December	77,429	65,633
Cumulative amortisation as at 31 December	-32,683	-23,794
Balance sheet value as at 31 December	**44,746**	**41,839**

Computer software

Computer software relates to software that has been purchased.

The movement in computer software is as follows:

	2021	2020
Purchase value as at 1 January	3,191	3,825
Cumulative amortisation as at 1 January	-1,909	-1,985
Balance sheet value as at 1 January	**1,282**	**1,840**
Purchase	542	276
Amortisation	-613	-834
Impairments	-15	-
Balance sheet value as at 31 December	**1,196**	**1,282**
Purchase value as at 31 December	3,330	3,191
Cumulative amortisation as at 31 December	-2,134	-1,909
Balance sheet value as at 31 December	**1,196**	**1,282**

37 Property and equipment

	2021	2020
Property for own use	59,147	60,558
Equipment	21,301	27,152
Balance sheet value as at 31 December	**80,448**	**87,710**

The movement in the property for own use is as follows:

	2021	2020
Purchase value as at 1 January	65,413	80,930
Cumulative revaluation as at 1 January	-1,595	-1,595
Cumulative depreciation as at 1 January	-3,260	-6,221
Balance sheet value as at 1 January	**60,558**	**73,114**
Purchase	212	139
Depreciation	-1,623	-1,960
Impairment	-	-4,971
Transfer	-	-5,764
Balance sheet value as at 31 December	**59,147**	**60,558**
Purchase value as at 31 December	65,625	65,413
Cumulative revaluation as at 31 December	-1,595	-1,595
Cumulative depreciation as at 31 December	-4,883	-3,260
Balance sheet value as at 31 December	**59,147**	**60,558**

The transfer in 2020 relates by the decision of the Executive Board of Triodos Bank to sell the buildings located at the Nieuweroordweg 1 and Utrechtseweg 60 in Zeist. These buildings were reclassified to assets held for sale in 2020. Refer to note 7 Property and equipment and 12 Non-current Assets Held for Sale of the consolidated financial statements for further details.

The movement in equipment is as follows:

	2021	2020
Purchase value as at 1 January	52,263	55,353
Cumulative depreciation as at 1 January	-25,111	-22,840
Balance sheet value as at 1 January	**27,152**	**32,513**
Purchase	1,976	2,344
Sale	-261	-887
Depreciation	-6,188	-6,638
Impairment	-1,378	-83
Transfer	-	-97
Balance sheet value as at 31 December	**21,301**	**27,152**
Purchase value as at 31 December	52,957	52,263
Cumulative depreciation as at 31 December	-31,656	-25,111
Balance sheet value as at 31 December	**21,301**	**27,152**

Fully depreciated equipment with a total purchase value of EUR 1.0 million (2020: EUR 3.5 million) has been disposed of.

The transfer in 2020 relates to the decision of the Executive Board of Triodos Bank to sell the equipment located at the Nieuweroordweg 1 and Utrechtseweg 60 in Zeist. The equipment was reclassified to assets held for sale in 2020. Refer to note 7 Property and equipment and 12 Non-current Assets Held for Sale of the consolidated financial statements for further details.

38 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:

	2021	2020
Purchase value as at 1 January	12,788	12,630
Cumulative depreciation as at 1 January	-1,874	-1,618
Balance sheet as at 1 January	**10,914**	**11,012**
New foreclosed assets	-	158
Sales	-1,874	-
Depreciation	-239	-234
Impairments	-896	-22
Balance sheet value as at 31 December	**7,905**	**10,914**
Purchase value as at 31 December	10,463	12,788
Cumulative depreciation as at 31 December	-2,558	-1,874
Balance sheet value as at 31 December	**7,905**	**10,914**

39 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

	2021				2020			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Balance at 1 January	16,062	1,137	449	**17,648**	18,220	1,413	343	**19,976**
Depreciation	-2,370	-651	-68	**-3,089**	-2,473	-601	-68	**-3,142**
Additions	173	677	-	**850**	333	367	174	**874**
Disposals	-172	-41	-	**-213**	-18	-42	-	**-60**
Balance at 31 December	**13,693**	**1,122**	**381**	**15,196**	**16,062**	**1,137**	**449**	**17,648**

Lease liabilities

	2021				2020			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Current	2,222	824	72	**3,118**	1,767	376	72	2,215
Non-current	12,124	301	315	**12,740**	14,865	792	380	16,037
Balance sheet at 31 December	**14,346**	**1,125**	**387**	**15,858**	**16,632**	**1,168**	**452**	**18,252**

	2021				2020			
Maturity analysis – contractual undiscounted cash flows	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,181	519	72	**2,772**	2,418	397	72	**2,887**
One to five years	5,115	596	205	**5,916**	8,042	1,041	242	**9,325**
More than five years	7,154	-	110	**7,264**	12,082	-	144	**12,226**
Undiscounted lease liabilities at 31 December	**14,450**	**1,115**	**387**	**15,952**	**22,542**	**1,438**	**458**	**24,438**

40 Other assets

The balance sheet value of the other assets as at 31 December can be broken down as follows:

	2021	2020
Receivable regarding the deposit guarantee scheme	2,700	3,916
Other prepayments and accrued income	19,411	9,789
Other	43,775	34,644
Allowance for ECL	-1,119	-705
Balance sheet value as at 31 December	**64,767**	**47,644**

Received cash collateral regarding forward currency contracts and interest rate swaps was recognised as other assets but are transferred to loans and advances to banks. The comparative figure in the amount of EUR 14,048 is adjusted accordingly.

The main reason for the increase in other prepayments and accrued income is the received cash collateral for rents in Spain.

Of the other assets, EUR 32.0 million has a maturity of less than one year (2020: EUR 40.2 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 1.3 million (2020: EUR 68.0 million) regarding receivables from consolidated participating interests.

41 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:

	2021	2020
Repossessed assets	6,544	10,343
Own property held for sale	6,135	5,860
Balance sheet value as at 31 December	**12,679**	**16,203**

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 disclosure regarding the addition to the assets held for sale as required by IFRS 5 is included in note 7 Property and equipment, on page 182 of the financial statements. The increase in book value can be explained by a revaluation based on the sale agreement in 2021.

42 Deposits from banks

	2021	2020
Deposits from banks	73,919	66,965
TLTROIII	1,550,000	750,000
Interest payable	-15,614	-1,825
Balance sheet value as at 31 December	**1,608,305**	**815,140**

43 Deposits from customers

	2021	2020
Business clients:		
Saving accounts	1,235,538	1,440,083
Fixed term deposits	101,866	117,028
Current accounts	2,424,143	2,107,769
Retail clients:		
Saving accounts	5,332,991	4,581,106
Fixed term deposits	373,985	415,204
Current accounts	1,916,959	1,520,479
Interest payable	718	1,502
Balance sheet value as at 31 December	**11,386,200**	**10,183,171**

The Other funds entrusted item includes an amount of EUR 12.2 million (2020: EUR 13.4 million) for deposits from consolidated participating interests.

Funds entrusted classified by residual maturity:

	2021			2020		
	Business clients	Retail clients	Total	Business clients	Retail clients	Total
Payable on demand	3,690,041	7,224,401	10,914,442	3,578,695	6,075,856	**9,654,551**
1 to 3 months	8,101	73,215	81,316	14,639	78,469	**93,108**
3 months to 1 year	33,422	173,778	207,200	26,265	193,035	**219,300**
1 to 5 years	26,240	123,229	149,469	40,572	141,003	**181,575**
Longer than 5 years	3,980	29,793	33,773	5,180	29,457	**34,637**
Balance sheet value as at 31 December	**3,761,784**	**7,624,416**	**11,386,200**	**3,665,351**	**6,517,820**	**10,183,171**

44 Other liabilities

The balance sheet value of the other liabilities as at 31 December can be broken down as follows:

	2021	2020
Other liabilities	15,221	17,014
Other accruals and deferred income	35,068	32,045
Balance sheet value as at 31 December	**50,289**	**49,059**

Of the other liabilities, EUR 50.1 million has a maturity of less than one year (2020: EUR 47.7 million). Due to the nature and the maturity of the other liabilities, the fair value approximates the carrying value.

The other liabilities includes an amount of EUR 0 million (2020: EUR 2.4 million) regarding payables to consolidated participating interests.

45 Debt issued and other borrowed funds

	2021	2020
Subordinated Tier 2 instruments:		
Subordinated Green Bond (institutional investors)	247,930	-
Interest payable	866	-
Balance sheet value as at 31 December	**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 is in line with 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:

	2021	2020
Balance sheet value as at 1 January		
Issuance	247,868	-
Amortisation	62	-
Interest payable	866	-
Balance sheet value as at 31 December	**248,796**	**-**

46 Provisions

	2021	2020
Financial guarantee contracts issued	20	13
Loan commitments issued	1,055	1,724
Other provisions	1,062	1,501
Balance sheet value as at 31 December	**2,137**	**3,238**

The movement of the provisions is as follows:

	2021	2020
Balance sheet value as at 1 January	1,501	515
Addition	511	998
Withdrawal	-182	-12
Release	-768	-
Exchange rate differences	-	-
Balance sheet value as at 31 December	**1,062**	**1,501**

47 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 (2020: 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 (2020: 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:

	2021	2020
Number of shares as at 1 January	14,467,056	14,401,765
Increase of share capital	-	65,291
Stock dividend	-	-
Number of shares as at 31 December	**14,467,056**	**14,467,056**

48 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.

49 Other reserve

	2021	2020
Development costs	46,431	43,806
Balance sheet value as at 31 December	**46,431**	**43,806**

Development costs

The movement in the other reserve for development costs is as follows:

	2021	2020
Balance sheet value as at 1 January	43,806	38,914
Transfer from retained earnings	2,625	4,892
Balance sheet value as at 31 December	**46,431**	**43,806**

50 Retained earnings

The movement in retained earnings includes purchasing of own depository receipts. At year-end 2021, Triodos Bank had purchased 250,634 own depository receipts amounting to EUR 21,556 million (2020: 237,976 amounting to EUR 20,656).

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.

	2021	2020
Credit substitute guarantees	35,929	39,332
Non-credit substitute guarantees	53,113	50,954
Total contingent liabilities	**89,042**	**90,286**

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.

52 Irrevocable facilities

These relate to the total liabilities in respect of irrevocable undertakings, which may lead to a further loan.

	2021	2020
Undrawn debit limits on current accounts and credit cards	370,066	372,931
Accepted loans not yet paid out	976,187	1,260,811
Valid loan offers not yet accepted	127,829	106,206
Other facilities	455,500	496
Total irrevocable facilities	**1,929,582**	**1,740,444**

Notes to the parent company profit and loss account

53 Interest income

	2021	2020
Loans and advances to customers	169,624	162,060
Loans and advances to banks	50	225
Negative interest expense on TLTRO III	13,703	1,911
Debt securities	8,241	10,192
Other interest income	2,707	91
Negative interest expense other	6,441	3,964
Total interest income	**200,766**	**178,443**

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 transaction results (2020: nil).

The interest income includes income derived from loans provided to consolidated participating interest in the amount of EUR 129 (2020: EUR 175).

54 Interest expense

	2021	2020
Deposits from customers	-2,719	-4,408
Subordinated liabilities	-928	-
Deposits from banks	-656	-937
Negative interest income banks	-13,598	-7,599
Negative interest income debt securities	-1,009	-646
Negative interest income other	-37	-973
Other interest expense	-2,643	-2,028
Total interest expense	**-21,590**	**-16,591**

55 Investment income

	2021	2020
Dividend from other participations	310	449
Realized result from other participations	-	-
Total investment income	**310**	**449**

56 Fee and commission income

	2021	2020
Guarantee commission	849	598
Transaction fee securities	1,319	2,210
Payment transactions	35,927	31,761
Lending	11,308	11,475
Asset Management	9,045	6,723
Management fees	5,017	3,949
Other commission income	4,349	4,433
Total fee and commission income	**67,814**	**61,149**

57 Fee and commission expense

	2021	2020
Commission to agents	295	123
Asset Management	916	613
Other commission expense	4,360	3,310
Total fee and commission expense	**5,571**	**4,046**

58 Net result from other financial instruments at FVTPL

	2021	2020
Net result on investment debt mandatorily at fair value through profit and loss:	2,003	-361
Total net result FVTPL	**2,003**	**-361**

59 Other income

	2021	2020
Exchange results for foreign currency transactions	2	115
Transaction results on currency forward contracts	23	56
Realized results assets not in use[1]	-	-
Income assets not in use[1]	183	181
Hedge accounting ineffectiveness	34	111
Modification result[2]	94	-
Other income	1,689	290
Total other income	**2,025**	**753**

[1] Assets not in use relates to acquired collateral on written off loans.
[2] Modification result will be shown in Other income as of 2021, refer to section 60 Impairment losses on financial instruments for the modification result in 2020.

The other income relates to fees for other services performed and results from asset disposals.

60 Personnel and other administrative expenses

	2021	2020
Personnel expenses		
• salary expenses	71,026	65,462
• pension expenses[1]	9,446	8,558
• social security expenses	13,185	12,162
• temporary co-workers	21,532	16,495
• other staff costs	5,974	5,723
• capitalised co-worker costs	-9,670	-7,981
Total personnel expenses	**111,493**	**100,419**
Other administrative expenses:		
• office costs	3,521	3,503
• IT costs	17,392	14,751
• external administration costs	10,635	10,358
• travel and lodging expenses	710	901
• fees for advice and auditor[1]	13,278	7,206
• advertising charges	6,325	4,700
• accommodation expenses	4,473	4,466
• other expenses	6,966	6,871
Total other administrative expenses	**63,300**	**52,756**
Total personnel and other administrative expenses	**174,793**	**153,175**
Average number FTE's during the year[2]	**1,097.7**	**1,035.6**

[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] Of which 491.2 FTE (2020: 474.8 FTE) works outside of the Netherlands.

61 Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

	2021	2020
Amortisation of intangible fixed assets	11,218	10,072
Impairment of intangible fixed assets	333	-
Amortisation & impairment charge for the year	**11,551**	**10,072**
Depreciation of property and equipment	11,139	11,920
Impairment of tangible fixed assets	2,319	5,244
Amortisation & impairment charge for the year	**13,458**	**17,164**

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.

	2021	2020
Allowance for expected credit loss	-2,969	20,582
Modification result[1]	-	7
Correction on addition to provision doubtful debts regarding interest that has been invoiced but not received	-	-
Impairments other receivables	78	286
Total impairment result on financial instruments	**-2,891**	**20,875**

[1] Modification result will be shown in Other income as of 2021, refer to section 57 Other income

63 Taxation on operating result

	2021	2020
Taxation to be paid	12,827	7,940
Deferred taxation	642	-2,328
Total taxation on operating result	**13,469**	**5,612**

Reconciliation of effective tax rate

	2021	2020
Result before taxation	48,846	18,510
Statutory tax rate	25.0%	25.0%
Statutory tax amount	12,211	4,628
Income Non Taxable	-222	17
Tax Deduction Not Expensed	-	-
Expenses Non Deductible	1,266	1,095
Impact tax rate differences - stat rate foreign jurisdictions	268	-293
Restatement of deferred taxation items as the result of amended tax rates	194	815
Incentives for gifts, community investment and innovation	-326	-330
Other reconciling items	78	-320
Effective tax amount	**13,469**	**5,612**
Effective tax rate	**27.6%**	**30.3%**

Subsequent events

Fitch Ratings (Fitch) announced on 4 February 2022 it has affirmed the Long-Term Issuer Default rating of Triodos Bank at 'BBB' with a stable outlook and has affirmed the Viability Rating of Triodos Bank at 'bbb'. Fitch's rating analysis was done at the request of Triodos Bank. The Stable Outlook reflects Fitch's view that Triodos Bank's ratings have sufficient headroom at their current level to absorb significant shocks under various scenarios to Fitch's baseline economic forecast.

The current CRO, Carla van der Weerdt, is expected to require a recovery period of up to 12 months from the health impact of long COVID-19. Triodos Bank will seek a temporary statutory replacement for this role in the Executive Board. Pending the search and approval process for a temporary statutory replacement, André Haag (Chief Finance Officer) currently assumes the statutory oversight responsibility for the Risk function of Triodos Bank, similar to the period June to October 2021. Due to her absence she was not able to sign these financial statements.

The invasion of Ukraine by Russia at the end of February 2022 presents new uncertainty. As the war started in 2022, it has no effect on the financial position presented as per 31 December 2021. The impact on the short term and the longer term on society and financial markets is hard to predict at this moment of publication of our annual report. Triodos Bank does not have direct exposure in Russia, but we anticipate that the effects on society and financial markets will amongst others influence management fees and Expected Credit Losses.

Driebergen-Rijsenburg, 16 March 2022

Supervisory Board,	Executive board,
Aart de Geus, Chair	Jeroen Rijpkema, CEO, Chair
Mike Nawas, Vice-Chair	André Haag, CFO
Ernst-Jan Boers	Carla van der Weerdt, CRO[1]
Dineke Oldenhof	Jacco Minnaar, CCO
Sébastien D'Hondt	Nico Kronemeijer, COO
Danielle Melis	
Susanne Hannestad	

[1] The current CRO, Carla van der Weerdt, is expected to require a recovery period of up to 12 months from the health impact of long COVID-19. Triodos Bank will seek a temporary statutory replacement for this role in the Executive Board. Pending the search and approval process for a temporary statutory replacement, André Haag (Chief Finance Officer) currently assumes the statutory oversight responsibility for the Risk function of Triodos Bank, similar to the period June to October 2021. Due to her absence she was not able to sign these financial statements.

Other information

Profit appropriation

The appropriation of profit as set in the articles of association is presented under note 18 Equity on page 196.

The appropriation of profit in the Articles of Association is as follows:

Part of the profit as reported in the adopted profit and 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.

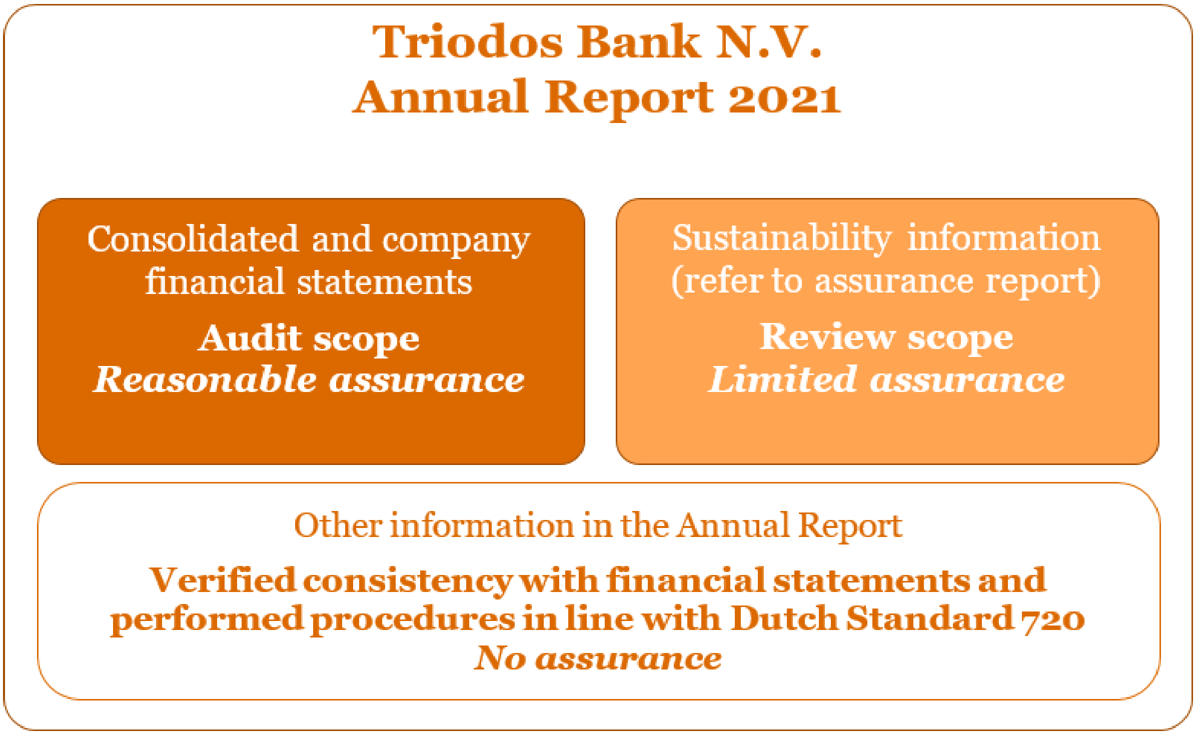
Combined independent auditor's and assurance report

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 customers and other stakeholders interested in more than just the Bank's financial performance.

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) on the sustainability information in the Bank's annual report.

Our scope can be summarised as follows:



Independent auditor’s report

To: the general meeting and the supervisory board of Triodos Bank N.V.

Report on the financial statements 2021

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 2021 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 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 2021 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 2021 of Triodos Bank N.V., Driebergen-Rijsenburg. The financial statements include 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 2021;
- the following statements for 2021: the consolidated profit and loss account, the consolidated statements of comprehensive income, changes in equity and the consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The parent company financial statements comprise:
- the parent company balance sheet as at 31 December 2021;
- the parent company profit and loss account for the year then ended; and
- the notes, comprising the accounting policies applied 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 of Book 2 of the Dutch Civil Code for the 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 assurance opdrachten’ (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 informing our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach, fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context
The Group comprises several components (refer to the consolidation principles on page 147 of the financial statements for an overview of the companies included in the consolidation) and therefore wec onsidered our group audit scope and approach as set out in the section ‘The scope of our group audit’.

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 judgements, 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 and the fair value measurement of level 2 and level 3 financial instruments as key audit matters as set out in the section ‘Key audit matters’ of this report.

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.

As included on page 14 of the executive board report, the Bank suspended the trade in depository receipts on 5 January 2021, following a previous suspension in 2020. On 21 December 2021, the executive board announced they will pursue a listing of the Bank's depository receipts on a so-called multilateral trading facility. This is an important topic for the Group and its stakeholders. This is not considered a separate key audit matter given the limited impact on the financial statements.

Other areas of focus, that were not considered as key audit matters, were reliability and continuity of IT systems and compliance with laws and regulation and our procedures in response to the risk of fraud.

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. We therefore included experts and specialists in the areas of amongst others IT, taxation and accounting, as well as experts in the areas of valuation and credit modelling and sustainability in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: EUR 3.1 million.

Audit scope
- We conducted audit work on Triodos Bank N.V.'s head office activities (hereafter: head office), three of its branches, Triodos Bank UK Ltd. and Triodos Investment Management B.V.
- With travel restrictions still in place due to the COVID-19 pandemic, we attended the closing meetings of head office, the three 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: 95% of the consolidated total income, 94% of the consolidated total assets and 93% of the 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.

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 3.1 million (2020: EUR 3.0 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.25% of equity (prior year: 0.25% of equity).
Rationale for benchmark applied	For the purpose of our audit, we concluded that equity rather than profit before tax is a more meaningful benchmark to represent the interests of the stakeholders. Equity is an important driver of the common equity tier-1 ratio, is more reflective of the growth in operations and links better to the Bank's objective to be a resilient financial institution in order to fulfil its purpose 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. 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. Based on the above considerations, we consider EUR 3.1 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 1.0 million and EUR 3.0 million.

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 155 thousand (2020: EUR 150 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 8.2 million (2020: EUR 6.9 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.

The group audit primarily focussed on the significant components: head office, three branches (in the Netherlands, Belgium and Spain), Triodos Bank UK Ltd. and Triodos Investment Management B.V.We subjected these six components to audits of their financial information, as those components are individually financially significant to the Group.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Total income	95%
Total assets	94%
Profit before tax	93%

We allocated a review scope to the German branch. None of the remaining components represented more than 1% of total group income or the total group assets. For those remaining components we performed, amongst others, 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 from 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.

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.

Since the COVID-19 outbreak limited our ability to travel to the components in scope of our group reporting we organised a series of video conference meetings with our component teams. 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.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office. These included derivative financial instruments, hedge accounting, impairment of loans to customers (stage 1 and 2) and fair value disclosures.

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, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach on 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 Group and its environment and the components of the system of internal control, including the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal controls and how the supervisory board exercises 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' and 'fair value of level 2 and level 3 financial instruments').

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 testing a sample of fees and commissions, to ensure that the income recorded is accurate and had occurred. We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made inquiries of relevant departments (including internal audit, legal, compliance, and risk), the executive board and the supervisory board.

This 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. We refer to the formal instruction imposed by the Dutch Central Bank in 2019 to remedy shortcomings in the compliance with provisions of the anti-money laundering and counter-terrorist financing laws and the financial supervision laws, as disclosed on page 101 and 264 of the annual report.

Audit approach on going concern
As disclosed in the paragraph 'statement of compliance' of 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).

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 from our audit procedures, including the suspension of the trade in depository receipts;
- 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 (including the Group's capital, funding & liquidity plan 2022), specifically for the next twelve months; and
- performed inquiries of the executive board as to their knowledge of going concern risks beyond the period of the going-concern assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments 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 matters ‘allowance for expected credit losses of loans and advances to customers’ and ‘fair value of level 2 and level 3 financial instruments’ are recurring. These relate to the Group’s primary business process and objectives and did not change significantly compared to prior year.

Key audit matter	Our audit work and observations
Allowance for expected credit losses on loans and advances to customers *Refer to paragraphs 'Critical judgements and estimates' 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 2021, the gross loans and advances to customers amount to EUR 10,217 million (2020: EUR 9,208 million) and the total allowance for expected credit losses ('ECL') amounts to EUR 48.98 million (2020: EUR 50.97 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 since initial recognition, 12-month ECLs are recognised; • 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 • stage 3: for assets that have objective evidence of impairment at the reporting date, lifetime ECLs are recognised. The Bank has two different models for business loans and 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 2021, the business loans represented a gross carrying amount of EUR 6.3 billion (allowance for ECL of EUR 45.4 million), the mortgage loans represented a gross carrying amount of EUR 3.6 billion (allowance for ECL of EUR 1.1 million) and current account and credit cards represented a gross carrying amount of EUR 0.2 billion (allowance for ECL of EUR 2.5 million). Based on our risk assessment and amounts involved we mainly focused on the ECL for business loans in this key audit matter.	*Control design and operating effectiveness* 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, validation, calibration and implementation 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; • the internal credit rating system; • the methodology in measuring and determining significant increase in credit risk; 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 2021: • evaluation of the reasonableness of the applied model methodology (including the assumptions regarding PD, LGD and EAD, applied criteria for significant increase in credit risk, 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;

Key audit matter	Our audit work and observations
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 144 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 impaired business loan the Group determines an impairment allowance based on management's most likely scenarios consideringassumptions 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.	• 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 through testing of IT dependencies and a reconciliation of a sample of input data to the source systems; • 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 COVID-19 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 COVID-19; 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 2021 the impact of physical and transition climate-related risks currently have no material impact on the measurement of the loans and advances to customers. Based on the above we assessed the methodology and inputs of the stage 1 and 2 ECL allowance to be in line with market and industry practice.

Key audit matter	Our audit work and observations
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 significant increase in credit risk; • establishing the number and relative weightings of (forward-looking) scenarios; • predicting relationships between macroeconomic variables and credit risk and credit losses for each industry; • 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 uncertainties related to the incorporation of the implications of COVID-19 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 COVID-19 environment, the significance of the assumptions applied and judgements made by management and the overlay adjustments applied to data inputs (due to inherent limitations and COVID-19 adjustments), increase the risks of material misstatement. Therefore, we consider this a key audit matter in our audit.	*Assessment of loan by loan 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 appraisal reports and other external information. 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 COVID-19 for certain industries deemed to be at higher-risk (e.g. recreation, art & culture and retail non-food). Based on the above we assessed the methodology and inputs in determining the stage 3 ECL allowance to be in line with market and industry practice. 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.

Key audit matter	Our audit work and observations
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 2021, the items carried at fair value in the financial statements concern: • investment securities amounting to EUR 35.7 million (2020: EUR 31.2 million); • derivatives amounting to EUR 19.7 million (2020: EUR 1.8 million) on the asset side and EUR 6.9 million (2020: EUR 10.5 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 14.7 million (2020: EUR 5.3 million). Loans and advances to customers and debt securities at amortised cost are valued at amortised cost. The fair values, disclosed in the risk management section on page 309 of the financial statements, amount to EUR 10.4 billion and EUR 1.5 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; • 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.	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, the fair value hedge accounting adjustment and the fair value disclosures of loans and debt securities at amortised cost, we used our valuation specialists and experts to assist us in testing the outcome of management's valuations of these financial instruments by: • 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, debt securities and the mortgage loan portfolio.

Key audit matter	Our audit work and observations
Of the investment securities, an amount of EUR 11.7 million falls within level 1, EUR 19.2 million within level 2 and 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 1,408.0 million falls within level 1 and EUR 85.2 million within level 2 of the fair value hierarchy. No level 3 debt securities are held as at 31 December 2021. The fair value of loans and advances to customers and the fair value hedge accounting adjustment all fall within level 3 of the fair value hierarchy. 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.	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.

Report on the other information included in the annual accounts

The annual accounts contain other information. This includes all information in the annual accounts 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 2021;
- governance structure;
- our purpose: the conscious use of money;
- executive board report;
- supervisory board report;
- corporate governance;
- remuneration report 2021
- 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;
- 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 ouraudit of the financial statements or otherwise, we have considered whether the other informationcontains 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 6 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 2021 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, amonst others, 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, amongst others, 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.

Assurance report of the independent auditor

To: the general meeting and the supervisory board of Triodos Bank N.V.

Assurance report on the sustainability information 2021

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 2021 of Triodos Bank N.V. does not present, in all material respects, a reliable and adequate view of:

• the policy and business operations with regard to corporate social responsibility; and
• the thereto related events and achievements for the year ended 31 December 2021, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied supplemental reporting as included in the section 'reporting criteria'.

What we have reviewed
We have reviewed the sustainability information included in the following sections of *the annual report* for the year ended 31 December 2021 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 results
  - Understanding impact
  - Co-worker report
  - Environmental report
- About this report
- Appendix: Triodos Bank business model: creating value
- Appendix: UN Sustainable Development Goals
- Appendix: Global Alliance for Banking on Values scorecard - Quantitative evidence of our impact
- Appendix: Co-worker and environmental statistics
- Appendix: Taxonomy table

This review is aimed at obtaining a limited level of assurance.

The sustainability information comprises a representation of the policy and business operations of Triodos Bank N.V. with regard to corporate social responsibility and the thereto related business operations, events and achievements for the year ended 31 December 2021.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility 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 assurance opdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordeninggedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintain 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 sustainability information needs to be read and understood together with the 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 2021.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions,strategy, plans and estimates. Inherent to 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 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 section 'reporting criteria', including selecting the reporting criteria, the identification of stakeholders, determining the material matters and determining that the applicable reporting criteria are acceptable in the circumstances considering 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 summarized in chapter 'About this report' of the annual report 2021.

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 Triodos Bank's N.V. reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information
Our responsibility is to plan and perform a 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 vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst others of the following:

• Performing an analysis of the external environment and obtaining an understanding of relevant social 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.
• Obtaining an understanding of the reporting processes for the sustainability information,including obtaining a general understanding of internal control relevant to our review.
• 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.

- Our 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 with underlying records of the Group;
  - 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 with 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 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, amongst others, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 16 March 2022

PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

6. Report by the Foundation for the Administration of Triodos Bank Shares (SAAT)

This report of SAAT accounts for SAAT's voting at the AGM and EGM 2021 and SAAT's activities during 2021.

Reading Guide
This report starts with an introduction: SAAT's perspective at a glance on Triodos Bank in 2021. Thereafter, SAAT accounts for its voting activities at the AGM and EGM 2021. Specific attention is given towards the adoption of the AR 2020 of Triodos Bank at the AGM 2021. SAAT then reports on its overall activities, observations and considerations over the year 2021. Lastly, SAAT addresses the leadership transitions within' SAAT and Triodos Bank during 2021.

This report is made available together with Triodos Bank N.V.'s annual report ("AR") 2021. At the same time, SAAT does not receive or see the AR 2021 Triodos Bank N.V.'s prior to its publication. This ensures that depository receipt holders ("DRHs") and SAAT have access to this information simultaneously. Consequently, this report of SAAT does not contain an opinion on or an assessment of Triodos Bank's AR 2021. SAAT will account for its voting regarding the AR 2021 at the Annual General Meeting ("AGM") 2022, where the DRHs will have the opportunity to ask questions about the voting at that meeting.

Introduction - 2021 at a glance

The financial sector – and also Triodos Bank – has been exposed to societal developments and challenges regarding COVID-19, climate change and social imbalances. The impact of the COVID-19 restrictions on the loan and investment portfolio, the consistent low interest rates and high regulatory costs impose challenges regarding the target-operating model. These societal developments underscore the need for focus on impact, without making concessions on net positive impact and creating societal, environmental and financial value, as well as the need to focus on the importance of an adequate strategic and operational functioning of the Bank.

Triodos Bank relentlessly shows up as an advocate for and actor in the financial sector using money as a force and accelerator for the urgent actions to gain the goals of the Paris agreement for climate change. The Bank contributed significant to the original Green Taxonomy for investments, to the Glasgow Financial Alliance for Net Zero and the Good Transition Plan, thus building on Triodos Bank's role as co-founder for the Partnership for Carbon Accounting Financials (PCAF) and the UN Principles for Responsible Banking. Triodos Bank itself set a clear ambitious and unique goal: As One to Zero, in 2035 a climate neutral balance sheet, including the funds under management.

At the same time, Triodos Bank faced the continued suspension of the trade of depository receipts ("DRs"), the resulting illiquidity of the DRs and the need for the Bank to reconsider the Bank's capitalization strategy. These issues are critical for the future of Triodos Bank, its mission and the DRHs. Triodos Bank acknowledged the urgency to solve the illiquidity for the DRHs, the importance of access to capital for the Bank and the need for a thorough and careful assessment of the different alternatives, whereby the interests of each of the stakeholders are properly weighed. SAAT has intensified its engagement with Triodos Bank in 2021 to ensure that SAAT's perspective was properly taken into account in this process. Ultimately, the Bank, on 21 December 2021, published its decision to pursue listing of the DRs on a Multilateral Trading Facility ("MTF"), which decision will be further elaborated upon in different (shareholder and DR-)meetings in 2022. In 2022 SAAT will continue to monitor the developments and decisions by the Bank closely, minding its mission and independence and striving to safeguard the economic interests of the DRHs, all with an eye on the mid and long term.

Finally, the year 2021 is characterized as the year of leadership transitions. SAAT and Triodos Bank have successfully fulfilled vacancies in various boards with knowledgeable people.

SAATs voting at the AGM and EGM in 2021

Formal summary

AGM May 21, 2021 and assessment of the AR 2020
The Board of SAAT exercised the voting rights at Triodos Bank's AGM which took place on May 21, 2021. Like the previous year, the meeting could not be held physically due to COVID-19 restrictions. In accordance with the provisions of the Dutch temporary law, the meeting was held electronically.

At the AGM on May 21, 2021, SAAT approved the following proposals:

- adoption of the AR 2020, including the dividend proposal for 2020;
- adoption of the decision to amend the preamble of the Articles of Association of Triodos Bank N.V.;
- granting discharge to the members of the Executive Board of responsibility for their management during the financial year 2020;
- granting discharge to the members of the Supervisory Board of responsibility for their supervision during the financial year 2020.

Extraordinary General Meeting of Shareholders September 28, 2021
SAAT also exercised the voting rights at Triodos Bank's (digital) Extraordinary General Meeting ("EGM") which took place on September 28, 2021.

At the EGM of September 28, 2021, SAAT approved the following proposal:

- appointment of Ms. Danielle Melis and Ms. Susanne Hannestad as members of the Supervisory Board.

AR 2020: SAAT's voting in depth

SAAT based its voting statements on evaluating the AR 2020 out of its threefold perspective: the mission, the interests of the DRHs and the interests of Triodos Bank. SAAT will discuss its voting statements regarding the AR 2020 more in depth. The voting statements by SAAT at the AGM and EGM can be found here.

The mission
SAAT safeguards the mission of Triodos Bank. Safeguarding the mission became more relevant than ever in 2020. The AR 2020 showed an extraordinary year due to the ongoing impact of COVID-19 on society, commerce in general, the DRHs and Triodos Bank. SAAT paid specific attention to achieving the mission of Triodos Bank by creating impact.

At the AGM 2021, SAAT referred to various elements to illustrate its observations:

- Triodos Bank continued the growth in loans, deposits and equity, although hampered by the three waves of COVID-19 and despite the low interest rates and returns. SAAT notes and appreciates Triodos Bank's commitment to value-based banking. SAAT supports the use of the Global Alliance for Banking on Values (GABV) scorecard by using indicators like 'assets committed to real economy' to monitor and qualify impact.

- As highlighted in SAAT's voting statement at the AGM 2021, SAAT observed that the AR 2020 clearly reflect the impact goals that SAAT has been calling on Triodos Bank to achieve. Triodos Bank for example succeeded in initiating and taking part in initiatives which change finance, such as co-founding the Club of Rome Finance Impact Hub, joining a call for fair food prices and contributing to reducing Greenhouse gas (GHG) emissions to tackle climate change. SAAT is keenly awaiting the effects of these initiatives. The developments show a net positive in the DNA of Triodos Bank creating financial change.

- SAAT appreciates the aforementioned efforts, but keeps stimulating Triodos Bank to communicate the impact in a topical manner by making the impact more accessible and visible to stakeholders, for example in its half-year results.

- The Impact Prism was highly welcomed by SAAT in 2020. SAAT however noticed the developments of the Impact Prism have lagged behind due to the focus on the COVID-19 pandemic. The future developments will be closely monitored by SAAT over the coming years.

The interests of DRHs

Regarding SAAT's policy to safeguard the interests of DRHs in the context of the financial interests of Triodos Bank, SAAT has paid conscious attention to the interests of and financial results for DRHs and the creation of impact. Beyond the consideration of the interests of the DRHs by SAAT in the context of the tradability of DRs that will be discussed in depth below, SAAT carefully monitored the extent to which the AR 2020 reflect solid financial parameters and transparent impact reporting. SAAT observed:

- Triodos Bank used several parameters to give insight in the financial interests of the DRHs. The parameters showed a high impairment ratio as a result of COVID-19 and the new IFRS standard. The solvency ratio increased slightly, the leverage ratio was healthy, as well as the liquidity ratio. However, SAAT keeps stressing the desire to decrease the cost-income ratio of Triodos Bank. SAAT continues to ask the attention of Triodos Bank to put in extra efforts to decrease this ratio;

- Triodos Bank shows consistent financial results over 2020 compared to the 2019 figures, despite the (ongoing) challenges of COVID-19. Even though the net profit decreased, the net asset value of the bank increased and there has been a dividend payout (all according to the AR 2020);

- Although Triodos Bank's financial performance is stable, SAAT sees room for improvement and has communicated this to Triodos Bank consistently. In this context, it is relevant that the successive trading suspensions of DRs may negatively affect the Bank's ability to attract new capital, at least in the short term. The capital ratios however, are not expected to structurally decline according to the 'Fitch Ratings' of January 2021;

- SAAT notes the risk appetite of Triodos Bank is conservative and the Bank is aware of possible risks;

- The AR 2020 do not show material results of Triodos Bank's aim to increase fee income. SAAT noted that Triodos Bank expects to grow its fee income over time by increasing its Investment Management activities as well as fees-based banking services;

- The costs of operational activities (such as KYC/AML activities) have increased despite realizing cost efficiencies and keeping the employment costs nearly flat (as reflected in the AR 2020);

- With regard to the dividend payout, SAAT approved the proposal to pay out dividend, taking into account that this was within the regulatory framework applicable to Tridos Bank, the Dutch Central Bank had no objection and the dividend payout served the interests of DHRs;

- During 2020, Triodos Bank interacted with a variety of stakeholders (such as the DRHs) on various occasions. The outcome of the effort to discuss topics with representatives of stakeholder groups can be found in the 'materiality matrix' of the AR 2020. Triodos Bank has refined the materiality matrix by incorporating the feedback given during the AGM 2019 and participation in various global strategic bodies. SAAT however sees room for improvement, but understands the implications COVID-19 had on keeping even more close contact with all stakeholders.

Triodos Bank's Interests
Regarding SAAT's policy to safeguard Triodos Bank's interests and independence, the Board of SAAT paid specific attention to corporate strategy to implement and achieve the Bank's goals. As set out in the sections regarding the mission and the interests of DRHs, Triodos Bank shows progress. However, SAAT keeps pushing towards taking the required next steps to improve Triodos Bank's position, e.g.in the field of centralizing and digitalizing a target operating model which reduces costs dramatically and making the Bank's balance sheet more sustainable.

Voting of DRHs during 2021

Annual Depository Receipt Holders Meeting May 21, 2021
The (digital) Annual Depository Receipt Holders' Meeting ("ADRHM") took place on May 21, 2021. SAAT did not revisit its voting statements as set out above during the ADRHM, but DRHs were free to ask and SAAT answered questions in relation to the AR 2020 as well as more general developments at Triodos Bank.

At the ADRHM, the DRHs also approved the following proposals:
- reappointment of Mr. Koen Schoors as member of the board of SAAT;
- adoption of the decision to amend the preamble of the Articles of Association of SAAT (to align the preamble with the Articles of Association of Triodos Bank).

'Extraordinary' Depository Receipt Holders Meeting September 28, 2021
The (digital) Extra Depository Receipt Holders' Meeting ("EDRHM") took place on September 28, 2021. SAAT answered questions submitted in advance by the DRHs and offered the opportunity for a supplementary Q&A.

At the EDRHM, the DRHs also approved the following proposal:
- appointment of Ms. Roelien Ritsma van Eck and Mr. Tarique Arsiwalla as new board members of SAAT.

SAAT's overall activities, observations and considerations during 2021

The challenges as described in the section Introduction set the scene for Triodos Bank in 2021. These challenges confirmed the relevance and long standing commitment of Triodos Bank to pay attention to human dignity and the environment with a holistic approach. Yet, the present market circumstances more than ever pose implications for the Bank to safeguard the interests of the Bank and its stakeholders, implement a sustainable (capital) strategy for the mid-and long term and to create a fair and reasonable return on investment. SAAT experienced that its role as a committed and responsible shareholder continues to demand special attention for the various transitional topics Triodos Bank is facing: in particular the liquidity of DRs, the improvement of (the) capital (strategy) of Triodos Bank as well as the financial performance of Triodos Bank, while maintaining the other interest of the DRHs, the (financial) interests of other stakeholders and creating impact by pursuing its mission.

These topics are critical for the future of Triodos Bank in the mid and long term. Consequently, SAAT substantially increased the number of its Board meetings and intensified its interaction with the Executive Board and the Supervisory Board.

SAAT was and is well aware that these transitional topics are essential and not in the least also critical for the DRHs, the impact of which should not be underestimated. At the same time, SAAT appreciates that each of these topics require a careful and complicated weighing of the different interests at play. More than ever SAAT's focus is on making sure that this is done in a thorough and careful process, whereby its three-fold perspective is properly taken into account.

Overview meetings during 2021

During 2021, in addition to regular so-called 3-Chairs-meetings[1], SAAT convened with:

- the Executive Board, to discuss (i) topics related to (a long term solution for) DRs and capital, such as the outcome of the DRHs survey, (ii) the green bond project, (iii) the AR 2020 and (iv) preparing the AGM 2021 and ADHRM 2021 (on March 25, 2021);

- the Supervisory Board and the Executive Board, to discuss a future proof governance for Triodos Bank and topics related to (a long term solution for) DRs and capitalization (on April 30, 2021, July 14, 2021, August 31, 2021 and November 15, 2021);

- the Executive Board, to discuss (i) the half year results 2021, (ii) topics related to (a long term solution for) DRs and capitalization, (iii) interaction with stakeholders and (iv) evaluation of the meetings with SAAT and DRHs (October 5, 2021);

- the Executive Board, the legal counsel of Triodos Bank and two guests of the Supervisory Board, to discuss the developments and strategy regarding the trade in DRs and the capitalization of Triodos Bank (December 14, 2021).
  - During this meeting, SAAT carefully reviewed the process steps the Executive Board (and Supervisory Board) had taken to develop a long-term solution for the capital of Triodos Bank as well as (the tradability of) the DRs. SAAT evaluated the different alternatives considered by Triodos Bank, ranging from adjusting the current system, looking for an anchor investor to deal with the oversupply, listing options at either a multilateral trading platform or a public Stock market, changing the corporate structure into for instance a cooperation, as well as the possibility of an M&A solution, as well as the criteria applied to weigh these alternatives, which took into account the three legs of SAAT's perspective. SAAT also established that Tridos Bank engaged external experts to evaluate the decision-making for due process. Furthermore, SAAT challenged Triodos Bank on the attempts of Triodos Bank to find solutions for interim relief by means of the use of a hardship arrangement and a bulletin board. The Executive Board informed SAAT that the regulators struggled with the hardship solution, which had been investigated by Triodos Bank. The allocation of a part of the buyback to hardship and the use of a bulletin board appeared to be less straight forward than expected and the Executive Board had to continue to work hard to find solutions with the Dutch regulators. SAAT expressed to appreciate the Executive Board's transparency on the future capital strategy and carefully listened to the proposed way forward and the underlying arguments. On this basis, SAAT came to the conclusion that it understood Triodos Bank's decision to work towards the MTF, but that it would only give its full appraisal of the proposal as sole shareholder of the Bank from the threefold perspective during the AGM in 2022.

- with the Executive Board and the legal counsel of Triodos Bank, to obtain information about the process steps of Triodos Bank and the outcome of communication with the Dutch regulators (16 December, 2021).

[1] A 3-Chairs-meeting is a consultative gathering of the Chairpersons of respectively the Executive Board, the Supervisory Board and SAAT.

During 2021, SAAT also attended various informal meetings and webinars for DRHs and closely followed the preparations and carefully studied and analyzed the results of several surveys. SAAT was also present at a stakeholders' meeting on November 17, 2021, with the goal of improving overall stakeholder interaction. The 3-Chairs convened on numeral occasions. In these meetings various topics were discussed in order to align and/or coordinate the views, opportunities and concerns of the respective boards.

SAAT's activities during 2021 in depth

The agendas of all meetings in 2021 have been dominated by the threefold perspective of SAAT. SAAT will discuss its findings below and gives special attention to the suspension of trade of DRs and the process towards a long term solution for the capital strategy of Triodos Bank and the tradability of the DRs.

The mission
SAAT closely kept track of the mission and the impact of Triodos Bank's activities during 2021, for example by monitoring the Bank's first green bonds issuance and stimulating the communication with stakeholders about the impact thereof. Triodos Bank's frontrunning impact in the financial sector is significant, as shown by its role at the Glasgow Financial Alliance for Net Zero and the Bank's targets "As One to Zero", by which the Bank strives towards a carbon neutral balance sheet (including funds under management) as per 2035 (as mentioned in the Introduction).

The interests of DRHs
SAAT reiterated vis-á-vis the Executive Board the importance of the interests of DRHs and other stakeholders in relation to a dividend payout as well the underlying value of DRs. Particularly the suspension of the trade of DRs, the capitalization (strategy) of Triodos Bank in the mid and long term and the different alternatives have been the main topics. The process to weigh the different alternatives as well as the intention of Triodos Bank to pursue a listing on an MTF has been discussed extensively.

SAAT will provide an overview below of SAAT's role during the suspension of trade in 2021 and the intention by Triodos Bank to pursue listing of the DRs on an MTF. The minutes of the AGM and EGM 2021 elaborate on these topics in more detail, which can be found online at www.triodos.com/investing/annual-general-meeting.

So what happened? Let us go back to March 2020. As per March 2020, an acute imbalance in the DRs trading system emerged, by which the supply of DRs was greater than the demand. Because of this overhang in DRs at the start of COVID-19, the market-making buffer of Triodos Bank reached its limits and the trade was suspended. Despite the re-opening with gating mechanisms, the overhang c.q. the imbalance increased and did not restore. Thus showing (again) the limits of the trading system. Triodos Bank decided to suspend the trade on January 5, 2021.

Who made the decision to suspend trade and how did SAAT perform its role? The decision to suspend trade has been made by Triodos Bank in its sole discretion. Once the decision had been made and was communicated to the market, SAAT took notice of the rationale of this decision. SAAT's threefold perspective guided SAAT to execute its responsibility taking *inter alia* the following actions:

1. Performing – with the assistance of external legal counsel – a second opinion on the decisions of the Bank to suspend trade. The outcome was that the Bank's decision was thorough and necessary to ensure fair and equal treatment of all DRHs;

2. Understanding and monitoring questions and complaints of DRHs and continue conversations of the Bank with DRHs regarding the suspension of trade. SAAT was informed on a regular basis about the Bank's interaction with DRHs and observed that out of 45.000 DRHs certain personal hardship cases were raised by DRHs;

3. Understanding and monitoring the effects of the suspension, the re-opening and second suspension on the Bank itself, its capitalization strategy and the execution of its strategy. It became clear that after 40 years of functioning the system was not feasible anymore. For the

Bank and its stakeholders a mid term solution for access to capital is however pivotal;

4. Challenging the Bank continuously to work and, as soon as reasonably possible, take decisions on: (i) a mid- to long-term solution for the capital strategy of the Bank and tradability of DRs, (ii) individual extra-ordinary hardship cases, (iii) bridging or interim solutions, (iv) its target-operating model, (v) its bold impact targets and (vi) the implementation of and next steps in the development of its strategy;

5. Evaluating the process and the proposals by Triodos Bank on each of these aspects.

What information did SAAT obtain from the DRHs? SAAT found it of immense importance that SAAT and the Bank engaged directly with the DRHs and sounded closely with its stakeholders. The eighth DRH meetings from 19th October till 10th November, the stakeholder meeting 17th November and the Ipsos survey have been crucial for SAAT and Triodos Bank to gather both quantitative as well as qualitative information about the interests of the DRHs and the other stakeholders of the Bank. The picture SAAT gets from the obtained information is consistently building on the picture it had earlier years:

1. DRHs invest in the Bank because of its mission and impact. DRHs want to support that impact;

2. The large majority of the DRHs are of the opinion that the Bank's independence is pivotal to realize its mission;

3. DRHs expect a fair and modest financial return and expect the Bank to improve its cost/income ratio;

4. In general, DRHs clearly want the ability to trade the DRs (preferably based upon a Net Asset Value ("NAV")). In terms of urgency, only a minority of DRHs prioritizes this tradability.

Recognizing the painful consequences for the DRHs, in particular those that prioritize trading, SAAT understands that change of the trading system is inevitable in order to meet the interests in terms of liquidity of DRHs, other stakeholders and the Bank to ensure mid term access to capital.

What information did SAAT obtain from the Bank? As per 2021, the Bank started the project to solve the suspension of the trade as soon as possible and prepare a mid-to long term solution for the capital strategy . SAAT has been involved in a variety of meetings, during which it monitored, discussed and challenged the process of the Bank from its threefold perspective. The strategy and implementation of the Bank has been discussed with SAAT on numerous occasions (see above, and below in the section *Triodos Bank's Interests* below).

Were there alternative scenarios? As highlighted above, SAAT established that Triodos Bank evaluated numerous alternatives the Bank introduced criteria to score these scenarios, which took into account SAAT's three-fold perspective and observed the solidness and thoroughness of the overall process. SAAT concluded that:

1. Maintaining to the 'old system', by which trading DRs are traded based upon NAV is no longer possible. The suspension of the trade has been necessary to protect fair and equal treatment of all DRHs. The imbalance between supply and demand was not going to restore. The alternatives considered by Triodos Bank beyond listing the DRs on a MTF or Euronext seemed less feasible.

2. Listing the DRs at Euronext will at present not meet the collective approach of the Bank and its stakeholders – in particular the DRHs – to uphold the community of Triodos inherits more risks for mission-drift, is financially less stable for Triodos Bank and the DRs and may be more complicated for Triodos Bank and the DRs.

What is SAAT's conclusion? All of the aforementioned makes that SAAT understands the choice of the Bank to pursue a listing of the DRs on an MTF (a public statement from the Board of SAAT can be found here).

Where do we go from here? SAAT will continue to discuss the (terms of) Triodos Bank's proposals and the (decision-making) process towards the MTF in 2022. SAAT will seek further engagement with DRHs as important input for the final decision-making and encourages the Bank to continue with organizing meetings and dialogue with DRHs.

Triodos Bank's Interests
In general, SAAT monitors the health of the Bank alongside various parameters, amongst which the capitalization of the Bank and the usage of its buffer. The Bank succeeded in attracting Tier 2 capital with the green bond issuance. The Bank again prolonged its Triple B Fitch rating in February 2022.

The half-year figures 2021 underline a solid performance of the Bank. The half-year results 2021 showed deliberate capital growth, whilst the Bank's core capital remained almost stable. However, SAAT has - from the perspective of the interest of Triodos Bank - been probing what led to an increase in costs, while the profit was maintained above budget. The Executive Board explained that on the one hand Triodos Bank has been confronted with additional regulatory/AML (screening & monitoring) expenses as a medium sized bank, and an increase of the provisions in credit risk. On the other hand, the Executive Board explained that the profit has been a result of the positive recovery of the market and society as a whole, as well as a program of the European Central Bank to provide liquidity to Dutch banks including Triodos Bank.

SAAT established that:

- in order to reduce (regulatory) costs, Triodos Bank was becoming more efficient in running the Bank by for example using an IRFS system and a new way of working, with help of the move of the office to 'de Reehorst';

- despite these costs reductions, SAAT still is aware of the pressure on profitability of Triodos Bank due to the challenge to improve the costs/income ratio and deal with the low interest rate;

- SAAT has taken notice of a possible hurdle concerning the program of the European Central Bank to provide liquidity (capital adequacy). All main Dutch banks have to meet certain targets in order to create more lending volume. This may put further pressure on Dutch banks and also Triodos Bank in future;

- it is SAAT's opinion that the impact of Triodos Bank ought to become apparent (also) in half-year results. The half-year results 2021 do not yet reflect growth in the culture sector or show an impact in health care and the social housing sector in the first half year of 2021. SAAT believes it is important that the broader stakeholder base is made aware of the impact Triodos Bank does succeed in making.

Leadership transitions

SAAT's Articles of Association stipulate that the Board of SAAT shall consist of three or more members. At present, the Board has six members, three of which from the countries where Triodos Bank operates: Belgium, Spain and the Netherlands. The composition of the Board of SAAT changed in 2021 because of the appointment of Ms. Roelien Ritsema van Eck and Mr. Tarique Arsiwalla and the resignation of Mr. Willem Lageweg (Vice-Chair) due to personal circumstances.

SAAT wishes to express its gratitude to Mr. Willem Lageweg for his contributions to SAAT, his positive and reflective approach and his personal dedication to the mission of Triodos Bank.

SAAT has reported on the leadership transitions in its Board during the ADRHM and EDRHM 2021. The recruitment of the board members has been carefully planned and executed. SAAT composed profiles by using competence matrixes to map out the Board's needs. SAAT engaged with an external consulting firm and performed an external search in collaboration with this firm. SAAT also drafted a short list as well as a long list.

In addition, SAAT closely interacted with Triodos Bank in relation to (the process for) the recruitment of vacant positions in the Executive Board and Supervisory Board of Triodos Bank, as with the resignation of Mr. Peter Blom as CEO, who was succeeded by Mr. Jeroen Rijpkema). SAAT has been involved in the selection of the Supervisory Board members. The nomination committee engaged with SAAT with regard to the vacancy's and the recruitment profiles. The competence matrix and the team dynamics of the Supervisory Board and the strategic challenges for Triodos Bank have been subject to discussion with SAAT. Once the Supervisory Board selected its preferred candidates, SAAT interviewed the candidates extensively from the perspective of the profile for the Supervisory Board and from the perspective of the mission of Triodos Bank, the interests of the DRHs and the interest of Triodos Bank. On top of these perspectives SAAT particularly paid interest to the expected contribution of the candidates to the team dynamics and team effectiveness of the Supervisory Board.

For information about the remuneration of the members of the Board of SAAT, reference is made to the Remuneration Report 2021 (see page 117) of the Annual Report 2021.

SAAT expects that the transitional challenges faced by Triodos Bank will require ongoing intensified attention and meetings of SAAT. In good cooperation with the Executive Board and the Supervisory Board, SAAT aims to continue and may even further intensify its role in 2022 as compared to 2021. Maintaining and deepening the dialogue between Triodos Bank, SAAT and the DRHs, will be an essential part of this effort. In this context, SAAT has announced multiple meetings with DRHs in the different branches, scheduled DR-meetings around the EGM and AGM's in 2022 and will keep encouraging Triodos Bank to host informative webinars for DRHs and will keep asking attention for the (financial) interests of the DRHs. The interests of the wider group of stakeholders will equally guide the voting and activities of SAAT. Finally, SAAT will keep convening both informal and formal meetings with the Chairs Executive Board and Supervisory Board (3-Chairs-meetings) to ensure that SAAT can fulfill its role properly in these demanding times.

Additional information

SAAT's Policy
Triodos Bank's Articles of Association contain a clear and conscious choice to issue all shares to an independent Foundation in order to safeguard the mission of the Bank. In accordance with that the SAAT upholds the following principles in exercising its voting rights:

1. safeguarding Triodos Bank's mission;

2. safeguarding Triodos Bank's independence and continuity;

3. safeguarding the economic interests of the DRHs and balance these with the interests of the economic interests of Triodos Bank.

SAAT has defined its vision on how to fulfil its role guided by these principles. This vision is published at triodos.com. Because of its independence and the principles guiding its voting rights, there is an ongoing dialogue within SAAT itself about the relevance for Triodos Bank of developments in society. Based on its observations and the internal dialogue, SAAT challenges the Supervisory Board and the Executive Board about its strategy and the implementation thereof as reflected in the AR 2020 and half-year results 2021. SAAT expresses its opinion on the actions and performance of Executive Board policy and the Supervisory Board supervision by means of executing its voting rights at the AGM and the EGM 2021.

With full consideration of the Vision on Fulfilling SAAT's Role as published on the website of Triodos Bank (www.triodos.com/governance), SAAT has undertaken to understand, verify and consider all the aspects involved in the proposals that the Executive Board brought forward, yet critically challenging the various aspects thereof and at certain moments engaged its own legal counsel to ascertain to be fully informed also on the legal (supervision) aspects involved. SAAT has sought to investigate and evaluate the reasons, arguments in favor and against and the balancing all of these aspects against each other in order to prepare itself for a considered judgement when it will come to exercise its voting rights. All the way through 2021, SAAT has let itself be guided by the threefold perspective: safeguarding wherever and whenever possible the mission and interests of the Bank and the interests of the DRHs.

The Role of SAAT in the Corporate Governance of Triodos Bank
All shares of Triodos Bank are held by SAAT. SAAT issues DRs to finance the shares. DRHs benefit from the economic rights associated with these shares, such as the right to dividend, but do not exercise the voting rights related to the shares. Voting rights are vested in SAAT.

A more detailed description of the corporate governance structure of Triodos Bank, and the rights and responsibilities of SAAT and the DRHs, can be found in the chapter on Corporate Governance (see page 113).

SAAT fulfils its role according to its policy as described in the afore mentioned document Vision on Fulfilling SAAT's Role, which, as mentioned, can be found at www.triodos.com/governance.

For an overview of the shares taken in trust and the issued DRs of Triodos Bank, as at December 31, 2021, please refer to SAAT statement of shares (see page 384).

Zeist, March 16, 2022

Board of SAAT

Josephine de Zwaan, Chair
Jolande Sap, Vice-Chair
Tarique Arsiwalla
Roelien Ritsema van Eck
Koen Schoors
Mercedes Valcarcel

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 2021

in thousands of EUR	2021	2020
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 2021 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, 16 March 2022

Board of SAAT

Josephine de Zwaan, Chair
Jolande Sap, Vice-Chair
Tarique Arsiwalla
Roelien Ritsema van Eck
Koen Schoors
Mercedes Valcarcel

Independent auditor's report

To: the board of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT' or 'the foundation')

Report on the SAAT statement of shares 2021

Our opinion

In our opinion, the accompanying SAAT statement of shares as at 31 December 2021 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 2021 ('SAAT statement of shares 2021'). The financial reporting framework that has been applied in the preparation of the SAAT statement of shares 2021 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. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the SAAT statement of shares 2021' 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 Stichting Administratiekantoor Aandelen Triodos Bank in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements 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 2021, 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 2021 and the audit

Responsibilities of the board

The board is responsible for:
- the preparation of the SAAT statement of shares 2021 in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares 2021; and for
- such internal control as the board determines is necessary to enable the preparation of the SAAT statement of shares 2021 that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the SAAT statement of shares 2021

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 2021 as a whole is 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 to be 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 2021.

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, 16 March 2022

PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

Appendix to our auditor's report on the SAAT statement of shares 2021

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 2021 and explained what an audit involves.

The auditor's responsibilities for the SAAT statement of shares 2021

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 objectives are to obtain reasonable assurance about whether the SAAT statement of shares 2021 as a whole is free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the SAAT statement of shares 2021, 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 by the board.
- Evaluating the overall presentation, structure and content of the SAAT statement of shares 2021, including the disclosures, and evaluating whether the SAAT statement of shares 2021 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.

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. But in brief, these are:

- People and organisations that engage in economic transactions with Triodos Bank; for instance, 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 30).

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 only 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.

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 also 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 in service of the goals described in these theories of change. Triodos Bank's Impact Prism was implemented in 2019.

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 that better meet 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 recommendations
- 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 oursupport 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 partners with specialists from sustainable banks in the Global Alliance for Banking on Values (GABV).

During the year Triodos Bank has also 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. This report has been prepared in accordance with the GRI Standards: Core option. Previously, Triodos Bank reported using the Comprehensive option. These options do not relate to the quality of the information in the report or the magnitude of the organisation's impacts. Instead, they reflect the degree to which the GRI Standards have been applied. Triodos Bank believes the core option better meets our reporting needs and the information needs of our stakeholders, focusing more closely on the issues and disclosures that are most relevant to both. 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 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 theme's (see Strategic Objectives on page 42). 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 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 44) gives more detailed information on this topic and on our approach to impact management and reporting.

Some facts and figures about the report

The 2021 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 2021. Triodos Bank's previous integrated report was published in March 2021 and covered the 2020 calendar year.

The reporting on the 2021 financial year is based on the same principles as the 2020 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 2021 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 thesecondment 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, Triodos Investment Management and Triodos Investment Advisory Services carry outmanagement 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 ofTriodos 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

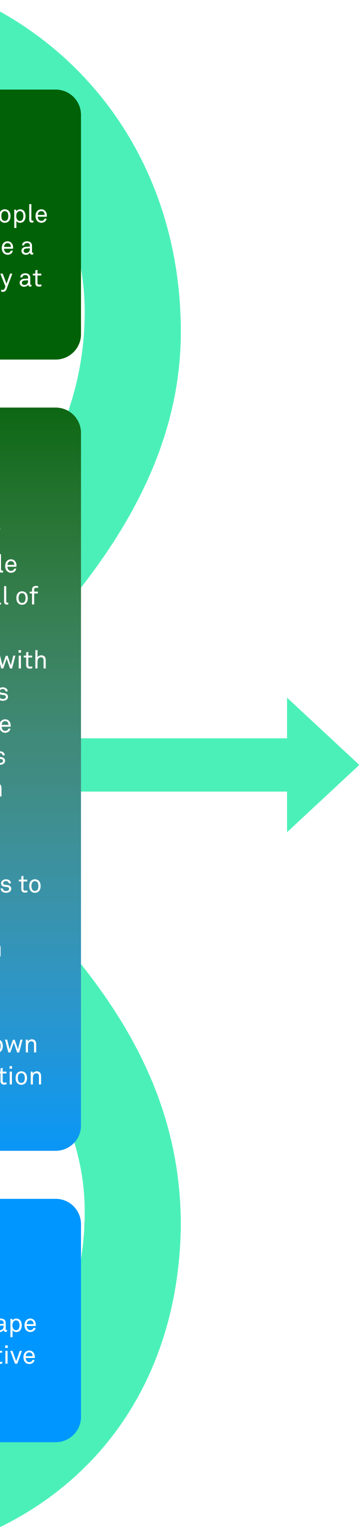
- A values-based bank, enabling pe
to use money consciously to creat
healthy society with human dignit
its heart

Our role

- Our mission fully integrated in our
strategy Only financing sustainabl
enterprises in the real economy al
which are published openly
- Meaningful, human relationships v
customers and wider stakeholders
- First bank, offering comprehensiv
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 c
approach to sustainability, innova
and leadership

The changing world

- Responding to an evolving landsca
of societal challenges and innovat
enterprises addressing them



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 4-6%
- Leverage ratio of at least 5% ensuring resilience
- Developing compelling visions for the future of finance

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 flourishwithin our planetary limits.

We aim to reflectthe 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 significantfor some companies, they are less material to a service industry like ours whose principle capitals relate to people, ideas and money.

The financialresilience 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 reflectionand dialogues where our inner essence as an organisation meets our interaction with society's evolving needs.

Appendix II – Executive Board, Supervisory Board and Board of SAAT biographies

Executive Board

Jeroen Rijpkema (1960), CEO, Chair

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 Rijpkema is of Dutch nationality and owns 315 Triodos Bank depository receipts.

André Haag (1982), CFO

André Haag has been a statutory member of the Executive Board and Chief Financial Officer of Triodos Bank N.V. since 1 January 2020. Prior to working at Triodos Bank, André was member of the Management Board and CFO of Deutsche Holdings (Luxembourg) S.à r.l.

André Haag is of German nationality and does not own any Triodos Bank depository receipts.

Carla van der Weerdt (1964), CRO

Carla van der Weerdt 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 Weerdt 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.

Carla van der Weerdt is of Dutch Nationality and does not own any Triodos Bank N.V. depository receipts.

Jacco Minnaar (1971), CCO

Jacco Minnaar has been a statutory member of the Executive Board and Chief Commercial Officer of Triodos Bank N.V. since 28 September 2021. In addition, he is Board member of the Triodos Sustainable Finance Foundation. 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 a 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.

Supervisory Board

Aart de Geus (1955), Chair

Aart de Geus is Chair of Triodos Bank's Supervisory Board and member of the Nomination Committee. He is Chairman of the Board of the Goldschmeding Foundation and Chairman of the Supervisory Board of Planbureau Leefomgeving (the Hague). Aart de Geus is also Chairman of the Advisory Boards of the Netherlands Bar (Nederlandse Orde van Advocaten) and Stichting SBI, member of the Advisory Boards of the Jacques Delors Institute (Berlin) and NOW and Instructor at Sciences Po (Paris). Previously, he was Chairman and CEO of the Bertelsmann Foundation (Gütersloh), Deputy Secretary-General at the Organisation for Economic Cooperation and Development (Paris) and Minister of Social Affairs and Employment in the Dutch Government (2002-2007). He was also a partner at Boer & Croon Strategy & Management Group and worked for the Industriebond CNV and Vakcentrale CNV.

Aart de Geus was first appointed in 2014 and his present term expires in 2022. He is of Dutch nationality and does not own any Triodos Bank N.V. depository receipt.

Dineke Oldenhof (1958)

Dineke Oldenhof is Chair of the Remuneration Committee and member of the Nomination Committee. She is member of the Supervisory Board of the regional health centre, Widar and senior consultant at ABGL/Geerts & Partners. Previously, she worked at the National Police, amongst others as HRM Director and Special Councilor and as director of Operations of the Police Academy. Before that she held various positions in a retail, political and educational environment as well as in financial services, such as holding director HR at Maxeda, director HR at Interpay, organisational consultant to the executive board of ING Group and trainer/manager at the Vrije Hogeschool.

Dineke Oldenhof was first appointed in 2018 and her present term expires in 2022. She is of Dutch nationality and does not own any Triodos Bank N.V. depository receipts.

Ernst-Jan Boers (1966)

Ernst-Jan Boers is Chair of the Audit and Risk Committee. He is Chair of the Supervisory Board of Pensioenfonds Metaal en Techniek (PMT), member of the Supervisory Boards of Coöperatie Univé U.A., Stichting Fonds Duurzaam Funderingsherstel and SAREF Particulierenhypotheekfonds, Chair of the Boards of AHOLD Delhaize Pension fund and Stichting Nationaal Warmtefonds and member of the Board of Coöperatie Medische Staf Gelre U.A. He was Chief Executive Officer at SNS Retail Bank until March 2014 where he previously also held the position of Chief Financial Risk Officer. He worked at ABN AMRO Hypotheken Groep B.V. until March 2007 including a role as Chief Financial Officer. Prior to that he worked at Reaal Groep N.V. as the head of Internal Audit and as a Controller.

Ernst-Jan Boers was first appointed in 2014 and his present term expires in 2022. He is of Dutch nationality and does not own any Triodos Bank N.V. depository receipts

Mike Nawas (1964), Vice-Chair

Mike Nawas is Vice-Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Remuneration Committee. He is co-founder of Bishopsfield Capital Partners Ltd (BCP), a financial consultancy based in London. Since 2011 he is Senior Lecturer of Financial Markets at Nyenrode Business University and since 2013 he has been Chair of the Foundation Akademeia. Prior to that he worked at ABN AMRO Bank for twenty years in various positions, including from 2005 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).

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.

Sébastien D‘Hondt (1964)

Sébastien D‘Hondt is member 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. 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.

Daniëlle Melis (1972)

Daniëlle Melis is a member of the Audit and Risk Committee and member of the Remuneration Committee. Danielle Melis holds various board positions in the financial sector. She currently is a member of the Board of General Pension Fund Stap, the Supervisory Board of Blue Sky Group Holding, the Supervisory Board of Kempen Capital Management Investment Funds and the Supervisory Board of the Pension Fund for Medical Specialists (SPMS). 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 International Corporate Governance Network (ICGN), and senior fellow at the International Center for Financial Law & Governance. 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.

Susanne Hannestad (1961)

Susanne Hannestad 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 also Chair of the Board at Neonomics AS, providing the next generation of open banking across Europe; Board Director of Crunchfish AB, a technology company developing software innovations and Non-Executive Board Director at Monty Mobile Ltd, a leading value-added-service & telecom solutions company. 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. Susanne has worked for 10 years at Nordea as executive for the Cards and unsecured lending business across the nine countries 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.

Board of SAAT

Josephine de Zwaan (1963), Chair

Josephine de Zwaan is Chair of the Supervisory Board of Stichting Triodos Holding. She is Chair of the Supervisory Boards of Stichting Cito, Fairphone B.V. and Buma/Stemra, Chair of the Foundation for the Register of Social Enterprises and Member of the Supervisory Board of the University of Applied Science “Avans”. Josephine de Zwaan is member of the Board of Foundation Akademeia and an independent advisor to various organisations, in both the public and private sector (including social enterprises). She was a lawyer for more than thirteen years, specialising in major real estate projects. During the last five years of that period, she was a member of the partnership (owner) CMS. Derks Star Busmann. Since 2000 she has acted in various administrative and supervisory roles in education, health care and culture.

Josephine de Zwaan was first appointed in 2010 and her present term expires in 2022. She is of Dutch nationality and does not own any Triodos Bank N.V. depository receipts.

Jolande Sap (1963)

Jolande Sap is an independent non-executive director who dedicates herself to making the business world and society at large more sustainable. She is member of the Board of the Dutch Emissions Authority, non-executive director of Renewi, member of the Supervisory Boards of KPMG and Royal KPN N.V., Chair of the Supervisory Board of Arkin and of Fairfood and member of the Board of the Impact Economy Foundation and member of the Strategic Advisory Board of TNO circular economy and environment. In addition, she is involved in a number of social initiatives, including Chair of the Smoke free table of the Dutch National Prevention Agreement, the Springtij Forum and the Dutch Sustainable Fashion Week.

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 UNED (Spanish on-line 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, SCR, 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.

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.

Tarique Arsiwalla (1975)

Tarique Arsiwalla is co-founder and member of the Strategic Advisory Board of Protix, the world-leading 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.

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.

The SDGs have quickly become an established framework with relevance for businesses, government and civil society alike. The goals play an increasingly important role for wider society and have the potential to be a powerful and positive agent of change in the financial industry. That's why Triodos Bank was one of 18 Dutch financial institutions to invite the Dutch Government and Central Bank to continue to make a concerted effort to help deliver the SDGs. The initiative was the first in the world to bring national pension funds, insurance companies and banks together around a shared SDG agenda, and included a report recommending priorities to maximise SDG investing.

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. But the SDGs, like us all, are not perfect. For example, nurturing personal development, education and inspiration are a core part of Triodos Bank's mission. We lend, donate and invest in thousands of projects in the cultural sector as a result. And we continue to believe this cultural aspect is both core to developing a more sustainable society and largely absent from the SDGs.

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.

We include Sustainable Finance Platform indicators where they are relevant. These have been developed through a joint effort of representatives from Dutch financial institutions and companies, including Triodos Investment Management. The group is part of the Sustainable Finance Platform, chaired by De Nederlandsche Bank. Together they have tried to identify indicators that help to capture the positive impact of companies produced through their products and services, and not their operations. These are a starting point only and are expected to develop over time.

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 last point is important because Triodos Bank aims to work with the SDGs to genuinely 'move the dial' on the goals. In creating this table, we have considered the spirit behind each goal and its supporting indicators as well as the text itself to produce a clear view of how Triodos Bank's activity maps against them. We hope it helps our stakeholders better understand how our work relates to the SDGs and we welcome your feedback.

No poverty

Relevant UN target: 1.5 …build the resilience of the poor and those in vulnerable situations … to … economic, social and environmental shocks …

Sustainable Finance Platform indicator:
Number of people provided with access to financial services via inclusive finance: 36.4 million

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Our policy is to avoid predatory lending and to undertake good due diligence when making decisions about which inclusive finance institutions to invest in.
Level 2 What we do to make a meaningful difference	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. In 2021, we provided inclusive finance for 18.6 million savers and 17.8 million borrowers in emerging markets via 111 financial service providers. We have pioneered Fair Trade finance including partnering with key players such as Oxfam and Fairtrade Iberica and Fairtrade Belgium. Triodos Bank has an active role in eradicating urban poverty in Europe, financing organisations devoted to care and social inclusion. We lend to a wide range of spiritual and religious groups that respect human freedom and nurture the spirit. Triodos Bank joined the Nederlandse Schuldhulproute (NSR) in 2021. This collaboration brings customers with money worries into the picture earlier and offers appropriate help as early as possible to limit or even prevent debts. As a result, 45,000 Dutch business customers of the bank will have access to help. In Spain, we have financed so called insertion companies, such as Llanero Solidario, who help and support people at risk of social exclusion to integrate and enter the job market, including with training and psychological support. As well, we have financed Hogar Sí, an organisation facing the challenges of homelessness based on the *Housing first* approach. Co-workers are also involved directly in local initiatives. In Belgium, for example, Triodos Bank supports a local organisation in Brussels, Comité de la Samaritaine, to help provide vulnerable people in the local community with access to decent food. Co-workers maintained their engagement, organising pick-up rounds to collect food also during the COVID-pandemic, even though a lot of co-workers worked from home.
Level 3 The catalysing role we can play to stimulate long-term, transformational change	We integrate climate concerns and social issues, by advising financial institutions who specialise in inclusive finance on how to incorporate environmental issues in their business. This makes both the institutions and the entrepreneurs they finance and their families more resilient to outside shocks. Where appropriate we responsibly exit from investments in institutions that build their capacity to the point where they do not need our support anymore, so we can focus on helping other institutions serving those most in need.

Zero hunger

Relevant target: 2.4 … ensure sustainable food production …

Sustainable Finance Platform indicator:
Number of people in Europe provided with safe, nutritious and sufficient food: 31,000

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	We do not finance intensive agriculture and, instead, only finance sustainable and organic agriculture.
Level 2 **What we do to make a meaningful difference**	We specialise in financing sustainable food production through our lending and investing activity in organic farming and sustainable trade. Our investment activity focuses around the Triodos Food Transition Europe Fund (EUR 72 million), which invests in privately owned, sustainable consumer businesses in Europe and the Triodos Green Fund (EUR 1,189 million) that invests in green projects, including sustainable food and agriculture (EUR 137 million). We are the financial partner in Europe for social organisations delivering services for people struggling to meet their nutritional requirements. In Belgium, we finance Ethiquable Benelux, a cooperative with a social purpose, specialising in Fair Trade and organic products. In partnership with the French company Ethiquable SCOP, the cooperative directly partners with more than 40 cooperatives of small producers from the South, working exclusively on agricultural projects that benefit people living on low incomes. 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, for example Mr. & Mrs. Watson, a plant-based food bar in The Netherlands. The Hivos-Triodos Fund finances Sol Organica, a Nicaraguan food processing company that sources, manufactures, and exports organic certified solar dried fruit, tropical fruit purees and juices. The trade finance facility allows Sol Organica to pay more than 1,300 smallholder farmers fairly and immediately upon delivery of their produce. We launched additional initiatives related to the social emergency caused by the COVID-19 pandemic. For example, the Spanish Triodos Foundation promoted donation to the main NGO active in relieving the situation through diverse programmes delivering food assistance to the increased part of the population that needed it during the economic crisis. In the UK we lend to the Soil Association, a charity which – amongst its many focuses – works to address food and poverty in schools through its Food for Life programme.
Level 3 **The catalysing role we can play to stimulate long-term, transformational change**	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. 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.

Good health and well-being

Relevant target: 3.5 Prevent and treat substance abuse

Sustainable Finance Platform indicator:
Number of people reached with improved health care: 45,000 (this figure relates to the people benefiting from elderly care homes).

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	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.
Level 2 **What we do to make a meaningful difference**	We finance large numbers of healthcare organisations whose emphasis is on quality of care, including clinics specialising in addiction treatment. Of our loans and funds' investments 9% is in the health sector and more than 45,000 elderly people in Europe benefitted from care provided by initiatives financed by Triodos Bank and Triodos Investment Management in 2021. Triodos Bank also finances many community health centres including Le Gué in Tournai. The medical centre consists of a multidisciplinary team of 25 people and offers general primary care to all people, without conditions, with a balance between the search for a socio-cultural mix and special attention to vulnerable groups. In the United Kingdom, we support Parklands, a family-run care provider offering high quality, specialist care in the north of Scotland, and Sunflowers Care, providing a home-from-home environment for children with complex health needs. We also lend to Broadway Lodge, which provides treatment for addiction. In Austerlitz in the Netherlands, citizens set up a care cooperative, co-financed by Triodos Bank. Health care is also about education. That's why we finance CORPUS, a spectacular experience centre in The Netherlands around the human body. The visitor can see, feel and hear how the human body works and what role healthy eating, healthy living and lots of exercise play in this. Overcoming the challenges posed by the pandemic, in Spain we have continued financing the opening of new elderly care centres by organisations as Fundación Rey Ardid, which foster its presence in rural provinces as Teruel. In Spain, we also financed Asociación Alzheimer Canarias, an organisation that supports Alzheimer patients and their families with the goal of improving their quality of life. The Triodos Pioneer Impact Fund (EUR 650 million) 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'.
Level 3 **The catalysing role we can play to stimulate long-term, transformational change**	We can contribute more powerfully by financing scalable projects and we can further contribute to the debate about how to serve elderly people's financial needs in the future.

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 ...

Sustainable Finance Platform indicator:
Number of people receiving education services: 786,000

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	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.
Level 2 **What we do to make a meaningful difference**	We lend to education initiatives that benefitted 786,000 individuals in 2021. In the United Kingdom, we support long-term finance to specialist educational providers like Hartpury University to fund further investment in facilities and support continued growth in student numbers. Triodos also supports schools for children with special educational needs and disabilities such as Birtenshaw School Bolton and Paces Sheffield, which raised finance on the bank's crowdfunding platform. Adult learning is also supported through lending to Dartington Trust, a centre for progressive learning in arts, ecology and social justice. In Spain, we also worked with other educational initiatives such as Colegio El Pinar (Málaga), which promotes a bilingual education (Spanish and English). We also finance a number of music and dance schools, for example Het Nationaal Muziekkwartier with a Conservatory in The Netherlands. We give dozens of conferences about ethical banking at schools, high schools and universities every year, including participating in the 'Bank voor de Klas' initiative in The Netherlands, a primary school program for financial education.
Level 3 **The catalysing role we can play to stimulate long-term, transformational change**	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. We also provide long-term support and participate in initiatives beyond our role as a bank directly, through initiatives like HERA (Higher Education and Research Awards) in Belgium. The awards explore how Master's students integrate sustainable development principles into their work and recognise the importance of integrating sustainability concerns in a holistic way at an important stage in their development. Co-workers at all levels are regularly invited as guest speakers during Economy and Finance lessons to present the Triodos Bank vision on Finance and the bank's business model. In 2021, the bank supported financial and content-wise the launch of the *Masterclass in sustainable finance (SuFi)*, an initiative of ICHEC Brussels Management School, Solvay Brussels School (ULB) and UNAMUR - University of Namur. Professors from other Belgian universities on both sides of the language border are also participating. Co-workers in all countries regularly accept invitations to explain to students how sustainable finance and economics work for a better society.

Gender equality

Relevant target: 5.1 End all forms of discrimination against … women …

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	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. We value a diverse community in Triodos Bank itself, including gender. In 2021, 49.7% of Triodos Bank co-workers were women and 39% of management positions were held by women.
Level 2 What we do to make a meaningful difference	We finance financial institutions in developing countries and emerging economies that demonstrate a sustainable approach toward providing financial services to those traditionally excluded. In 2021, these institutions served 17.8 million loan clients, of which 76% are female. Giving women the freedom to manage their income and to support their families empowers their position. For over 30 years Triodos Investment Management has partnered with Women's World Banking, a global non-profit providing low-income women with access to financial tools and resources to build security and prosperity. We are a co-investment manager for the Women's World Banking equity fund (EUR 36 million).
Level 3 The catalysing role we can play to stimulate long-term, transformational change	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.

Clean water and sanitation

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	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. We invest, via the Triodos Pioneer Impact Fund (EUR 650 million) in listed companies such as US-domiciled Xylem, a leading water technology company committed to creating innovative solutions for the world's water, wastewater and energy needs. Xylem improves water quality and reduces the environmental impact of human activities by cleaning used water for responsible discharge back into nature. The company is a global advocate for sustainable water policies.
Level 2 What we do to make a meaningful difference	
Level 3 The catalysing role we can play to stimulate long-term, transformational change	

Affordable and clean energy

Relevant target: 7.2 ... increase ... renewable energy in the global energy mix

Sustainable Finance Platform indicator:
Renewable electricity produced that can be attributed to Triodos Bank's and Investment Management's finance:
2.4 million MWh. Avoided greenhouse gas emissions (in tonnes of CO_2 equivalent): 0.8 million

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Our policy is not to finance fossil fuels and exclusively to finance renewable energy initiatives in the energy sector. Whenever we can we generate or buy energy from renewable sources to power the buildings that we work from within our own network.
Level 2 What we do to make a meaningful difference	We finance sustainable energy via direct lending in all the countries where we operate (EUR 1,663 million) and via investments through Triodos Green Fund (EUR 1,189 million), Triodos Energy Transition Europe Fund (EUR 130 million) and since 2021 through Triodos Emerging Markets Energy Fund (EUR 26 million). As well as having considerable impact in Europe, according to Clean Energy Pipeline, Triodos Bank has financed more renewable energy initiatives in Europe than any other financial institution each year for the last five years. Triodos Bank finances offshore wind energy projects through its international Energy and Climate desk. Triodos Bank's and Investment Management's renewable energy projects also extend to emerging markets, such as hydro projects in Latin America and wind projects in Kenya. In Spain, we have continued promoting the advancement of renewal energies and, particularly, community projects as the one run by Ecooo. This initiative promotes the installation of solar panels for self-consumption on private households and housing buildings. In Belgium, Triodos Bank co-finances, the Brusol programme (Solarbuild 8000) to accelerate the installation of solar panels in the Brussels-Capital Region. Thanks to a 'third-party investor' scheme, families have solar panels installed free of charge. The electricity that is not used is sold locally to other households. This allows them to reduce their energy bills. Triodos Bank UK funds community energy including projects such as Morvern Community Development Company hydro-power scheme on the Barr River in Scotland and Ray Valley Solar, which will be the UK's largest community-owned solar park. In The Netherlands, Triodos Bank is actively financing onshore and offshore wind energy, collective large-scale solar energy projects, energy from residual flows and energy-saving projects. An example of an innovative clean energy project we finance in The Netherlands is Hygro (Waterstofmolen Wieringermeer). Hygro is enabling hydrogen from wind. Uniquely, this produces hydrogen directly within the wind turbine, which has far-reaching positive effects. In the Netherlands, we finance several solar power stations from Groendus, including a new large carport solar park in Bloemendaal. In collaboration we contribute to solutions for the imbalance in the electricity grid. Groendus from technical development, Triodos Bank from financing. 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.

Level 3 The catalysing role we can play to stimulate long-term, transformational change	As well as its direct impact as a financer, 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. It published a vision paper (2019) describing its long-term view of energy and climate issues. Triodos Bank played a catalytic role in the development of PCAF, the Partnership for Carbon Accounting Financials, an initiative between Dutch financial institutions 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. We are still actively taking part in the further development and advocacy of the methodology. As one of the first banks to report in this way, we actively collaborate with our partners to encourage others to do the same. Several events and communication initiatives took place during the year to share this apprach with the wider banking sector. 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. To support the development of sustainable transport we financed the expansion of Ember, the United Kingdom's first all-electric intercity coach service, and Ecomove, which specialises in the promotion of electric scooters and bikes. Triodos Bank UK has also assisted social customers with improving the efficiency of their property, for example financing lending to a retrofit project for North Camden Housing Co-operative in London. Further supporting the clean energy transition, the bank has financed and raised capital for Renewable Heat Holdings Ltd, to accelerate the installation of ground source heat pumps in the UK. Triodos Bank was closely involved, as a lead negotiator, in developing a Dutch Climate Agreement. As part of the agreement, banks and other Dutch financials have committed themselves to substantially reduce CO_2 emissions on their balance sheets. 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, including energy cooperatives such as Grunneger Power (Zonnepark Vierverlaten) and Westeinde. Together with two other Dutch banks and Energie Samen and SVn we have launched 'het Realisatiefonds'. With the loans from this new national fund, we can finance sustainable energy projects of local energy cooperatives on favorable terms. The fund expects to finance up to more than 1,000 sustainable energy projects from citizens' initiatives in the coming years.

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

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Triodos Bank considers how the mission of an organisation translates into the organisation itself before considering a loan or investment. It has over 20 years' experience financing microfinance and inclusive finance initiatives in emerging markets. As well as only financing the green economy in Europe, including developing lending in the sustainable tourism sector, all our banking products and services take the environment into consideration. 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.
Level 2 What we do to make a meaningful difference	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. In 2021 the financial service providers we finance provided loans to 17.8 million borrowers in emerging markets. Inclusive finance is also relevant in The Netherlands where we work with Qredits, a Dutch initiative providing microfinance loans, mentoring and online tools to support entrepreneurs. In Amsterdam, Triodos Bank finances WOW. Its founders have converted a former technical school in the Kolenkitbuurt, a district in the city, into a unique hostel and cultural hotspot. WOW provides a new impulse in the neighbourhood, combining tourism and art. Triodos Bank UK has worked with a number of businesses transitioning to an employee ownership structure, including Camerons Strachan Yuill Architects and LDA Design, empowering those within the companies and supporting their wellbeing. It has also worked with B Corp TownSq to assist its expansion of co-working spaces and business support. We are continuing to extend lending to certified green sustainable tourism projects, or those working towards it, across Europe. Triodos Bank integrates resource efficiency and environmental concerns in products with a purpose; including sustainable mortgages, credit cards for spending on sustainable products and pensions linked to frontrunning sustainable companies.

Level 3 The catalysing role we can play to stimulate long-term, transformational change	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. Dick Moby, producers of sustainable sunglasses are one example. We partner with others who share this agenda, including co-founding the Sustainable Finance Lab in The Netherlands. In The Netherlands we are also a founding partner of Social Enterprises NL. As a national membership body, Social Enterprise NL represents, connects and supports the growing community of social enterprises in The Netherlands. In Spain, the Cátedra Triodos de Finanzas Sostenibles was founded, in cooperation with Universitat Pompeu Fabra (Barcelona), in order to promote research and outreach to change finance and humanise it. Triodos Bank and the European Investment Fund (EIF) have signed a guarantee agreement for the creative and cultural sector under the European Union's "Cultural and Creative Sectors" guarantee facility, backed by the European Fund for Strategic Investments (EFSI), the main pillar of the Investment Plan for Europe. The guarantee facility allows Triodos Bank to provide up to EUR 200 million in loans to entrepreneurs in the creative and cultural sectors over the next two years in the EU Member States where Triodos operates, namely the Netherlands, Belgium, Spain and Germany. The geographical split will depend on demand from markets. We also celebrate and encourage frontrunners in social and sustainable entrepreneurship, through initiatives like the Heart Head prize; an awards programme delivered in several countries where we operate.

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

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	
Level 2 What we do to make a meaningful difference	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. In Germany in 2020, Triodos Bank invested for the first time in rural glass-fibre infrastructure. Triodos Bank sees glass-fibre networks as an important step in promoting the digital and social inclusion of rural regions. In terms of broadband internet, rural regions in Germany have been severely underserved up to now, which, among other things, makes these locations less attractive to companies, as well as disadvantaging the digital education and networking of residents. Enric Majoral, financed by Triodos Bank in Spain, uses 100% fair-mined certified gold. A well-established jewellery brand, it promotes fairer labour conditions in a high-impact industry. In the United Kingdom, we finance the furniture manufacturer Vitsœ that focuses on good design. It makes products that last a long time; that can be repaired and added to; and that are thoughtfully, responsibly and intelligently made. In the Netherlands, we finance Piet Hein Eek, one of the founders of a new generation of sustainable designers.
Level 3 The catalysing role we can play to stimulate long-term, transformational change	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. Our work for the inclusive finance sector supports efforts to increase access of small-scale enterprises to financial services, including affordable credit.

Reduced inequalities

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal **Level 2** What we do to make a meaningful difference **Level 3** The catalysing role we can play to stimulate long-term, transformational change	Our collective work is designed to contribute to a fairer and more equitable economy in Europe and around the world. 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), to promote and help deliver a fairer, more equitable society. We have a comprehensive approach to inequality which includes financing groups at risk of social exclusion. During 2020, with the input of our senior leadership we shaped our ambition to be a more diverse and inclusive organisation. A Diversity and Inclusion Officer was appointed in December 2020. In The Netherlands, we have signed the Diversity Charter (see diversiteitinbedrijf.nl). We regularly report and take soundings on diversity and inclusion at stakeholder meetings. Diversity and inclusion will remain high on our list of priorities in the coming years. 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. For example, PAX in The Netherlands: Peace organisation PAX has found refugees from Syria willing to tell their personal story. In Spain, we financed initiatives as Edetica (Extremadura) and Fundación Privada Salas (Catalonia) that build social housing with high energy efficiency standards. In The Netherlands we finance Astare, a Dutch employment agency in the mental health care sector that does everything in its power allowing people with a 'psychological vulnerability' to participate in society. In the UK, we lend to a number of Community Development Finance Institutions (CDFIs), which target smaller, unsecured loans at underserved small businesses that are often based in disadvantaged communities or are led by disadvantaged groups.

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

Sustainable Finance Platform indicator:
Number of people with access to safe and affordable housing: 59,000.
Floor space of green, or in transition to sustainable real estate: 950,000m2

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	We have approximately EUR 545 million in loans and investments in the social housing sector, providing affordable homes for often excluded groups across Europe. We also finance 800 community projects, for example in not-for-profit employment programmes, youth help centres, integration programmes and other community projects. We finance EUR 535 million in arts and culture projects, ranging from individual artists to large cultural institutions such as museums and theatres. The sustainable property sector we finance via Triodos Bank and Triodos Investment Management amounts more than EUR 1 billion. More and more people are opting for self-build, often together with others. In the Netherlands, we provide both mortgages and expert advice to citizens who want to start a sustainable housing community (CPO) together. A good example of the preservation of cultural industrial heritage in urban areas is the Triodos-financed project De Werkspoorfabriek in Utrecht. Another example is the financing of the repurposing of the former dome prison in Haarlem into student housing, hospitality and offices. In the United Kingdom, we advised and financed London's largest self-build community housing project through the Rural Urban Synthesis Society, providing affordable and sustainable homes. We support clean air in cities through sustainable transport schemes, such as Love to Ride, a web-based platform that applies behavioural change theory to encourage more people to cycle. In Spain, we financed Entrepatios, a cohousing initiative in Madrid with high sustainability standards and the goal to engage neighbors towards a sustainable way of life.
Level 3 The catalysing role we can play to stimulate long-term, transformational change	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. 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). We can also work with partners to advise on how best to attract and apply finance for sustainable infrastructure projects in cities.

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 …

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Our products and services (see qualitative elements in the GABV scorecard) have responsible consumption built in. 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.
Level 2 **What we do to make a meaningful difference**	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. The farms we finance in Europe, produced the equivalent of 34 million organic meals in 2021. As well as direct lending we have the Triodos Food Transition Europe Fund (EUR 72 million), which invests in privately owned, sustainable consumer businesses. Through Triodos Investment Management's Impact Equities and Bonds department, we engage with large companies, encouraging them to improve their sustainable practices, including by voting as an investor through the Impact Equities and Bonds funds (EUR 3,050 million). In Spain, we financed initiatives, such as ECOALF, a producer of sustainable fashion that uses materials such as used nets from fishermen and waste from the seas. Likewise, we have financed initiatives such as La Osa, a cooperative supermarket in Madrid that prioritises social and environmental criteria in its functioning and selection of products. In the UK, we finance innovative recycling projects including Yes Recycling, which is setting up a new low-grade plastic recycling facility in Scotland. Triodos Bank's crowdfunding platform raised finance through a share offer for Mama Bamboo, a B Corp eco-disposable nappy and wipe brand with female founders. 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.
Level 3 **The catalysing role we can play to stimulate long-term, transformational change**	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. We published a vision paper in 2019 on food and farming describing our long-term vision for this sector.

Climate action

Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	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, equivalent to the annual electricity needs of almost 700,000 households worldwide, avoiding 0.8 million tonnes of CO_2 emissions in 2021.
Level 2 What we do to make a meaningful difference	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 such as Climate Coalition in the United Kingdom.
Level 3 The catalysing role we can play to stimulate long-term, transformational change	UK co-workers represented Triodos Bank at the COP26 climate summit in Glasgow in November 2021. The activity coincided with the announcement of the bank's net zero target and aimed to challenge the financial sector to set more ambitious climate commitments. Triodos Bank is one of the signatories of the Belgian Alliance for Climate Action (BACA). The Belgian Alliance for Climate Action is a joint initiative from The Shift – the Belgian sustainability meeting point for companies, organisations and governmental entities – and WWF Belgium. Launched in October 2020, BACA offers a platform and community for organisations that are serious about their climate ambitions and have chosen – or are willing to choose – the path towards Science Based Targets (SBTs). Triodos Bank supported several climate actions in The Netherlands during the year, including a major Climate March in Amsterdam in the Spring. We are also a member of 'Uitvoeringsoverleg Gebouwde Omgeving', a commission that, together with government ministries, is charged with the practical implementation of the Dutch Climate Agreement in the field of housing and building. Triodos Bank accompanied the approval of the Climate Change and Energy Transition Law approved in 2021 in Spain. As well, we continued our coorganisation of the events Aulas Gabeiras, related particularly to spreading the meaning of the European taxonomy of investments among a professional and institutional audience.

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.
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 519 million of our loans and investments were in the organic food and farming and nature development sectors during 2021. In the UK, we have financed and raised capital for organisations that care for pets and animals, giving them the best possible quality of life, including charity Greenacres Rescue and social enterprise Animal Trust Vets. We have also raised crowdfunding investment to support rewilding in the Scottish Highlands through the development of a visitor centre with Trees for Life. 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. In Spain, we have financed projects as Cantero de Letur, a pioneer in the production of organic dairy products. This initiative avoids using pesticides, promoting biodiversity as well as the possibility of living and working in a rural area in the province of Albacete. In Belgium we brought together 18 speakers for our online customer event in the autumn in a conference on *Biodiversity: what is at stake and what can we do?*

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 – such as crowdfunding initiatives increasing education about sustainable agriculture in schools – that punch above their weight, as powerful examples of what's possible. In 2020, Triodos Bank signed the Finance for Biodiversity Pledge. The signatories commit themselves 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 2021 Triodos Bank has joined a call, initiated by WWF, for a moratorium on deep-sea mining. Triodos Bank commits to exclude deep-sea mining from its financing. In the United Kingdom, we have invested resources and expertise in setting up viable financial projects to encourage sustainable private-sector investment in the natural environment to protect and restore biodiversity. This initial collaboration to support environmental projects aims to create sustainable funding models for nature-based investing, such as the creation of the Wyre Catchment CIC, a natural flood management project supported by private investment, which is due to launch shortly and is on track to reach financial close in Q1 2022. In Spain, we have joined to "La otra Pac" (The other CAP, Common Agricultural Policy) to make advocacy related to improving European policies in favour of organic agriculture.

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. We finance faith organisations of all kinds that commit to non-coercive expressions of religious belief, from Buddhist centres to Presbyterian churches.
Level 2 What we do to make a meaningful difference	
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 have an open culture that encourages 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 – as we did with the renewable energy industry, lending to some of Europe's first wind farms following the Chernobyl disaster in 1986. Our work in developing countries is delivered principally through Triodos Investment Management, as described above. We also run affiliate programmes in product partnership. In the United Kingdom, that includes organisations and charities aligned with our values, such as the Soil Association, Friends of the Earth and RSPB. In Spain, we work together with CreaSGR, a specialist in financing cinema and audiovisual content, in order to reach as many of these initiatives as possible.

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): the GABV uses a scorecard as a structured approach to capture the vision, strategy and results of any bank relative to values-based banking. The scorecard is based on the GABV's Principles of Values-based Banking. It allows a bank to self-assess, monitor, and communicate its progress on delivering values-based banking. - UN Principles for Responsible Banking: The principles define the global banking industry's role and responsibilities in addressing current societal problems, including social inclusion and the climate emergency. Triodos Bank played a leading role in developing this global framework, as part of the core group of banks who developed the principles and shaped the framework. - Paris Climate Agreement: Our energy generation portfolio consists of 100% renewable energies – such as wind and solar. This is a sector where we have been leaders and pioneers for four decades. - We are a founding member of PCAF (the Partnership for Carbon Accounting Financials) and we report the climate contribution of our entire portfolio. PCAF is now a global initiative with over 100financial institutions collaborating across the world to account for their portfolio climate impact as a first step towards setting targets. - We have signed the Finance for Biodiversity Pledge that is launched during the Nature for Life Hub in the margins of the 75th UN General Assembly in New York. In the pledge, which was signed by 26 financial institutions from around the globe, the signatories call upon world leaders to reverse nature loss this decade and commit to collaborating, engaging, assessing their own biodiversity impact, setting targets and reporting on biodiversity matters by 2024 at the latest. - Triodos Bank is also part of the Partnership for Biodiversity Accounting Financials (PBAF), which is working on a harmonised biodiversity accounting approach. 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; Business Principles on Human Rights. We continue collaborating with networks of financial institutions and others on technical standards, and have good working relationships with many NGOs and civil society groups working on the transformation towards a sustainable financial system, including Finance Watch, Share Action and WWF. We can, and do, partner selectively with individual thought-leaders and academic organisations to promote a growth-agnostic, sustainable economy that's fit for the 21st century.

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.

Assets Committed to the Triple Bottom Line to Total Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Assets Committed to the Triple Bottom Line to Total Assets[2]	70.1%	73.9%	74.5%	76.3%	75.3%

[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. Key figures for 2017 are reported under Dutch Gaap.
[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. The 2019 and 2018 figures have been adjusted to IFRS reporting.

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. 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 increased cash position, due to additional funding in 2021, explains the lower Triple Bottom Line ratio in 2021 compared to previous years.

Assets Committed to the Real Economy to Total Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Assets Committed to the Real Economy to Total Assets[2]	70.2%	75.4%	75.7%	77.4%	80.2%

[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. Key figures for 2017 are reported under Dutch Gaap.
[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. The 2019 and 2018 figures have been adjusted to IFRS reporting.

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.

Triodos Bank targets a ratio of loans (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 2021 most investments were in 'neutral' organisations like municipalities and sovereign debt. An increased cash position, due to additional funding in 2021, explains the lower Real Economy ratio in 2021 compared to previous years.

Income from the Real Economy to Total Income

Quantitative factors[1]	2021	2020	2019	2018	2017
Income from the Real Economy to Total Income[2]	95.1%	97.6%	96.6%	92.3%	90.4%

[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. Key figures for 2017 are reported under Dutch Gaap.
[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. The 2019 and 2018 figures have been adjusted to IFRS reporting.

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.

Bank Resiliency through Earnings – 3 year Average Return on Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Bank Resiliency through Earnings - 3 year Average Return on Assets	0.28%	0.28%	0.32%	0.31%	0.37%

[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. Key figures for 2017 are reported under Dutch Gaap.

Return on Assets figures 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 is lower for 2021 and 2020 compared to prior years, mainly caused by the COVID-19 impact on our impairments and net profit in 2020.

Bank Resiliency through Capital – Equity to Total Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Bank Resiliency through Capital - Equity to Total Assets	7.6%	8.7%	9.9%	10.2%	10.2%

[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. Key figures for 2017 are reported under Dutch Gaap.

The Equity to Total Assets ratio 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 consistently been well above this level. In 2021 Triodos Bank increased its equity by 3.5%, or EUR 42 million, from EUR 1,208 million to EUR 1,250 million. This increase is mainly caused by retained net profit. Triodos Bank's balance sheet total grew by 19% to EUR 16.5 billion

(2020: 13.9 billion) caused by a significant growth of funds entrusted and lending during the year in all banking entities.

Bank Resiliency through Asset Quality – Low-quality Assets to Total Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Bank Resiliency through Asset Quality - Low-quality Assets to Total Assets	1.5%	1.5%	1.1%	1.3%	1.9%

[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. Key figures for 2017 are reported under Dutch Gaap.

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.

Triodos Bank's low-quality assets to total assets ratio is below the market average in all the countries where it operates. In 2021, the volume of defaults increased due to the effects of COVID-19, but divided by the total assets, the ratio stayed stable.

Bank Resiliency through Client Based Liquidity – Client Deposits to Total Assets

Quantitative factors[1]	2021	2020	2019	2018	2017
Bank Resiliency through Client Based Liquidity - Client Deposits to Total Assets	80.5%	84.6%	88.5%	88.0%	88.1%

[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. Key figures for 2017 are reported under Dutch Gaap.

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 all its lending from customers' deposits.

This page was intentionally left blank

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 played a leading role in developing this global framework, as part of the core group of banks who 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 to the Principles, banks said 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.

Triodos Bank is one of them. And as part of this we are committed to provide an update on what we have done or are doing in relation to each principle. The summary below highlights this work.

Principle 1

Identifying society's goals as expressed in the SDGs/Paris Agreement/other relevant frameworks. Aligning the bank's business strategy with the identified goals

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. As a result, we only finance social, environmental and cultural sectors. 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 44), Understanding impact (see page 61), and the Appendix III – UN Sustainable Development Goals (see page 402) 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

Based on a portfolio impact analysis identifying the bank's most significant (actual and potential) positive and negative impacts. Setting SMART targets that address the bank's most significant impacts, and drive alignment with the SDGs/Paris Agreement/other relevant frameworks

Triodos Bank's focus is to deliver positive impact, as described above. We assess and manage our impact in a couple of ways:

Net-zero in 2035

We measure our own (direct) and financed (indirect) emissions during the lifecycle of a loan or investment. These results clearly indicate that financing a sustainable economy for many years has resulted in substantial avoided emissions relative to our generated and sequestered emissions. Our direct emissions are reported in our Environmental report. Our financed emissions are measured through PCAF and reported in the Climate impact of our loans and funds' investments (see page 71) section.
Although Triodos Bank believes that the emissions of our loans and investment portfolio are relatively low compared to other financial institutions, the analysis identifies high-emissions sectors in our portfolio that need effective plans to support a sustainable and inclusive transition towards a climate-neutral portfolio.

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. The remaining emissions will be balanced or 'inset' by investing considerably in nature projects that remove greenhouse gases from the air. In formulating its target, Triodos Bank has adopted a holistic approach in support of its mission to create positive impact on people and nature. We want to reduce emissions, respecting the planetary boundaries and social inclusion of all people. We believe we can only get to zero as one.

Triodos has commited itself to the Science Based Targets Initiative. Together with SBTi, in 2022 we will work towards a validated set of (intermediate) targets.

Metrics

For our key sectors, we monitor positive impact in numbers our loans and investments we generate within our three main impact sectors (environmental, social and cultural impact). These metrics can be found in chapter Impact by sector (see page 67).

Impact Prism

A prism breaks light up into its constituent spectral colours. In a similar way, Triodos Bank Impact Prism takes information about a project we finance, breaks it down and provides insights about its various parts.
Relationship managers assess loans or investments at the outset and periodically against fourdifferent impact areas of the Prism: people, planet, prosperity and purpose.
The Prism scores awarded on all four areas provide insights into the sustainability value of our projects. This mechanism uncovers opportunities to increase the impact of the customers and projects we finance,through engaging conversdations between relationship managers and customers. Ultimately, we can work with our clients to have a greater – and more targeted – impact.
In 2019 and 2020 we have focused on increasing the usage of the Prism. The tool was used for more new clients and the coverage of the total portfolio improved. In 2021, we further increase coverage and did research in both Spain and the Netherlands on how clients experience Prism. From this, we have learned that many clients underscore the uniqueness of having this type of conversation with your bank. For these clients it truly distinguishes Triodos Bank from other banks. Yet, other (of some) clients do not immediately see the added value of Prism; this requires further communication and development of the Prism. Specifically, we have learned that clients see more value in filling in the Prism for their company as a whole, rather than confining themselves to the specific project or part of the organisation being financed. In 2022, we aim

to use these insights to develop the Prism further as a tool for stakeholder engagement.

SDG reporting

We also 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.More on the specifics and governance of our impact management can be found in Understanding impact (see page 61).

Principle 3

Working with clients and customers to achieve more sustainable outcomes

This principle is safeguarded though our policies and implemented through our business as this is key for reaching positive impact. Given the sustainable orientation of Triodos Bank's business we have always engaged in dialogue with clients about optimising sustainability impact.

Our policies:
Our lending criteria, business principles and minimum standards focus on working with clients to achieve more impact.

Implementation:
Given the sustainable orientation of Triodos Bank's business we have always engaged in dialogue with clients about optimising sustainability impact. With the Impact Prism we have a starting point for a high quality conversation about customers impact and opportunities to improve this. This includes working with clients to help them think more cross-sectorally to increase their positive social and environmental impact.
We also offer products to incentivise more sustainable outcomes, such as a mortgage which offers a discounted interest rate for more energy efficient houses and additional discounts to help customers make environmental improvements to their home.
Since 2018, The European Investment Fund (EIF) and Triodos Bank have worked on the Social Entrepreneurship guarantee agreement in The Netherlands under the EU Programme for Employment and Social Innovation (EaSI). Through this agreement, Triodos Bank has until the end of 2021 been able to finance EUR 87 million to 412 Social Enterprises in the Netherlands, Belgium, France and Spain. This was more than expected as we originally started with the aim of EUR 65 million.

In 2021, Triodos Bank and the European Investment Fund (EIF) signed a guarantee agreement for the creative and cultural sector. The guarantee facility allows Triodos Bank to provide up to EUR 200 million in loans to entrepreneurs in the creative and cultural sectors in the EU Member States where Triodos Bank operates, namely the Netherlands, Belgium, Spain and Germany.

Principle 4

Consulting, engaging and/or partnering with stakeholders in order to improve the bank's impacts. Developing a stakeholder engagement policy/process.

Triodos Bank was a co-founder of a number of 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, which Triodos Bank chairs.
In our Change finance report (see page 65), 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, including a stakeholder engagement meeting at Triodos Bank's Head Office, the process and results of which are reported in Our stakeholders and material topics (see page 25).

In 2021, we have taken additional steps to better embed stakeholder engagement in our corporate strategy cycle. By putting key objectives from our group strategic plan 2023 and the group year plan 2022 on the agenda, the annual stakeholder meeting serves as stakeholder consultation on both. Also, for the first time, we organised an international stakeholder meeting with participants from the Netherlands, Belgium, the UK, Spain and Germany.

Principle 5

Having an effective governance structure in place that will enable implementation of the Principles. Developing a culture of responsible banking within the bank.

Triodos Bank's governance structure stems from its sustainability agenda which is aligned, and in some ways goes beyond the Principles for Responsible Banking. Triodos Bank does not have shareholders, but Depository Receipt holders instead. This structure helps safeguard its mission and optimise its sustainability impact.

Our values and our mission are continuously reinforced within our culture by being fully integrated into our operations. We have not separated sustainability as a department or a function – it is intrinsic to everything we do in the organisation. In 2020, impact management was explicitly embedded in our governance with the creation of the Triodos Group Impact Committee (TGIC). After one year, the TGIC conducted a self-evaluation. One outcome of the self-evaluation was that the operational activity of our impact management should be better organised. In line with this conclusion, a trajectory was started at the end of 2021 on how Triodos Bank can better align and focus its impact management activities throughout the organization. We want to work with a new structure in the first half of 2022.

Since its establishment in September 2020, the TGIC focuses on target setting; streamlining our impact data capture; external commitments which are in line with our mission; and embedding growing regulatory requirements, resulting from the EU Action Plan on Sustainable Growth (Sustainable Finance Action Plan, SFAP).

Triodos Bank's culture also stems from this mission and is detailed in the Co-worker report (see page 84).

Principle 6

Reporting on positive and negative impacts, and progress made on targets and implementation of the Principles.

This annual report, and this section of it in particular, details our progress in the implementation of our mission, which focuses on delivering positive impact for people and the environment. As such it meets these goals. We have made a deliberate choice to use impact-based targets sparingly to ensure that we 'hit the target without missing the point'. This approach is explored in more detail in Understanding impact (see page 61).We aim to assess both the positive and negative impacts on sustainability of all the loans and investments we make, via Triodos Bank's Impact Prism and our PCAF report. In addition, we use negative screening criteria to avoid financing sectors we consider to be inherently 'unsustainable' such as the fossil fuel industry.

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 figures[1]

	2021		2020		2019		2018		2017	
	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	942	773	889	703	791	702	737	690	700	677
Average number of ftes during the year[2]	827.7	705.0	740.6	668.1	677.1	668.6	649.1	647.6	593.8	604.5
Number of ftes at year-end[2]	844.0	739.5	792.6	670.5	703.3	667.1	658.0	659.4	618.5	630.5
Sickness rate	3.5%		3.7%		4.3%		3.8%		3.3%	

[1] The co-worker report includes everyone employed by Triodos Bank.
[2] 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 40 hours).

Training expenses per co-worker[1]

	2021	2020	2019	2018	2017
The Netherlands	2,036	1,287	2,237	1,242	1,681
Belgium	2,009	1,130	1,012	1,669	1,531
United Kingdom	1,625	1,162	1,431	1,124	968
Spain	724	459	626	565	554
Germany	1,290	941	1,375	1,288	1,055
France	-	3,025	2,722	3,906	2,323
Head office	1,471	1,341	2,321	2,901	2,101
Triodos Investment Management	2,088	2,143	3,715	2,173	2,298
Average	**1,596**	**1,207**	**1,840**	**1,602**	**1,471**
Increase	32.3%	-34.4%	14.8%	8.9%	2.5%

[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 Acadamy.

Training days per co-worker[1]

	2021	2020	2019	2018	2017
The Netherlands	1.9	1.9	4.0	3.3	2.9
Belgium	1.9	1.2	2.2	4.0	3.5
United Kingdom	3.5	2.0	1.7	6.9	4.3
Spain	2.3	5.2	9.6	7.8	8.1
Germany	1.2	2.6	4.1	4.9	2.5
France	-	-	4.8	6.6	4.9
Head office	1.1	2.7	4.0	6.2	3.8
Triodos Investment Management	2.7	1.7	4.2	3.4	2.0
Total	**2.1**	**2.6**	**4.7**	**5.5**	**4.3**

[1] All training days disclosed are based on the average FTEs for a whole reporting year. Up to and including 2020, local training days for Belgium, Spain and Germany were collected on a co-worker level, whilst for the UK and the Netherlands local training days were based on an estimate (education costs / estimated time spent). In 2021, we changed the method of calculating the training days to become more transparent and comparable between the different Operating Units. The local training days are calculated based on (external) training expenses divided by the average cost for one training day per Operating Unit. Average cost for one training day includes group & individual trainings. Decreases or increases for specific Operating Units mostly relates to the new method used.

Age categories of co-workers of Triodos Bank at year end

	2021		2020		2019		2018		2017	
	#	%	#	%	#	%	#	%	#	%
< 28 yr	105	6.1%	94	5.9%	85	5.7%	58	4.1%	72	5.2%
28 – 35 yr	341	19.9%	305	19.2%	283	19.0%	288	20.2%	295	21.4%
35 – 42 yr	417	24.3%	403	25.3%	415	27.8%	416	29.2%	406	29.5%
42 – 49 yr	371	21.6%	350	22.0%	326	21.8%	303	21.2%	315	22.9%
49 – 56 yr	315	18.4%	289	18.2%	250	16.7%	245	17.2%	198	14.4%
>= 56 yr	166	9.7%	151	9.5%	134	9.0%	117	8.2%	91	6.6%
Total	**1,715**	**100.0%**	**1,592**	**100.0%**	**1,493**	**100.0%**	**1,427**	**100.0%**	**1,377**	**100.0%**
Average age	42.0		41.9		41.7		41.7		41.4	

Years of service of co-workers of Triodos Bank at year end

	2021		2020		2019		2018		2017	
	#	%	#	%	#	%	#	%	#	%
0-1 yr	245	14.3%	230	14.4%	209	14.0%	173	12.1%	212	15.4%
1-3 yr	400	23.3%	342	21.5%	323	21.6%	374	26.2%	401	29.1%
3-5 yr	254	14.8%	293	18.4%	328	22.0%	297	20.8%	241	17.5%
5-10 yr	505	29.4%	454	28.5%	375	25.1%	367	25.7%	339	24.6%
10-15 yr	214	12.5%	192	12.1%	179	12.0%	140	9.8%	118	8.6%
> 15 yr	97	5.7%	81	5.1%	79	5.3%	76	5.3%	66	4.8%
Total	**1,715**	**100.0%**	**1,592**	**100.0%**	**1,493**	**100.0%**	**1,427**	**100.0%**	**1,377**	**100.0%**
Average years of service[1]	5.3		5.2		5.2		5.0		5.1	

[1] The figures published in the 2018 annual report have been updated because they included inactive co-workers, in error. The average years of service in 2018 have been adjusted from 6.4 to 5.0 as a result.

Sickness rate

	2021	2020	2019	2018	2017
The Netherlands	3.2%	4.0%	5.5%	5.1%	5.9%
Belgium	5.9%	6.5%	6.1%	3.6%	3.8%
United Kingdom	3.2%	2.5%	2.4%	2.4%	2.2%
Spain	3.6%	4.6%	5.8%	5.6%	3.4%
Germany	3.1%	4.5%	3.9%	2.8%	3.3%
France	-	3.6%	2.2%	0.8%	0.0%
Head office	4.1%	3.1%	3.0%	2.7%	2.5%
Triodos Investment Management	1.4%	1.8%	2.7%	2.7%	2.1%
Total[1]	**3.5%**	**3.7%**	**4.3%**	**3.8%**	**3.3%**

[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

	2021	2020	2019	2018	2017
The Netherlands	7.9%	8.2%	8.8%	11.3%	9.4%
Belgium	11.5%	10.1%	13.6%	9.4%	12.1%
United Kingdom	17.6%	7.7%	13.9%	15.0%	15.4%
Spain	5.5%	4.2%	5.7%	5.9%	6.2%
Germany	11.8%	10.3%	4.7%	10.6%	3.5%
France	n/a	100.0%	46.7%	13.3%	10.0%
Head Office	8.5%	8.2%	8.0%	6.3%	5.5%
Triodos Investment Management	11.1%	8.2%	12.9%	7.6%	9.3%
Total[1]	**9.8%**	**8.2%**	**9.9%**	**8.9%**	**8.6%**

[1] In some business entities our attrition rate exceeds our target of 5-10%. This is sometimes related to specific local circumstancing and changes in the organisation and sometimes related to tight labor market.

Contract type

Contract type[1]	2021		2020		2019		2018	
	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent
The Netherlands	2	343	7	333	55	238	46	215
Belgium	2	160	4	152	2	137	2	138
United Kingdom	23	223	10	195	18	178	21	159
Spain	11	274	5	269	15	271	13	268
Germany	1	73	1	67	-	68	6	58
France	-	-	-	-	-	10	-	15
Head Office	19	366	8	334	47	270	38	262
Triodos Investment Management	9	209	17	190	28	156	19	167
Total[2]	**67**	**1,648**	**52**	**1,540**	**165**	**1,328**	**145**	**1,282**

[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

	2021		2020		2019	
	Fixed	Permanent	Fixed	Permanent	Fixed	Permanent
Male	36	827	30	780	91	662
Female	31	821	22	760	74	666
Total	**67**	**1,648**	**52**	**1,540**	**165**	**1,328**

Total employees (payroll) covered by collective bargaining agreements

	2021				2020			
	Total	Non CBA	CBA		Total	Non CBA	CBA	
The Netherlands	942	5	937	99.5%	889	4	885	99.6%
Belgium	162	-	162	100.0%	156	-	156	100.0%
United Kingdom	251	251	-	0.0%	205	205	-	0.0%
Spain	286	-	286	100.0%	274	-	274	100.0%
Germany	74	74	-	0.0%	68	68	-	0.0%
France	-	-	-	0.0%	-	-	-	0.0%
Total[1]	**1,715**	**330**	**1,385**	**80.8%**	**1,592**	**277**	**1,315**	**82.6%**

[1] The majority of all co-workers under contract with Triodos Bank are covered by collective bargaining agreements.

Environmental statistics

Environmental key figures

	2021	2020	2019	2018	2017
Energy consumption (in buildings)					
total electricity consumption in kWh	2,475,037	2,627,044	2,869,520	2,681,588	2,702,961
Electricity in kWh/fte	1,486	1,742	1,980	1,930	2,079
Total gas consumption in m^3	65,630	68,888	143,816	143,935	132,167
Gas in m^3/fte	39	46	99	104	102
Business travel					
By aircraft in km/fte	384	760	3,622	3,452	3,920
By car in km/fte	385	414	888	1,036	1,020
By public transport km/fte	118	194	631	589	684
Commuting[1]					
By car in km/fte	881	1,536	3,582	4,025	4,318
By public transport in km/fte	621	851	4,791	3,361	3,454
By bike or on foot in km/fte	112	317	1,282	606	591
Paper usage					
Total paper usage in kg/fte	34	34	67	81	85
Blank copy recycled paper in kg/fte	2.3	2.9	11	13	13
Letter head paper/leaflets/etc. in kg/fte	31	31	56	68	72
Letter head paper/leaflets/etc. in kg/customer	0.07	0.06	0.11	0.13	0.14
Co-workers					
Ftes	1,533	1,404	1,346	1,297	1,197
External, temporary co-workers	133	105	104	93	103
Buildings (absolute figures)					
Surface area in m^2	28,830	36,409	36,734	34,321	33,792
Volume in m^3	94,443	122,954	123,929	114,445	112,678

[1] For commuting, we excluded data from external staff for extrapolation to the total of commuting kilometres for co-workers.

Emission of CO_2 (equivalents)

in thousands of kg	2021	2020	2019	2018	2017
scope 1					
Gas consumption (heating)	66	61	70	73	72
Fossil fueled company cars & lease cars	176	109	197	156	162
scope 2					
Electricity[1]	3	14	22	7	13
Electric company cars & lease cars[2]	50	42	65	19	8
scope 3					
Privately owned cars, rental cars & taxi's	245	469	1,122	1,312	1,319
Public transport	11	34	173	105	268
Flights	118	215	1,129	997	1,082
Paper	72	65	123	143	140
TOTAL[3]	**740**	**1,011**	**2,901**	**2,812**	**3,064**
Minus: Compensation for CO_2 credits	--740	--1,011	--2,901	--2,812	--3,064
CO_2 balance (neutral)	-	-	-	-	-
CO_2 compensation costs per tonne (EUR)	12.65	10.95	8.40	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] 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 CO_2 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 CO_2 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 CO_2 footprint.

The CO_2 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

The reporting template shows what is in and out of scope in determining the Taxonomy-eligible assets and exposures. The template is based on Annex VI of the Taxonomy regulation published in December 2021[1] and contains both our mandatory and voluntary disclosure. Triodos Bank has made amendments to this template as several elements were unclear or fit for multiple interpretations.

The 2021 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 'Assets under Management' which is not included in the mandatory reporting for FY2021. 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.

For a more detailed methodology on how we report on the EU Taxonomy, we refer to our online publication. 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 2022, meaning that the FY2021 FinRep figures are not audited at the time of publication of the FY2021 annual report and therefore may be subject to change.

Assumptions and limitations

The first year of implementation has several limitations. It only became clear in December 2021 that NACE codes were not allowed to estimate Taxonomy-eligibility in the mandatory disclosures. As no actual information is collected yet from clients on their eligibility disclosures, the mandatory disclosures on the EU Taxonomy-eligibility provide very limited information. Triodos therefore discloses on a voluntary basis eligibility based on client NACE codes, while recognising several limitations on using NACE codes as an estimation of Taxonomy-eligibility. For a selected subgroup of NFRD-obligatory non-

[1] Annex VI can be found on https://ec.europa.eu/info/law/sustainable-finance-Taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en . The direct link to Annex VI is http://ec.europa.eu/finance/docs/level-2-measures/Taxonomy-regulation-delegated-act-2021-4987-annex-6_en.xlsx

financial counterparties that are not eligible based on NACE code we have performed additional analysis on the nature of these client activities. These clients were not eligible based on their NACE code. For D35 (Energy), only level 4 NACE codes are included in the Technical Sreening Criteria. However, looking at the Triodos Bank internal (Risk) sector code, all these clients are active within renewable energy and generate renewable energy according to our impact data. Therefore they are Taxonomy-eligible as they contribute to Climate Change Mitigation. In the future we hope to increase our NACE code data quality and base our Taxonomy-eligibility assessment on more solid information than only NACE codes, by using for example direct client input or impact-related information to determine Taxonomy-eligibility.

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 as the legal criteria for NFRD differ per country. 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. In order to determine which counterparties are NFRD obligatory, we performed an assessment based on the varying EU-member state legislations for the countries we are most active in and using the general NFRD thresholds for other countries. 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. This was manual work which, amongst others, involved the creation of a PIE database that was pulled from different sources within the EU. As the approach for identification of NFRD-obligatory counterparties will vary across banks, we strongly suggest a central repository on NFRD counterparties in the EU.

Regarding data, a gap is present on the level of detail for specialised lending. While information is present on which exposures can be seen as specialised lending, the exact use of proceeds is to be collected at a lower level of detail.

Additionally, limitations exist in the application of the quantitative reporting template. The final reporting template in Annex VI has only been published on the EU Official Journal in December 2021. Also, in December 2021 (and updated in February 2022) the EC has provided non-binding FAQs containing further guidance on the EU Taxonomy disclosures. To comply with our reporting obligations despite these delays, Triodos Bank has applied professional judgment in understanding the reporting template and making adjustments to both report in the spirit of the Taxonomy and to retrofit the template to what Triodos Bank can realistically report on. We have chosen to report on total Taxonomy-eligibility figures in the first reporting year as there is overlap in the voluntary disclosure between Climate Change Mitigation and Climate Change Adaptation in terms of economic activities.

There has been much debate between banks on how to interpret the reporting requirements, which may lead to differences between banks in applying the EU Taxonomy. One of our core values is transparency, hence we want to be open about our Taxonomy figures. But we do need proper and consistent guidance from the regulatory bodies on how to apply the Taxonomy.

in millions of EUR		Total gross carrying amount	Mandatory disclosure[1]		Voluntary disclosure[1]	
			Of which Taxonomy-eligible	Taxonomy-eligibility %	Of which Taxonomy-eligible	Taxonomy-eligibility %
1	**GAR - Covered assets in both numerator and denominator**	4,460	3,815	85.5%	4,039	90.6%
2	Green and sustainable bonds	55	49	89.1%	49	89.1%
3	**Financial corporations**	30	30	100.0%	30	100.0%
4	**Non-financial corporations**	24	18	75.0%	18	75.0%
5	Loans and advances, debt securities other than green bonds and equity instruments not HfT eligible for GAR calculation	4,399	3,760	85.5%	3,983	90.5%
6	**Financial corporations subject to NFRD disclosure obligations**	103	-	0.0%	-	0.0%
7	**Credit institutions subject to NFRD disclosure obligations**	79	-	0.0%	-	0.0%
8	Loans and advances	68	-	0.0%	-	0.0%
9	Debt securities, including UoP	-	-	0.0%	-	0.0%
10	Equity instruments	11	-	0.0%	-	0.0%
11	**Other financial corporations subject to NFRD disclosure obligations**	24	-	0.0%	-	0.0%
12	Loans and advances	23	-	0.0%	-	0.0%
13	Debt securities, including UoP	1	-	0.0%	-	0.0%
14	Equity instruments	-	-	0.0%	-	0.0%
15	**Non-financial corporations subject to NFRD disclosure obligations**	313	-	0.0%	224	71.6%
16	NFCs subject to NFRD disclosure obligations	313	-	0.0%	224	71.6%
17	Loans and advances	297	-	0.0%	208	70.0%
18	Debt securities, including UoP	16	-	0.0%	16	100.0%
19	Equity instruments	-	-	0.0%	-	0.0%
20	**Households**	3,811	3,636	95.4%	3,636	95.4%

in millions of EUR		Total gross carrying amount	Mandatory disclosure[1]		Voluntary disclosure[1]	
			Of which Taxonomy-eligible	Taxonomy-eligibility %	Of which Taxonomy-eligible	Taxonomy-eligibility %
21	of which loans collateralised by residential immovable property	3,636	3,636	100.0%	3,636	100.0%
22	**Specialised lending to local governments**	172	123	71.5%	123	71.5%
23	of which public housing	1	-	0.0%	-	0.0%
24	of which other specialised lending	171	123	71.9%	123	71.9%
25	Collateral obtained by taking possession: residential and commercial immovable properties	7	7	100.0%	7	100.0%
26	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	6,412				
27	**Financial corporations not subject to NFRD disclosure obligations (EU)**	559				
28	**Credit institutions not subject to NFRD disclosure obligations**	206				
29	Loans and advances	13				
30	Debt securities, including UoP	190				
31	Equity instruments	3				
32	**Other financial corporations not subject to NFRD disclosure obligations**	354				
33	Loans and advances	348				
34	Debt securities, including UoP	5				
35	Equity instruments	-				
36	**Non-financial corporations**	4,097				
37	**Non-financial corporations not subject to NFRD disclosure obligations (EU)**	4,097				

in millions of EUR		Total gross carrying amount	Mandatory disclosure[1]		Voluntary disclosure[1]	
			Of which Taxonomy-eligible	Taxonomy-eligibility %	Of which Taxonomy-eligible	Taxonomy-eligibility %
38	Loans and advances	4,048				
39	of which loans collateralised by commercial immovable property	1,113				
40	Debt securities	48				
41	Equity instruments	1				
42	**Non-EU country counterparties not subject to NFRD disclosure obligations**	1,358				
43	**Non-EU Credit institutions**	24				
44	Loans and advances	1				
45	Debt securities	12				
46	Equity instruments	11				
47	**Non-EU Other Financial Corporations**	40				
48	Loans and advances	36				
49	Debt securities	-				
50	Equity instruments	3				
51	**Non-EU Non-Financial Corporations**	1,294				
52	Loans and advances	1,294				
53	Debt securities	-				
54	Equity instruments	-				
55	**Derivatives**	20				
56	**On demand interbank loans**	145				
57	**Cash and cash-related assets**	-				
58	**Other assets (e.g. Goodwill, commodities etc.)**	232				
59	**Total GAR assets**	10,872	3,815	35.1%	4,039	37.2%
60	**Other assets not covered for GAR calculation**	5,682				

in millions of EUR		Total gross carrying amount	Mandatory disclosure[1]		Voluntary disclosure[1]	
			Of which Taxonomy-eligible	Taxonomy-eligibility %	Of which Taxonomy-eligible	Taxonomy-eligibility %
61	**Sovereigns (exposures to regional and central governments and regular lending to local governments)**	1,354				
62	of which central governments	563				
63	of which regional governments and local governments (regular lending)	791				
64	**Central banks exposure**	4,328				
65	**Trading book**	-				
66	**Total assets**[2]	16,554	3,815	23.0%	4,039	24.4%
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations						
68	Financial guarantees	1	-	0.0%	1	100.0%
69	Assets under management	810	-	0.0%	289	35.7%
70	Of which debt securities	179	-	0.0%	59	33.0%
71	Of which equity instruments	632	-	0.0%	229	36.2%
72	Of which Mixed (debt Securities and equity instruments)	-	-	0.0%	-	0.0%

[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 impairments on loans and advances, therefore the total assets in this table is EUR 50 million higher than reported in the FinRep F01.01 or IFRS Total Assets in which deductions for impairments are included (carrying amount).

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

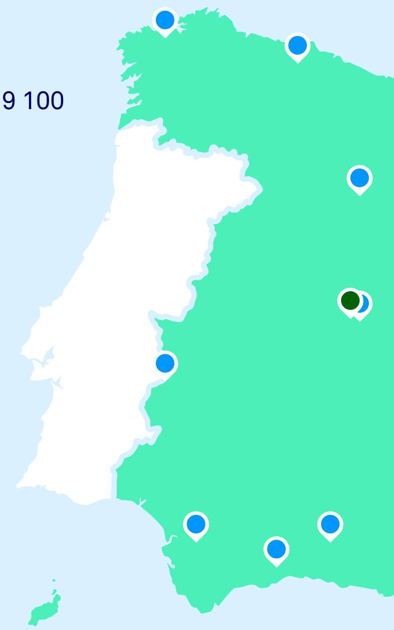
Edinburgh Regional office
50 Frederick Street
Edinburgh, EH2 1EX, United Kingdom

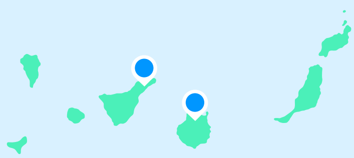
London Regional office
5th Floor,
20 Old Bailey,
EC4M 7LN,
London, United Kingdom

Germany

Falkstraße 5
60487 Frankfurt am Main, Germany
Telephone +49 (0)69 717 19 100
www.triodos.de

Berlin Regional office
Paul-Lincke-Ufer 41
10999 Berlin, Germany
Telephone: +49 (0)69 717 19 100





Spain

c/ José Echegaray 5-7
Parque Empresarial Las Rozas
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
c/ Francisco Fontecha, 5
02001 Albacete, Spain

Badajoz office
Avda. de Fernando Calzadilla, 1
06004 Badajoz, Spain

Barcelona office
Avda. Diagonal 418 bajos
08037 Barcelona, Spain

Bilbao office
c/ Lersundi 18
48009 Bilbao, Spain

Girona office
Pça. Catalunya 16
17004 Girona, Spain

Granada office
c/ Gran Vía de Colón 29
18001 Granada, Spain

Las Palmas de G.C. office
c/ Manuel González Martín 2
35006 Las Palmas de Gran Canaria, Spain

Madrid office
c/ Mártires Concepcionistas, 18
esq,. Ortega y Gasset
28006 Madrid

Málaga office
c/ Córdoba 9
29001 Málaga, Spain

Murcia office
Avda. de la Libertad s/n
30009 Murcia, Spain

Oviedo office
c/ Cabo Noval 11
33007 Oviedo, Spain

Palma de Mallorca office
Avda. de Portugal 5
07012 Palma de Mallorca, Spain

Pamplona office
C/ Larrabide 21
31005 Pamplona, Spain

S.C. de Tenerife office
Rambla de Santa Cruz 121
38004 Santa Cruz de Tenerife, Spain

Sevilla office
c/ Marqués de Paradas 24
41001 Seville, Spain

Valencia office
c/ del Justícia 1
46003 Valencia, Spain

Valladolid office
Acera de Recoletos 2
47004 Valladolid, Spain

Zaragoza office
Avda. César Augusto 23
50004 Zaragoza, Spain

Colophon

Production
Triodos Bank N.V. 2021 Annual Report

Published
March 2022

Text
Triodos Bank

Coordination
RRED Communications, The Hague, The Netherlands

Concept & art direction
Michael Nash Associates, London, United Kingdom

Design and layout
Tangelo

Grafisch ontwerp
Dietwee, Utrecht, The Netherlands

Printing
Drukkerij Pascal, Utrecht, The Netherlands

Circulation
475 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.triodos.co.uk and 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.

Triodos Bank