Pillar 3 report 2023

Annual report 2023
Pillar 3 disclosures

1. About the Pillar 3 report

This Pillar 3 Report of Triodos Bank N.V. contains quantitative and qualitative information related to Triodos Bank as required in the Capital Requirements Regulation.

- The scope is on consolidated level as per 31 December 2023.
- There are no differences between accounting and regulatory scopes of consolidation.
- The accounting standard is IFRS.
- The reporting currency is euro.
- Triodos Bank does not omit the disclosure of any required information for proprietary or confidentiality reasons
- Some tables are not relevant for Triodos Bank and are therefore omitted.
- Small differences are possible due to rounding.
- The LEI-code of Triodos Bank N.V. is 724500PMK2A2M1SQQ228.

To calculate the total risk-weighted assets the following approaches are used:

- for credit risk: the standardised approach;
- for operational risk: the basic indicator approach;
- for credit risk mitigation: the financial collateral simple method;
- for counterparty credit risk: the standardised approach;
- for market risk: the standardised approach;
- for credit valuation adjustment risk: the standardised approach;

Triodos Bank N.V. has made these disclosures in accordance with prudential regulation, which is also an integral part of our internal policies and procedures. Our Pillar 3 Policy has been in place since 2015 and is annually reviewed to ensure permanent compliance of our Pillar 3 disclosures with the Capital Requirements Regulation (Part Eight). Senior representatives and subject-matter experts from involved co-making departments are responsible for the disclosed information. The quality of the disclosures as presented in this report is guaranteed by following our verification actions and assessments, decisions of approval committees and related annual report processes. We believe that this report describes our overall risk profile accurately and comprehensively.

Driebergen-Rijsenburg, 14 March 2024

Triodos Bank Executive Board

Jeroen Rijpkema, Chair
Kees van Kalveen
Marjolein Landheer[1]
Jacco Minnaar
Nico Kronemeijer

[1] Marjolein Landheer temporarily replaces Carla van der Weerdt, who stepped down from her role as CRO in October 2023 following a period of illness.

Scope of application

EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

		a +b[1]	c	d	e	f	g
			Carrying values of items				
	Amounts 2023 (in EUR 1,000)	Carrying values as reported in published financial statements	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset classes according to the balance sheet in the published financial statements						
1	Cash and cash equivalents	2,141,020	2,141,020			325,724	
2	Loans and advances to banks	273,665	273,665			33,443	
3	Loans and advances to customers	11,079,967	11,079,967			1,262,676	
4	Debt securities at amortised cost	2,187,575	2,187,575			526,790	
5	Investment securities	49,672	49,672			22,835	
6	Intangible assets	48,220	20,845			1,070	27,375
7	Property and equipment	80,451	80,451			12,953	
8	Investment property	6,387	6,387				
9	Right-of-use assets	12,195	12,195			1,052	
10	Non-trading derivatives	207,888		207,888			
11	Deferred Tax Assets	12,867	8,293			332	4,574
12	Current tax receivable	1,736	1,736			738.63	
13	Other assets	65,212	65,212			2,107	
14	Non-current Assets Held for Sale	8,720	8,720				
	Total assets	**16,175,573**	**15,935,736**	**207,888**		**2,189,720**	**31,949**
	Breakdown by liability classes according to the balance sheet in the published financial statements						
1	Deposits from banks	670,045					670,045
2	Deposits from customers	13,759,099				1,917,558	13,759,099
3	Lease liabilities	12,801				1,095	12,801
4	Non-trading derivatives	34,708		34,708			
5	Deferred Tax Liabilities	8,308					8,308
6	Current tax liabilities	22,645				508	22,645
7	Other liabilities	100,816				11,968	100,816
8	Subordinated debt	260,431				6,617	260,431
9	Provisions	18,159				294	18,159
	Total liabilities	**14,887,012**		**34,708**		**1,938,040**	**14,852,304**

[1] Triodos Bank's scope of accounting consolidation is the same as its scope of regulatory consolidation.

EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
			Items subject to			
	Amounts 2023 (in EUR 1,000)	**Total**	**Credit risk framework**	**Securitisation framework**	**CCR framework**	**Market risk framework**
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	**16,143,625**	**15,935,736**		**207,888**	**2,189,720**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	**34,708**			**34,708**	**1,938,040**
3	**Total net amount under the scope of prudential consolidation**	**16,108,916**	**15,935,736**		**173,180**	**251,680**
4	**Off-balance-sheet amounts**	**1,637,975**	**1,637,975**			
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions	-2,064	-2,064			
8	Differences due to the use of credit risk mitigation techniques (CRMs)					
9	Differences due to credit conversion factors	-854,260	-854,260			
10	Differences due to Securitisation with risk transfer					
11	Other differences	-123,722			-123,722	
12	**Exposure amounts considered for regulatory purposes**	**16,766,846**	**16,717,388**		**49,459**	**251,680**

EU LI3 - Outline of the differences in the scopes of consolidation

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Triodos Bank NV	Full consolidation	X					Credit institution
Triodos Bank UK Ltd	Full consolidation	X					Credit institution
IMMA BVBA	Full consolidation	X					Other financial intermediary
Legal Owner Triodos Funds BV	Full consolidation	X					Other financial intermediary
Triodos Investment Management BV	Full consolidation	X					Investment firm
Sinopel 2019 BV	Full consolidation	X					Financial Vehicle Corporation

2. Key metrics of risk-weighted exposure amounts

EU KM1 - Key metrics template

		a	b	c	d	e
	Amounts (in EUR 1,000)[1]	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2022**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,163,196		1,178,065		1,164,626
2	Tier 1 capital	1,163,196		1,178,065		1,164,626
3	Total capital	1,418,507		1,433,231		1,419,394
	Risk-weighted exposure amounts					
4	Total risk exposure amount	6,966,451		6,869,240		6,750,422
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16.70%		17.15%		17.25%
6	Tier 1 ratio (%)	16.70%		17.15%		17.25%
7	Total capital ratio (%)	20.36%		20.86%		21.03%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4.24%		3.10%		3.10%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.39%		1.74%		1.70%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3.18%		2.33%		2.30%
EU 7d	Total SREP own funds requirements (%)	12.24%		11.10%		11.10%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%		2.50%		2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0.769%		0.633%		0.143%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer					
11	Combined buffer requirement (%)	3.27%		3.13%		2.64%
EU 11a	Overall capital requirements (%)	15.51%		14.23%		13.74%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.52%		8.82%		8.95%
	Leverage ratio					
13	Total exposure measure	16,753,142		16,898,922		16,919,839
14	Leverage ratio (%)	6.94%		6.97%		6.88%

	Amounts (in EUR 1,000)[1]	a 31.12.2023	b 30.09.2023	c 30.06.2023	d 31.03.2023	e 31.12.2022
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b	of which: to be made up of CET1 capital (percentage points)					
EU 14c	Total SREP leverage ratio requirements (%)	3.00%		3.00%		3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)					
EU 14e	Overall leverage ratio requirements (%)	3.00%		3.00%		3.00%
	Liquidity Coverage Ratio (%) average from preceding 12 month					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,745,688		3,984,060		4,341,043
EU 16a	Cash outflows - Total weighted value	2,239,859		2,337,858		2,253,205
EU 16b	Cash inflows - Total weighted value	231,709		229,836		233,047
16	Total net cash outflows (adjusted value)	2,008,150		2,108,022		2,020,157
17	Liquidity coverage ratio (%)	187.13%		189.19%		215.49%
	Net Stable Funding Ratio					
18	Total available stable funding	13,017,717		12,859,228		12,793,634
19	Total required stable funding	8,681,449		8,528,080		8,423,275
20	NSFR ratio (%)	149.95%		150.79%		151.88%

[1] The Key metrics information of Triodos Bank is disclosed every six months.

3. Risk management and governance

Risk statement

The risk management framework provides reasonable assurance regarding the reliability of financial reporting and the fair presentation of financial statements.

Objective

The primary objective of risk management at Triodos Bank is to sustain an environment conducive to advancing the bank's mission and achieving its strategic objectives. This involves establishing a structured framework that enables the effective identification and management of risks inherent to the bank's operations, and proportional to its scale and complexity.

Declaration on the adequacy of the risk management arrangements

The Executive Board is responsible for the bank's risk management and compliance functions. The risk management department develops and applies risk policies and procedures, which encompass the identification, assessment, mitigation, and monitoring of financial and non-financial risks. The compliance function plays a key role in monitoring Triodos Bank’s compliance to external regulations and internal policies. The effectiveness of these functions within the internal control framework is reinforced by the bank's culture and is reviewed by the Audit and Risk Committee.

Triodos Bank's internal audit function provides independent and objective assurance on the effectiveness of the bank’s corporate governance, internal controls, compliance and risk management systems. The Executive Board, under the supervision of the Supervisory Board, is responsible for the approval and oversight of the execution of the overall internal audit plan.

The Executive Board is charged with the key responsibility of formulating, implementing and maintaining a robust internal control system over financial reporting. Financial reporting is the outcome of a structured process, executed by various departments and banking business units, under the direction and supervision of the bank's financial management.

The risk management framework is a fundamental component of the bank’s internal control structure. Operating in a dynamic environment, Triodos Bank continuously refines its internal control structure and framework. Although the risk management framework cannot guarantee absolute certainty, it does offer assurance regarding the accuracy of the financial reporting and the integrity of the financial statements.

In alignment with the evolving nature of its business operations and regulatory requirements, the risk management framework of Triodos Bank is continuously evolving. In compliance with Dutch corporate governance standards, the Executive Board evaluates the effectiveness of the internal control functions annually.

The Three Lines Model

The three lines model is an sector-wide applied organisational risk concept that is integrated in the internal governance and organisation of Triodos Bank. The concept strengthens Triodos Bank’s risk control by consistently assigning and embedding clearly defined risk management roles and responsibilities within the organisation. The rationale behind the three lines concept is that risk management can only be effective when it is embedded and exercised in all constituent parts of the bank. For the same reason that risks may, in principle, surface and manifest themselves anywhere within the bank, risk awareness is to be maintained at all levels throughout the bank.

The risk function is not solely responsible for the management of risk. All co-workers share responsibility for risk taking and risk management. The three lines concept offers an effective framework to identify and adequately address the risks that may jeopardise the realisation of the bank's strategic objectives in a timely way. This contributes to a sound risk culture in line with Triodos Bank's mission and values.

The first line is primarily responsible for managing the risks it incurs in conducting business activities and operations within the bank's span of control. The first line functions therefore takes ownership of these risks.

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 framework throughout the bank, oversees the control processes and controls in place in the first line to ensure their effective design. Moreover, the second line actively engages with the first line to jointly enhance the functioning of the risk management framework of the bank.

The third line consists of the internal audit function, which provides 'risk assurance' by providing risk-based independent and objective assurance, advice and insight to the Executive Board, Supervisory Board, senior management and managers at Group level 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 independent information, analysis and expert judgement on risk exposures, and advise on proposals and decisions to be made by the Executive Board and business in line with the bank'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 sector 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:
- Enterprise risks: strategic risk, reputational risk and model risk
- Financial risks: credit risk, liquidity risk and market risk
- Non-financial risks: operational risk and compliance risk

Regarding risks that may originate from environmental, social and governance (ESG) factors, Triodos Bank's risk taxonomy is aligned with the predominant regulatory view that these ESG factors manifest themselves as drivers of existing risk types. Therefore ESG factors are not positioned nor managed as 'stand-alone' risk types. The causal chains that explain how ESG factors give rise to risks that may impact the bank directly or indirectly (through its counterparties, the assets it holds and the social and economic environment in which it operates) are referred to as transmission channels.

The Executive Board has (partly) delegated decision-making authority to the following risk committees at Group level:
- For enterprise risk, the Enterprise Risk Committee has authority to decide on strategic, model and reputational risk issues.
- For financial risk, the Central Credit Committee has authority to take decisions on credit risks, both on an individual debtor level and on a credit portfolio level. The Asset and Liability Committee has authority to decide on market risks and liquidity risk.
- For non-financial risk, the Non-Financial Risk Committee has authority to decide on operational and compliance risk matters. The Group Product Governance Committee has the authority to approve new products and review existing products. The Anti-Money Laundering and Countering Terrorist Financing Risk Committee oversees management of risks related to the regulation and associated measures to

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

Business units have local decision-making committees in place, such as a local Non-Financial Risk Committee and a local Anti-Money Laundering and Countering Terrorist Financing Risk Committee. In addition, the business units that engage in local lending have a local Credit Committee in place. The processes and mandates for the local decision-making committees are captured in their respective risk committee 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. More information on the Audit and Risk Committee can be found in the Supervisory Board report. The Group Directors of Risk and the Group Director Compliance report directly to the Chief Risk Officer (CRO). The head of the compliance function (the Group Director Compliance) and the head of the internal audit function (the Group Director Internal Audit) have direct access to the Supervisory Board to raise concerns and escalate issues whenever required.

Risk culture

Risk mitigation is a cornerstone of Triodos Bank's mission and business model. The risk management framework is designed to cultivate a unified risk perspective among all co-workers, ensuring that risk-related structures and policies are consistently applied throughout the bank.

Triodos Bank is committed to foster a robust risk culture, that is characterised by open communication and the effective challenge of ideas. Decisions are taken with a constructive and critical approach that incorporates a diverse range of perspectives.

Leadership at Triodos Bank plays a pivotal role in shaping and reinforcing its approach to risk management. The principle of leading by example is integral to the bank's strategy, with senior management setting a clear tone from the top. This approach is fundamental to achieving the aspired risk culture.

Risk information disclosure to the management body

A key objective of risk management reporting is to set the actual risk profile of Triodos Bank against its risk appetite, assess whether breaches have occurred or are expected and decide on actions that may need to be taken. Every risk discipline reports on a regular basis. These reports are discussed in corresponding risk committees and measures are taken whenever needed. On a quarterly basis, they are integrated in the ERM Report which provides insights into Triodos Bank's overall risk profile in relation to its risk appetite statement. The ERM report is discussed in the Enterprise Risk Committee and shared with the Audit and Risk Committee and the Supervisory Board.

The basis for management and regulatory reporting is the data stored in the Enterprise Data Warehouse (EDW). This data is collected from Triodos Bank's business units. Periodically, data is extracted from the local source systems and sent to the EDW. The EDW contains data marts prepared for specific user groups within the organisation, such as Risk Management, Finance and Marketing. EDW data is validated and checked for plausibility and consistency. Data Stewards at Head Office and in the entities use a process to register and solve data-quality issues. Based on the specification of specific user groups, EDW data is enriched with external data (e.g. Bloomberg data). EDW data is made available to users through reporting, analytics and dashboarding systems. The continuous development of data management is aligned with the Group strategy and managed by Data and Analytics department that reports directly to the COO.

The Director Digital & Technology is ultimately responsible for the IT architecture at Group level and the data management framework. The business units are responsible for the quality of the (local) data entry. Traditionally, Group Finance and Group Risk Management are key users of the EDW.

The number of directorships held by members of the management body

The members of the Executive Board and Supervisory Board disclose all relevant positions they have in so far as they are relevant to the performance of their duties as board member, including the formal directorships. The directorships are published on the company's website and reported in Triodos Bank's Annual Report.

Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise

A recruitment policy is in place for the selection of Executive Board members and Supervisory Board members. The key areas of expertise of the SB members are reported in the Annual Report. Around the time of appointment of EB members, their key competencies are explained in the notes to the agenda of the General Meeting.

Diversity policy with regard of the members of the management body

The Executive Board is composed of five members: the Chair of the Executive Board and Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Commercial Officer and Chief Operations Officer.

The Executive Board is composed in the best possible way to ensure a degree of diversity appropriate to the company in terms of expertise, experience, competencies, other personal qualities, sex or gender identity, age, nationality and cultural or other background is present to carry out its duties properly, in accordance with the diversity policy drawn up by the Supervisory Board with regard to the composition of the Executive Board. The size of the Executive Board reflects these requirements.

The Supervisory Board consists of six members, including a Chair and Vice-Chair. The Supervisory Board has two standing committees, the Audit and Risk Committee and the Nomination and Remuneration Committee, whose members are appointed by the Supervisory Board from its own members. The latter committee was formed in early 2023 combining the Nomination Committee and the Remuneration Committee. The Supervisory Board is advised by these committees. The full Supervisory Board remains responsible for its decisions even if they were prepared by one of the committees.

The Supervisory Board is composed to ensure diversity appropriate to the nature of the business in terms of expertise, experience, competencies, other personal qualities, sex or gender identity, age, nationality and cultural or other background. For one-third of the number of its members, the Supervisory Board must nominate a person recommended by the Dutch Works Council. Currently, these persons are Daniëlle Melis and Kristina Flügel.

Risk committee and the frequency of the meetings of the risk committee

The Audit and Risk Committee (ARC) is a committee of the Supervisory Board. The committee’s task is to prepare the discussions and decision-making of the Supervisory Board on financial and sustainability reporting, audit issues, risk management and control, supervision of the role and functioning of the internal audit department, and supervision of the relationship with the external auditor.

Composition of the Audit and Risk Committee as at 31 December 2023

- Willem Horstmann (from August 2023, Chair since 17 August 2023)
- Sébastien D’Hondt (Chair ad interim until 16 August 2023)
- Susanne Hannestad
- Daniëlle Melis

Activities of the Audit and Risk Committee

The ARC formally met six times, in accordance with the corporate calendar. As required, internal experts on finance, control, tax, risk, compliance, capital management, retail banking, business banking, financial crime and ICT were also invited to the meetings. Extra ARC meetings were held in March and April. In March, in the context of the annual Supervisory Review and Evaluation Process (SREP), the annual internal reports on capital and liquidity adequacy were discussed prior to submission of these documents to DNB. In April, an update in relation to the risk assessment of the MTF was discussed in preparation for the final go/no go decision in relation to the listing of DRs on the MTF.

In addition, informal meetings were held with the external auditor as well as with the Group Director Internal Audit, without the Executive Board being present. The ARC Chair also conducted separate sessions with the Group Director Finance, the Group Director KYC and Financial Crime, the Group Director Enterprise Risk Management (ERM) and the Group Director Compliance. The ARC held informal topical meetings in relation to budgeting, funding strategy, provisioning, interest rate risk and risk culture. Furthermore, special attention was paid to the possible effects of litigation on the financial figures.

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, coordinating the risk appetite, assessing capital and liquidity requirements, and monitoring the risk profile through periodic Enterprise Risk Management (ERM) reporting.

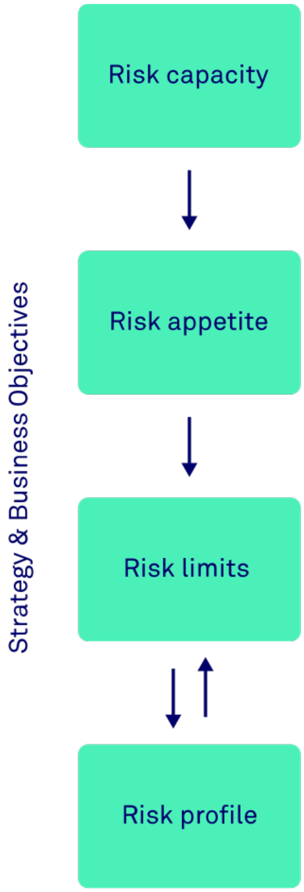
The Executive Board has the ultimate responsibility for and oversight of the risk management practice within Triodos Bank, supported by several risk management committees, including the Enterprise Risk Committee. The Enterprise Risk Committee oversees and manages the enterprise risks (i.e. strategic risk, model risk and reputational risk) and the integrated risk profile of the bank from a Group perspective. Analyses and recommendations on relevant incurred or foreseeable deviations from the risk appetite are discussed in the Enterprise Risk Committee and help define the appropriate risk response. The Enterprise Risk Committee supports the Executive Board in achieving the strategy and business objectives of Triodos Bank. This is mainly done by proposing the risk appetite and subsequently presenting the group-wide risk profile of Triodos Bank set against this risk appetite.

Risk appetite

Triodos Bank's risk appetite process aims to articulate and operationalise the bank's willingness or tolerance to take risk in delivering its strategic goals and related business objectives. The Risk Appetite Statement is reviewed yearly and is endorsed by the Supervisory Board based on advice from the Audit and Risk Committee. Triodos Bank's risk appetite and the connection with the strategy and business objectives are illustrated below:

Three key concepts strongly relate to the risk appetite:
- Risk capacity
- Risk boundaries and limits
- Risk profile

The picture below illustrates how these concepts are related.



- 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.

Risk capacity is defined as the maximum level of risk Triodos Bank can take on given its resources before breaching constraints as determined by regulatory capital and liquidity requirements, the operational environment, and obligations to the bank's various stakeholders and society at large.

Risk boundaries/limits represent the framework, based on forward-looking assumptions, that allocates a financial institution's aggregated appetite for risk taking to business portfolios, specific risk categories, concentrations, and as appropriate, other levels.

The risk profile represents a point in time assessment of Triodos Bank's net risk exposures (after taking into account mitigants) aggregated within and across each relevant risk category.

Triodos Bank's mission is to make money work for positive change in society. In the context of the distinctive character of Triodos Bank's purpose and mission, the risk appetite of the bank aims to: a) protect its identity and reputation, b) maintain a sound balance sheet and c) realise an adequate financial return.

Triodos Bank uses a bespoke set of key risk indicators and limits to test the actual risk profile of the bank against its risk appetite. Triodos Bank strives for an overall modest risk profile. The risk limits, determined at Group level, are cascaded for each business unit.

Breaches of risk appetite limits are governed by a specific breach procedure.

Enterprise risk reporting

The principal objective of the ERM report is to set the actual risk profile of Triodos Bank against its risk appetite, to assess if key risk indicators have been breached and to determine what actions may need to be taken. The ERM report creates a single point of reference for all identified risks and activities within Triodos Bank. The ERM report provides insights into specific risk themes and provides an integrated picture of risk at Group 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 on a regular and periodic basis depending on the characteristics of the respective risk types it is responsible for. These risk reports are discussed in corresponding risk committees and measures are taken whenever needed. On a quarterly basis, they are integrated in the ERM report.

Stress testing

Stress testing is part of Triodos Bank's risk management practice. It is critical to establish a well-balanced forward-looking management view, that incorporates adverse developments and circumstances that the bank might be exposed to, to identify potential vulnerabilities and develop appropriate risk mitigation strategies. Stress testing results are reported and discussed in the Enterprise Risk Committee. Triodos Bank conducts two types of stress testing, the integrated scenario stress testing and the sensitivity stress testing.

The integrated scenario stress testing involves developing hypothetical but plausible scenarios that capture the potential impact of severe economic events on the bank's overall risk profile. These scenarios typically encompass multiple risk factors, such as changes in interest rates, exchange rates, GDP growth and climate change. By conducting stress tests under these scenarios, Triodos Bank can assess the potential impact on its credit risk, market risk, operational risk and liquidity risk. The key advantage of integrated scenario stress testing lies in its ability to capture the interconnectedness of various risk factors. By considering the potential feedback loops and cascading effects across different risk categories, Triodos Bank gains a more comprehensive understanding of the potential impact of extreme events.

Sensitivity stress testing, on the other hand, focuses on the impact of individual risk factors on a specific aspect of the bank. It involves isolating a particular risk factor and analysing how incremental changes in that factor would affect, for instance, profitability, capital adequacy or credit loss provisions. Sensitivity stress testing provides a granular view of the sensitivity of the bank's financial performance to changes in specific risk factors.

Integrated scenario stress testing and sensitivity stress testing complement each other in providing a comprehensive understanding of Triodos Bank's risk profile. Integrated scenario stress testing provides a broader perspective on how Triodos Bank might fare under extreme economic conditions, while sensitivity stress testing offers a more focused analysis of the impact of individual risk factors on specific areas of financial performance.

Recovery

The Recovery Plan specifies measures that allow Triodos Bank to recover from possible severe circumstances. The aim of the Recovery Plan is to be prepared for such events, to be ready to act if and when such adverse circumstances (are likely to) occur, and to identify and quantify the effectiveness of measures in different stress scenarios.

Strategic risk

Strategic risk is the risk of a lack of achievement of the bank's overall objectives due to internal and/or external causes. Strategic risk can be broken down into three subcategories:

- Direction risk: the risk that Triodos Bank does not select the optimal strategy given the status of, and outlook on, the external and internal environment.
- Execution risk: the risk that the selected strategy is not implemented and/or executed adequately as per planning, budget or other requirements.
- Modification risk: the risk that the selected strategy becomes obsolete due to changes in the external and/or internal environment.

The external landscape is subject to constant change and related uncertainty. In this context geopolitical circumstances, the interest rate environment, climate change, energy transition, regulatory requirements and technological progress are examples of relevant contemporary developments. Additionally, more sudden and disruptive events may occur, such as a pandemic or geopolitical conflicts. The challenges that arise from these changes continuously influence Triodos Bank directly or indirectly. The strategy of the bank is therefore assessed from a strategic risk perspective to ensure timely adaption if deemed necessary.

The risk appetite for strategic risk is qualified as 'moderate'. This reflects the bank's recognition that the relatively fast-changing external environment requires the bank to continuously invest in innovative ways to fulfil its mission.

Following the three lines model of risk management within Triodos Bank, the Enterprise Risk Management department, being the second line owner of strategic risk, liaises with its first line partners on strategic risk topics and associated change programmes on a frequent basis. In this context, Corporate Development, Group Controlling, Group Treasury, Group Legal and Group Data and Analytics are regular first line partners.

The restoring of tradability of Depository Receipts (DRs) on 5 July 2023 through a multilateral trading facility (MTF), marked a major milestone of strategic importance for the bank. In doing so, Triodos Bank delivered on its promise made in December 2021. ERM was involved in the project to restore tradability from the beginning, regularly sharing its second line views with senior management. Another important strategic change process in 2023 was the redesign of Triodos Bank's operating model, which will continue in 2024.

Environmental, social and governance Risks

Environmental, social and governance (ESG) risk factors stem from the current or prospective impacts of ESG factors on the bank's counterparties or the bank itself, that may negatively affect the bank's performance or the bank's ability to meet its (financial) obligations. The ESG risk factors are described below.

Environmental factors
Climate change and environmental degradation are sources of structural change that affect quality of life and economic activity as well as the financial system. Climate-related and environmental factors can be divided into two distinct categories:

Physical: The physical environmental factors refer to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate and of environmental degradation (e.g. pollution, biodiversity loss and deforestation). The physical driver is categorised as 'acute' when it arises from extreme events (e.g. droughts, floods and storms) or 'chronic' when it arises from progressive shifts (e.g. sea-level rises and resource scarcity).

Transitional: The transitional factors refer to the possible financial impact that may result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy (e.g. due to a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences).

Social factors
Social factors are related to the rights, wellbeing and interests of people and communities and include factors such as equality, health, inclusiveness, labour relations and workplace health and safety. In general, it concerns the bank's interaction with its social environment, i.e. the relationships with its broader stakeholders: customers, co-workers, regulators and relevant communities/markets.

Three main sources from which social factors - and subsequent risks - may originate are distinguished:
- Environment: The continuous deterioration of environmental conditions implies heightened social risks, such as when climate-related physical change or water stress affect (deprived parts of) a geographical area and (already disadvantaged) populations. Environmental degradation can exacerbate migration and social and political unrest in the most affected regions,

with potentially more devastating repercussions and contagion across the globe.
- Market and social sentiment: The ongoing evolution of collective value systems brings forth new social frameworks of reference. The social transformation towards a more inclusive, equitable society is an example of such an evolution.
- Policy actions: Policy actions can and have been taken in response to social movements (e.g. demanding equal pay or equal representation, in addition to workforce diversity). Such policy actions may constitute a risk for companies that are not prepared or willing to adapt.

Governance factors
Governance factors comprise governance practices, including executive leadership, executive pay, audits, internal controls, board independence, shareholder rights and the ways in which banks include environmental and social factors in their policies and procedures. Governance factors may be part of national legislation, such as corporate governance codes, that aim at long-term sustainable value creation (as opposed to short-term benefits).

ESG risk management
Triodos Bank employs strict criteria to ensure the sustainability of products and services. It employs both positive criteria, to ensure it is actively making a positive contribution to society, and negative criteria for the exclusion of potentially harmful activities. The negative criteria exclude loans and investments in sectors or activities that are damaging to society and the environment. The positive criteria identify businesses that operate in line with the bank's mission and encourage their contributions to a sustainable society.

Triodos Bank's strategy, credit granting process and product approval process are aligned with its sustainable and values-based mission. Triodos Bank assesses the impact, risk and return of its business decisions in line with its mission and Risk Appetite Statement. The minimum standards set out the absolute minimum requirements that Triodos Bank applies to its banking and investment activities. In its day-to-day decision-making, Triodos Bank is guided by its business principles. All sustainability criteria referred to in this section can be found on the bank's website. Lending criteria and minimum standards are available at www.triodos.com/governance

Because the sustainable and values-based mission is the starting point of its lending process, Triodos Bank's exposure to transition risks is considered limited. Business banking lending is focused on financing enterprises that contribute to a low-carbon future. As a strategic target, Triodos Bank has set itself the objective of reaching a net-zero emission level by 2035, underlining its commitment to contribute to a sustainable future.

As a result of climate change, Triodos Bank's portfolio is exposed to physical climate risks. On an annual basis, Triodos Bank carries out climate-risk stress tests, to assess the potential impact of extreme weather events such as storms, floods and droughts on its asset portfolio. Within the financial planning period, a material impact of physical climate risk is considered to be unlikely.

The Executive Board, under the supervision of the Supervisory Board, is accountable for the management of environmental and climate-related risks as well as for setting and overseeing Triodos Bank's strategy in this respect. The approach to managing ESG risk factors is delegated to the Enterprise Risk Committee. At Executive Board level the CRO is primarily responsible for the second line oversight of environmental and climate-related risks. The ERM department is responsible for the development of an established ESG risk management framework that is designed in line with Triodos Bank's strategy and in compliance with regulatory requirements.

Reputational risk

Triodos Bank defines reputational risk as the risk arising from a negative perception by its stakeholders (e.g. customers, investors, regulators, co-workers), which can adversely affect the bank's ability to maintain existing or establish new (business) relationships and 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 operating in accordance with its business principles to fulfil the mission of the bank. 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.

The risk appetite for reputational risk is qualified as 'low', as an excellent reputation is a precondition for the banks' business model that builds especially on trust and integrity.

Following the three lines model of risk management within Triodos Bank, the Enterprise Risk Management department, being the second line owner of reputational risk, liaises with its first line partners on reputational risk topics and change programmes on a frequent basis. In this context, Corporate Communications and Investor Relations, Group Human Resources and Marketing are regular first line partners.

Model Risk

Model risk refers to the potential for negative consequences arising from the decisions made based on incorrect or misused model outputs and reports. It can result in financial loss, poor decision-making and damage to the reputation of Triodos Bank.

Triodos Bank develops and uses models to quantify risk for risk types that are eligible to be modelled (e.g. credit, market and liquidity risk). Model outputs are used to support day-to-day decision-making and as input in management and regulatory reporting.

New models require approval before being implemented and used. Internal approval for the use (or continued use) of a model is obtained from the Model and Assumptions Review Committee, a subcommittee of the Asset and Liability Committee. The Group Modelling and Valuations department develops and maintains models as per the requirements of the assigned model owners.

Model risk management proposes and maintains standards for the model lifecycle, including model validation. It also facilitates model risk identification and measurement and reports on model risk in line with the model risk management framework. Model data, methodology, performance and implementation are checked according to these standards and reviewed against internal and regulatory requirements.

Following the three lines model of risk management within Triodos Bank, the Enterprise Risk Management department, being the second line owner of model risk, liaises with its first line partners on model risk topics on a frequent basis. In this context, Group Modelling and Valuations, Group Treasury, and Group Financial reporting are regular first line partners. The ERM department provides second line oversight on an overarching model-portfolio level, participates in the Model and Assumptions Review Committee and reports to the Enterprise Risk Committee with respect to the risk appetite and related risk profile of the model portfolio. Considering the possible significant impact of model outcomes on the bank, the risk appetite for model risk is qualified as 'modest'.

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.

Financial risk

Financial risk is an umbrella term for a variety of risk types directly associated with the balance sheet and financial performance of Triodos Bank. Financial risk is further divided into three types: credit risk, liquidity risk and market risk.

More information about the various non-financial and financial risk types are presented later in this report.

4. Capital base and capital requirements

Regulation and capital requirements

Basel III is a worldwide standard for regulation, supervision and risk management of the banking sector, developed by the Basel Committee on Banking Supervision. Basel III has been transposed by the European Union into the Capital Requirements Regulation and the Capital Requirements Directive. The Capital Requirements Regulation is directly applicable and the Capital Requirements Directive was transposed into local law by each of the member states of the European Union. As Triodos Bank is formally domiciled in the Netherlands, the Dutch implementation of the Capital Requirements Directive is applicable.

There is no difference in the scope of consolidation for accounting and for prudential reporting purposes. Except for the transfer of own funds of Triodos Bank UK Ltd, there is no 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), supplemented with additional capital charges (Pillar 2), as described in the Capital Requirements Regulation.

The total capital ratio decreased by 0.6% from 21.0% at the year-end 2022 to 20.4% at the year-end 2022. This ratio is well above the regulatory minimum requirement.

Pillar 1 capital requirement

The pillar 1 capital 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 three year average 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%. However, when the regulatory threshold of 2% of the actual own funds is not exceeded, the capital charge for market risk is zero.
- Credit valuation adjustment risk: a capital charge is applied for the counterparty risk of derivative transactions that are not cleared through a qualified central counterparty. Triodos Bank applies the standardised method for calculating the capital requirements for credit valuation adjustment risk.

Pillar 2 capital requirements

To determine its economic capital, Triodos Bank also calculates the pillar 2 capital requirement. These consist of charges for risks or parts of risks that are not covered by Pillar 1 capital requirements. This consists of items in the areas of credit risk, strategic risk, IRRBB, model risk and operational risk. The total capital requirement consists of the Pillar 1 and 2 requirements and the combined buffer requirements.

Regulatory requirements

Triodos Bank maintains robust capital adequacy above regulatory requirements. As of 31 December 2023, Triodos Bank's total capital ratio of 20.4% and Common Equity Tier 1 (CET1) capital ratio of 16.7% are well above the minimum required levels as set by DNB in the Supervisory Review and Evaluation Process (SREP).

Triodos Bank is required to hold a minimum Overall Capital Requirement (OCR) at consolidated level of 15.5%, of which at least 12.5% needs to be composed of Tier 1 capital. Triodos Bank's Tier 1 capital solely comprises CET1 capital, as Triodos Bank does not issue Additional Tier 1 (AT1) capital. The OCR includes the 8.0% Pillar 1 capital requirement and the 4.2% Pillar 2 capital requirement, forming the Total SREP Capital Requirement (TSCR) and the Combined Buffer Requirement (CBR). The CBR, to be held in CET1 capital, consists of the capital conservation buffer (2.5%) and the countercyclical buffer (0.8%).

Assessment of the adequacy of 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 DNB Supervisory Review and Evaluation Process (SREP), which is conducted annually.

The actual capital position is stressed regularly based on a number of stress scenarios. A capital contingency process is set up for Triodos Bank in case of a potential shortfall in available capital, which can be a threat to its solvency. For this purpose, the recovery plan contains measures for restoring the bank's solvency by reducing risks and/or increasing capital and provides a specific governance structure for managing such stressed situations.

Capital strategy

Triodos Bank aims for a sound and resilient capital base supporting its sustainable and targeted lending growth strategy. The objective of Triodos Bank's capital strategy is to ensure its viability by:

- Maintaining sufficient capital to absorb current and future business losses, also in extreme situations (stress);
- Allocating sufficient capital to its business units
- Ensuring compliance with all applicable capital legislation and regulation at all times

Triodos Bank's own funds consist of Common Equity Tier 1 (CET1) capital and Tier 2 capital. In 2021, Triodos Bank issued a subordinated Tier 2 Green Bond for an amount of EUR 250 million, which matures in 2032 with the option of Triodos Bank to repay early, starting in 2027. This might result in a refinancing risk, the possibility that Triodos Bank is not able or only at high costs to attract investors to invest in a newly issued Tier 2 bond that replaces the (earlier) matured one.

Capital Allocation and Monitoring

Equity is allocated to banking business units in the annual budget. The planning process is based on the forecasted return on risk-weighted assets, contribution to Triodos Bank's mission and 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 monthly.

During 2023, available capital remained at sufficient levels at all times, in line with external regulatory minimum requirements. A retained portion of the 2023 profit will be added to the bank's reserves in 2024.

5. Own funds and risk-weighted exposure amounts

The calculation of the Common Equity Tier 1 ratio and the total capital ratio is based on the reporting requirement under the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

Own Funds

EU CC1 - Composition of regulatory own funds

		a	b
	Amounts 2023 (in EUR 1,000)	**Amounts**	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	924,164	24+25
	of which: Triodos bank Certificates	924,164	
2	Retained earnings	284,705	30
3	Accumulated other comprehensive income (and other reserves)	41,907	26+27+28+29
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,250,776**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-216	
8	Intangible assets (net of related tax liability) (negative amount)	-22,612	6 +19
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR met) (negative amount)	-4,574	11
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-21,863	30

	Amounts 2023 (in EUR 1,000)	a Amounts	b Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	-38,314	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-87,579**	
29	**Common Equity Tier 1 (CET1) capital**	**1,163,196**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		

	Amounts 2023 (in EUR 1,000)	a Amounts	b Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,163,196**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	248,742	23
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	6,569	23
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**	**255,311**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		

		a	b
	Amounts 2023 (in EUR 1,000)	**Amounts**	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation**
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
56b	Other regulatory adjusments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**	**255,311**	
59	**Total capital (TC = T1 + T2)**	**1,418,507**	
60	**Total Risk exposure amount**	**6,966,451**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	16.70%	
62	Tier 1	16.70%	
63	Total capital	20.36%	
64	Institution CET1 overall capital requirements	10.16%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.769%	
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.39%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	7.52%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	33,961	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	8,293	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	77,801	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			

		a	b
	Amounts 2023 (in EUR 1,000)	**Amounts**	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation**
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a + b	c
		Balance sheet as in published financial statements	Reference
	Amounts (in EUR 1,000)[1]	**31.12.2023**	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1	Cash and cash equivalents	2,141,020	1
2	Loans and advances to banks	273,794	2
3	Loans and advances to customers	11,079,963	3
4	Debt securities at amortised cost	2,187,575	4
5	Investment securities	49,672	5
6	Intangible assets	48,220	6
7	Property and equipment	80,451	7
8	Investment property	6,387	8
9	Right-of-use assets	12,194	9
10	Non-trading derivatives	207,888	10
11	Deferred Tax Assets	12,867	11
12	Current tax receivable	1,728	12
13	Other assets	65,092	13
14	Non-current Assets Held for Sale	8,720	14
	Total assets	**16,175,571**	
	Equity - Breakdown by Equity classes according to the balance sheet in the published financial statements		
1	Deposits from banks	670,045	15
2	Deposits from customers	13,759,099	16
3	Lease liabilities	12,801	17
4	Non-trading derivatives	34,708	18
5	Deferred Tax Liabilities	8,308	19
6	Current tax liabilities	22,645	20
7	Other liabilities	100,816	21
8	Provisions	18,159	22
9	Subordinated debt	260,431	23
	Total liabilities	**14,887,012**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1	Share Capital	723,353	24
2	Share premium reserve	200,811	25
3	Translation reserve	-4,641	26
4	Cost of hedging reserve	490	27
5	Fair value reserve	6,173	28
6	Other reserve	47,005	29
7	Retained earnings	255,722	30
8	Unappropriated result for the period[2]	59,646	31
	Total shareholders' equity	**1,288,559**	

[1] There are no differences between accounting and regulatory scopes of consolidation.
[2] The result for the period is after deduction of distributed interim divided.

Triodos Bank capital instruments

Triodos Bank has issued two capital instruments: 1. Shares and 2. Subordinated liability

1. Shares

EU CCA (1): Main features of regulatory own funds instruments and eligible liabilities instruments

		a
		Ad 1. Shares
1	Issuer	Triodos Bank NV
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NL0010407946
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Dutch law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Depository Receipts for ordinary shares Triodos Bank NV
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 1,251 million capital and reserves before regulatory adjustments.
9	Nominal amount of instrument	The nominal amount per share is EUR 50. At reporting date 14,467,056 shares were issued and fully paid up so that the total nominal amount is EUR 723.4 milion.
EU-9a	Issue price	No issues of DRs in 2023 so no issue price available
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholders equity
11	Original date of issuance	Triodos Bank N.V. was founded as a public limited company under Dutch law by deed of 30 June 1980. The issuance of shares started from that date.
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	No
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating dividend
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No

		a
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The shares are immediately subordinate to the subordinated liability.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the intrument (signposting)	

2.1 Subordinated liability

EU CCA (2.1): Main features of regulatory own funds instruments and eligible liabilities instruments

		a
		Ad 2. Subordinated liability
1	Issuer	Triodos Bank UK Ltd.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	None
2a	Public or private placement	Private
3	Governing law(s) of the instrument	United Kingdom law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 eligible Capital
5	Post-transitional CRR rules	Tier 2 eligible Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 6.6 million
9	Nominal amount of instrument	GBP 5.7 million
EU-9a	Issue price	100%
EU-9b	Redemption price	N/A
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	23 December 2020

		a
12	Perpetual or dated	Dated
13	Original maturity date	18 September 2030
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	18 September 2025
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.0%
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Convertible
24	If convertible, conversion trigger(s)	Pre-emptive action to avoid insolvency
25	If convertible, fully or partially	Fully
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Mandatory
28	If convertible, specify instrument type convertible into	Shares
29	If convertible, specify issuer of instrument it converts into	Triodos Bank UK Ltd.
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	Subordinated below depositors, HMRC and secured creditors
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The subordinated liability is immediately subordinated to the claims of depositors and the unsubordinated claims with respect to the repayment of borrowed money.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the intrument (signposting)	N/A

2.2 Subordinated liability

EU CCA (2.2): Main features of regulatory own funds instruments and eligible liabilities instruments

		a
		Ad 3. Subordinated liability
1	Issuer	Triodos Bank NV
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: XS2401175927
2a	Public or private placement	Public
3	Governing law(s) of the instrument	Dutch law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 eligible Capital
5	Post-transitional CRR rules	Tier 2 eligible Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 248.7 million
9	Nominal amount of instrument	EUR 250.0 million
EU-9a	Issue price	99.497%
EU-9b	Redemption price	100%
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	November 5, 2021
12	Perpetual or dated	Dated
13	Original maturity date	February 5, 2032
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Each calendar day falling in the period from (and including) 5 November 2026 to (and including) 5 February 2027
16	Subsequent call dates, if applicable	Any Interest Payment Date after the first redemption period
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	2.25%
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Convertible
24	If convertible, conversion trigger(s)	Pre-emptive action to avoid insolvency
25	If convertible, fully or partially	Fully
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Mandatory
28	If convertible, specify instrument type convertible into	CET1 instruments

		a
29	If convertible, specify issuer of instrument it converts into	Triodos Bank NV
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Pre-emptive action to avoid insolvency
32	If write-down, full or partial	Fully
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	The Notes will constitute unsecured and subordinated obligations of the Issuer and will rank pari passu and without preference among themselves
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The subordinated liability is immediately subordinated to the claims of depositors and the unsubordinated claims with respect to the repayment of borrowed money.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the intrument (signposting)	N/A

Risk-Weighted Exposure Amounts

EU OV1 – Overview of total risk exposure amounts

		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
	Amounts (in EUR 1,000)	**31.12.2023**	**31.12.2022**	**31.12.2023**
1	Credit risk (excluding CCR)	6,220,946	6,090,324	497,676
2	Of which the standardised approach	6,220,946	6,090,324	497,676
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	5,931	21,134	474
7	Of which the standardised approach	5,931		474
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP	746	10,641	59
EU 8b	Of which credit valuation adjustment - CVA	2,758	4,414	221
9	Of which other CCR		6,079	
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)			
21	Of which the standardised approach			
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	739,574	638,964	59,166
EU 23a	Of which basic indicator approach	739,574	638,964	59,166
EU 23b	Of which standardised approach			
EU 23c	Of which advanced measurement approach			
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**20,733**	**18,905**	**1,659**
29	**Total**	**6,966,451**	**6,750,422**	**557,316**

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6. Countercyclical Buffer

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e
		General credit exposures[1]		Relevant credit exposures – Market risk		
	Amounts 2023 (in EUR 1,000)	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book
010	**Breakdown by country:**					
020	Netherlands	5,408,517				
020	Spain	1,939,390				
020	Belgium	1,614,707				
020	United Kingdom	1,373,591				
020	Germany	663,005				
020	France	324,788				
020	Luxembourg	20,408				
020	Ireland	18,351				
020	United States of America	18,328				
020	Denmark	5,986				
020	Cape Verde	423				
020	Senegal	314				
020	Singapore	208				
020	Canada	202				
020	Chile	182				
020	Italy	149				
020	Norway	93				
020	Australia	85				
020	Sweden	64				
020	Austria	35				
020	Switzerland	22				
020	Other Countries[2]	47				
220	**Total**	**11,388,895**				

[1] The general credit risk exposure value is the exposure value after credit risk mitigation and after conversion factor for off-balance sheet exposur
sector entities, multilateral development banks and institutions.
[2] Countries with an Own Fund requirement of less than EUR 1.000 are included under Other Countries.
[3] All own fund requirement weights rounded to 0% make the remaining 1% in the total requirement.

f	g	h	i	j	k	l	m
	Own fund requirements						
Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
5,408,517	208,160			208,160	2,602,000	42%	1.00%
1,939,390	85,531			85,531	1,069,138	17%	
1,614,707	76,729			76,729	959,113	15%	
1,373,591	67,811			67,811	847,638	14%	2.00%
663,005	33,845			33,845	423,063	7%	0.75%
324,788	19,660			19,660	245,750	4%	0.50%
20,408	1,378			1,378	17,225		0.50%
18,351	883			883	11,038		1.00%
18,328	1,466			1,466	18,325		
5,986	379			379	4,738		2.50%
423	18			18	225		
314	9			9	113		
208	6			6	75		
202	6			6	75		
182	5			5	63		
149	12			12	150		
93	5			5	63		2.50%
85	8			8	100		1.00%
64	5			5	63		2.00%
35	2			2	25		
22	1			1	13		
47	3			3	38		
11,388,895	**495,922**			**495,922**	**6,199,025**	**100%**[3]	

es. This value relates to all exposure classes excluding central governments and central banks, regional governments and local authorities, public

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	Amounts 2023 (in EUR 1,000)	a
1	Total risk exposure amount	6,966,451
2	Institution specific countercyclical capital buffer rate	0.769%
3	Institution specific countercyclical capital buffer requirement	53,598

7. Leverage ratio

The leverage ratio is a measure indicating the level of the Tier 1 capital compared to the total exposure. The aim of Triodos Bank's capital management strategy and procedures is to maintain a sound capital base.

Management of excessive leverage

Triodos Bank aims to maintain a leverage ratio of at least 6.5% at consolidated level, which is significantly above the minimum regulatory requirement. At year-end, the relevant capital used to calculate the leverage ratio consists of CET1 capital. Triodos Bank's capital base to calculate the leverage ratio is therefore not subject to refinancing risks.

Factors that had an impact on the leverage ratio

In 2023 there were no specific factors that impacted the leverage ratio of Triodos Bank.

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
	Amounts 2023 (in EUR 1,000)	**Applicable amount**
1	Total assets as per published financial statements	16,175,573
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	-158,430
9	Adjustment for securities financing transactions (SFTs)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	781,935
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	-45,937
13	**Total exposure measure**	**16,753,142**

EU LR2 - LRCom: Leverage ratio common disclosure

		a	b
		CRR leverage ratio exposures	
	Amounts (in EUR 1,000)	**31.12.2023**	**31.12.2022**
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	15,967,683	15,504,784
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-45,935	-35,416
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**15,921,748**	**15,469,368**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	27,497	
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	21,961	
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		552,875
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**49,459**	**552,875**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,637,975	1,902,239
20	(Adjustments for conversion to credit equivalent amounts)	-854,544	-1,003,346
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-1,497	-1,298
22	**Off-balance sheet exposures**	**781,935**	**897,595**

	Amounts (in EUR 1,000)	a	b
		CRR leverage ratio exposures	
		31.12.2023	31.12.2022
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
	(Exposures excluded from the total exposure measure in accordance with point (n) of Article 429a(1) CRR)		
EU-22k	**(Total exempted exposures)**		
Capital and total exposure measure			
23	**Tier 1 capital**	**1,163,196**	**1,164,626**
24	**Total exposure measure**	**16,753,142**	**16,919,839**
Leverage ratio			
25	Leverage ratio	6.94%	6.88%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.94%	6.88%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.94%	6.88%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	N/A	N/A
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16,753,142	16,919,839

	Amounts (in EUR 1,000)	a	b
		CRR leverage ratio exposures	
		31.12.2023	31.12.2022
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	16,753,142	16,919,839
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.94%	6.88%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.94%	6.88%

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	Amounts 2023 (in EUR 1,000)	a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**15,967,688**
EU-2	Trading book exposures	
EU-3	**Banking book exposures, of which:**	**15,967,688**
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	5,217,089
EU-6	Exposures to regional governments, MDB, international organisations and PSE, **not** treated as sovereigns	117,140
EU-7	Institutions	361,674
EU-8	Secured by mortgages of immovable properties	6,275,425
EU-9	Retail exposures	382,896
EU-10	Corporates	3,085,472
EU-11	Exposures in default	223,854
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	304,139

8. Liquidity risk

Triodos Bank lending and investment activities are funded by depositors, debt holders and Depository Receipt Holders.

Deposits are the largest source of funding. The total amount of funds entrusted is EUR 13.8 billion at year-end 2023 and as such composes 92% of total liabilities. These funds are collected from retail and business customers in all five countries where Triodos Bank operates. This provides a stable source of funding. This stability is largely due to Triodos Bank's strong relationship with its customers, the granularity of funds entrusted, and the high coverage of 78% under the Dutch and UK deposit guarantee scheme (DGS).

Debt funding consists of Triodos Bank's Green Bond. This bond of EUR 250 million was issued in 2021 and will mature in 2032. Moreover, Triodos Bank's retained residential mortgage-backed security (RMBS) called Sinopel 2019 B.V. remained in place. This retained RMBS contributes to Triodos Bank's financial resilience and enables additional access to (central bank) liquidity by pledging the notes as collateral with the DNB. Repo transactions are possible using this retained RMBS. Commercial repo transactions were undertaken in 2023 for the first time, contributing to the further diversification of the bank's funding base.

From a funding point of view, the listing of Triodos Bank's Depository Receipts on Captin's multilateral trading facility (MTF) has not altered the amount of equity available for funding.

Triodos Bank maintains a strong liquidity buffer, as presented in the Liquidity Coverage Ratio (LCR) to fulfil the expected and unexpected cash flows and collateral needs without adversely affecting the bank's daily operations. This LCR liquidity buffer consists of high quality liquid assets being cash with central banks (50% at the end of 2023) and bonds (50% at the end of 2023). The size of this buffer is assessed both in prudential requirements such as the LCR and in the Triodos Bank's internal liquidity adequacy assessment by means of its internal Liquidity Stress Test (LST). Both viewpoints are part of internal management information that are shared periodically with relevant stakeholders including the Executive Board and the Supervisory Board.

Liquidity risk management organisation

The Group Treasury department is the first line owner of liquidity risk, and all liquidity risk management initiatives are reviewed and challenged by the second line risk function. The adequacy and the adherence to risk management processes are periodically reviewed by the third line, Internal Audit.

The liquidity risk management function reports to the Asset and Liability Committee, which includes both the CFO and CRO. Liquidity risk is managed centrally for the Group and all branches, and locally for the UK subsidiary. The organisational structure for liquidity risk management is similar for the Group and the UK subsidiary, apart from the second line responsibilities, which are performed by the Liquidity and Market Risk Management at Group level, and by the Enterprise Risk Management team in the UK.

Monitoring and managing liquidity risk

Liquidity risk exposure is managed by means of the Risk Appetite Statement (RAS). Through different lenses, different aspects of these risks are defined, monitored and managed on an ongoing basis.

Funds entrusted developments and the total liquidity position are monitored by the Group and the individual banking business units daily. A more detailed overview of the liquidity position is reported to the CFO and CRO on a weekly basis.

Every month, a complete overview of all liquidity key risk indicators is reported to the Asset and Liability Committee and on a quarterly basis to the Enterprise Risk Committee and to the Audit and Risk Committee of the Supervisory Board as part of the ERM report.

The planning of the bank's liquidity and funding needs in different scenarios, is part of the capital and funding planning process that is executed by Group Treasury.

Liquidity Risk Management policy

Funding liquidity risk is the risk that the bank will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the company. Market liquidity risk is the risk that the bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Triodos Bank has set a low risk appetite for liquidity risk, which means that the limits regarding the size and the quality of the liquidity buffer are set accordingly. This low risk appetite is reflected in terms of inherent risk exposure towards liquidity risk and the maintenance of a strong liquidity buffer. Consequently, business activities that are associated with higher liquidity risk exposure, such as acting as correspondent bank, are not undertaken.

Triodos Bank has established a robust liquidity risk management framework that ensures the maintenance of an adequate liquidity buffer to withstand a wide range of stress events. Liquidity risk is identified, measured and managed in line with the applicable regulations and supervisory guidelines by Group Treasury, within risk appetite limits set by the Asset and Liability Committee.

Liquidity contingency management

Triodos Bank's liquidity contingency management aims to maintain adequate liquidity in the face of bank-specific or broader market stress. Effective liquidity contingency management is crucial to withstand both immediate and extended periods of liquidity stress. The methods and responsibilities necessary for addressing potential liquidity deficits during times of stress are laid down in the Liquidity and Capital Contingency Plan and the Recovery Plan. These plans are structured in line with regulatory requirements, and are subject to periodical testing, reviews and updates. Activation of these plans occurs when the liquidity position faces a significant threat or when there are clear indicators of looming liquidity stress. These plans allow Triodos Bank to adeptly manage its liquidity requirements, mitigate the potential negative impact on commercial activities, and reduce the impact of a potential rise in funding costs under difficult market conditions.

In its arsenal of liquidity contingency tools, the retained RMBS and credit claims to central banks are of particular importance. They equip the bank with the ability to quickly obtain additional liquidity, reinforcing the bank's financial resilience.

Stress testing

Triodos Bank uses stress testing to assess its liquidity position against several severe stress scenarios. These scenarios focus on specific stress related to Triodos Bank itself, market-wide stress and a combination of these two. The outcome of these stress tests is shared on a monthly basis with the Asset and Liability Committee.

Declaration

A robust framework is in place at Triodos Bank to identify, measure and manage liquidity risk in line with Basel Committee on Banking Supervision / European Banking Authority principles. An integrated overview of the Group cash position and liquidity metrics is available on a daily and weekly basis.

Liquidity risk statement

Triodos Bank uses funds entrusted for lending purposes that have a positive impact on society. Triodos Bank wants to meet its obligations to all clients at all times without incurring additional costs and/or resulting in reputational issues.

Triodos Bank therefore has a low-risk appetite for liquidity risk with limits regarding the size and quality of the liquidity buffer accordingly.

Triodos Bank ensures availability of a sufficient liquidity buffer of high credit quality and a stable funding base. The total amount of funds entrusted is EUR 13.8 billion at year-end 2023, of which 78% are deposits insured by the deposit guarantee scheme.

In 2023, the undrawn credit lines granted by central banks decreased from EUR 2,321 million ultimo 2022 to EUR 1,188 million ultimo 2023, because of the transfer of part of the Sinopel Class A notes that are used in repo transactions with commercial financial institutions. The remaining collateral needs stem from market value changes in interest rate swap positions (to manage the interest rate risks) and in FX forwards (because of hedging the currency risk of the UK subsidiary equity participation of Triodos Bank), which are cash collateral requirements.

Interest rate swaps which are centrally cleared with LCH Clearnet. At the end of 2023 a total net amount of EUR 89.5 million cash collateral was posted for initial margin requirements. Due to the increase in interest rates since 2022 the variation margin resulted in cash collateral received of EUR 171 million at the end of 2023. Both the cash collateral received and placed are part of the clearing agreement.

Debt securities (including the Class A notes of Sinopel 2019) and loans can be used as collateral with the Dutch Central Bank for a possible debit balance and participation in open market operations of the European Central Bank. In total an amount of EUR 1,427 million was placed as potential collateral with the Dutch Central Bank at year end (2022: EUR 2,688 million). This decrease is mainly caused by the transfer of bonds to our Euroclear accounts of the different branches of Triodos and due to the usage of Class A notes in commercial repo transactions.

The liquidity risk appetite as determined by the Executive Board and Enterprise Risk Committee (ERC) is reviewed and approved by the Supervisory Board. With this governance structure in place, the risk appetite regarding liquidity is well anchored within the senior management team of the bank. The Three Lines Model organisational structure, with independent control, compliance, audit and risk management functions, ensures a clear division of tasks, power and responsibility is in place.

Periodically, the Liquidity Contingency Plan is tested and reviewed thoroughly to achieve a solid crisis management structure in case a liquidity crisis at Triodos Bank emerges.

A limit structure is in place to manage the inherent funding mismatch other than in exceptional circumstances. Triodos Bank follows the Basel Committee on Banking Supervision (BCBS)/EBA principles considering its sustainable profile, the very strong relationship with its customers, the granularity of funds entrusted and 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 increased levels of interest rates since 2022 have a positive impact on the returns made on the liquidity buffer. This has influenced the trade- off between having sufficient liquidity versus the costs of holding that liquidity. In 2023, the liquidity buffer is a contributor to the bank's overall profitability.

Main drivers of LCR results and the evolution of the contribution of inputs to the LCR calculation

The LCR of Triodos Bank has decreased during the past two years to a 12 month average at 187% at 31 December 2023. Main driver for the decrease is the decrease in the liquidity buffer due to the repayment of TLTRO in 2022 and further increase of the loan portfolio, while the funding remained stable over the last two years.

Explanations on the changes in the LCR over time

The LCR decrease has been under the attention of the Asset and Liability Committee. During 2023 several actions have been taken to counter the decrease. Triodos Bank entered into liquidity facilities to increase the liquidity buffer during the first half of 2023 and in the second half of 2023 Triodos Bank entered into two commercial Repo transactions, in September and December each for an amount of EUR 200 million, based on Class A notes of our RMBS transaction Sinopel 2019. As a result, the LCR increased to 221% per end of 2023 (2022: 193%).

Explanations on the actual concentration of funding sources

The main funding source for Triodos Bank is Funds Entrusted, which consists of saving deposits (60%), current accounts (25%), and fixed-term accounts (15%) from personal households (66%) and business clients (34%). The composition of the Funds Entrusted is rather stable.

High-level description of the composition of the institution's liquidity buffer

The LCR liquidity buffer consists of high quality liquid assets being cash with central banks (50% at the end of 2023) and bonds (50% at the end of 2023). Around 19% of the bond investments is invested in central government bonds, 38% of regional govenment bonds and 42% in agency and other bonds. The other bond investments were made in green bonds of corporates and banks for diversification and to optimise risk-return. Due to the change in market interest rates in the UK and the eurozone, the opportunities to invest in bonds have grown. Consequently, the percentage of liquidity from cash at central banks has decreased from 62% at the end of 2022 to 50% at the end of 2023.

Derivative exposures and potential collateral calls

Triodos Bank has derivative positions mainly as a result of outstanding interest rate swaps to steer our interest rate position and FX transactions hedging our British pounds exposure. Cash collateral requirements are taken into account when calculating the LCR and in liquidity stress testing.

Currency mismatch in the LCR

Triodos Bank's base and main currency is the euro. The UK Subsidiary has a base currency in GBP. Both the LCR on group and solo level are monitored. Triodos Bank UK Ltd has its own LCR target set by the Prudential Regulation Authority (PRA).

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

No other items.

Net stable funding ratio

EU LIQ2: Net Stable Funding Ratio

	Amounts 2023 (in EUR 1,000)	a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	1,228,913			255,311	1,484,224
2	*Own funds*	1,228,913			255,311	1,484,224
3	*Other capital instruments*					
4	Retail deposits		9,529,474	472,407	218,603	9,647,822
5	*Stable deposits*		8,122,378	428,123	159,560	8,282,536
6	*Less stable deposits*		1,407,096	44,285	59,043	1,365,286
7	Wholesale funding:		3,524,388	336,792	181,674	1,812,056
8	*Operational deposits*					
9	*Other wholesale funding*		3,524,388	336,792	181,674	1,812,056
10	Interdependent liabilities					
11	Other liabilities:		44,579	130,539	8,347	73,616
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		44,579	130,539	8,347	73,616
14	**Total available stable funding (ASF)**					**13,017,717**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					37,648
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		800,391	500,764	9,825,905	7,994,885
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		179,392	26,501	393,908	425,097
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		291,260	209,223	4,455,573	4,014,504

	Amounts 2023 (in EUR 1,000)	a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		13,660	32,051	114,875	97,525
22	*Performing residential mortgages, of which:*		309,709	219,413	4,897,416	3,447,881
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		309,709	219,413	4,897,416	3,447,881
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		20,031	45,626	79,009	107,402
25	Interdependent assets					
26	Other assets:		237,726	104,606	434,799	564,024
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				89,504	76,078
29	*NSFR derivative assets*		13,261			13,261
30	*NSFR derivative liabilities before deduction of variation margin posted*		34,992			1,750
31	*All other assets not included in the above categories*		189,473	104,606	345,295	472,934
32	Off-balance sheet items		634,981	41,479	961,516	84,893
33	**Total required stable funding (RSF)**					**8,681,449**
34	**Net Stable Funding Ratio (%)**					**149.95%**

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Liquidity coverage ratio

EU LIQ1 - Quantitative information of LCR

	Scope of consolidation: consolidated	a	b
	Amounts (in EUR 1,000)		**Total unweighted**
EU 1a	Quarter ending on (DD Month YYY)	31.12.2023	30.09.2023
EU 1b	Number of data points used in the calculation of averages	12	12
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61		
CASH - OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	10,094,177	10,119,877
3	Stable deposits	8,136,057	8,272,769
4	Less stable deposits	1,274,081	1,236,959
5	Unsecured wholesale funding	3,235,743	3,277,876
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	3,235,264	3,277,397
8	Unsecured debt	480	480
9	Secured wholesale funding		
10	Additional requirements	1,268,617	1,253,222
11	Outflows related to derivative exposures and other collateral requirements	110,614	110,756
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	1,158,003	1,142,467
14	Other contractual funding obligations	42,522	52,255
15	Other contingent funding obligations	600,532	674,212
16	TOTAL CASH OUTFLOWS		
CASH - INFLOWS			
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	284,582	289,558
19	Other cash inflows	3,257	6,673
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)		
EU-19b	(Excess inflows from a related specialised credit institution)		
20	TOTAL CASH INFLOWS	287,839	296,231
EU-20a	Fully exempt inflows		
EU-20b	Inflows subject to 90% cap		
EU-20c	Inflows subject to 75% cap	287,839	296,231
TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER		
22	TOTAL NET CASH OUTFLOWS		
23	LIQUIDITY COVERAGE RATIO		

c	d	e	f	g	h
value (average)		Total weighted value (average)			
30.06.2023	31.03.2023	31.12.2023	30.09.2023	30.06.2023	31.03.2023
12	12	12	12	12	12
		3,745,688	3,819,336	3,984,060	4,140,965
10,151,624	10,172,403	561,982	565,352	565,357	566,072
8,359,793	8,374,546	406,803	413,638	417,990	418,727
1,191,717	1,185,152	155,180	151,713	147,368	147,345
3,271,215	3,203,533	1,279,411	1,323,364	1,347,202	1,322,216
3,270,736	3,203,043	1,278,932	1,322,884	1,346,723	1,321,725
480	491	480	480	480	491
1,244,372	1,216,043	296,881	290,134	288,423	255,212
109,119	96,202	110,614	110,756	109,119	96,202
1,135,253	1,119,841	186,267	179,379	179,304	159,011
51,810	45,867	18,422	28,846	29,940	23,210
761,898	858,911	83,162	94,163	106,936	120,867
		2,239,859	2,301,859	2,337,858	2,287,578
284,961	290,812	228,453	231,416	225,671	231,864
4,165	5,238	3,257	6,673	4,165	5,238
289,126	296,050	231,709	238,088	229,836	237,102
289,126	296,050	231,709	238,088	229,836	237,102
		3,745,688	3,819,336	3,984,060	4,140,965
		2,008,150	2,063,771	2,108,022	2,050,475
		187.13%	185.27%	189.19%	202.55%

Encumbered and unencumbered assets

Asset encumbrance

Assets can be differentiated between assets which are used for collateral requirements (encumbered assets) and assets which are unencumbered. The encumbered assets mainly consist of cash and bonds (amongst which part of the class A notes from the Sinopel 2019 retained securitisation transaction). The main cause of increase in encumbered assets for 2023 were Repurchase Transactions, for which a total carrying amount of assets of EUR 624.6 million was posted as collateral. The remaining amount of encumbered assets is related to collateral needs stemming mainly from cash collateral of derivative transactions, and payment and clearing systems for which at the end of 2023 a total carrying amount of encumbered assets of EUR 148.7 million was required.

All amounts presented are median values of the previous four quarters of the reporting period.

EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	Amounts 2023 (in EUR 1,000)		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	400,869	28,548			15,459,154	3,933,662		
030	Equity instruments					33,273		33,273	
040	Debt securities	28,548	28,548	27,580	27,580	2,029,975	1,913,225	1,946,672	1,836,519
050	of which: covered bonds								
060	of which: securitisations								
070	of which: issued by general governments	28,548	28,548	27,580	27,580	1,588,483	1,506,412	1,534,270	1,455,854
080	of which: issued by financial corporations					357,846	352,093	340,749	332,569
090	of which: issued by non-financial corporations					75,871	52,029	70,497	48,995
120	Other assets	372,321				13,512,784	2,061,562		

EU AE2 - Collateral received and own debt securities issued

	Amounts 2023 (in EUR 1,000)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	**Own debt securities issued other than own covered bonds or securitisations**				
241	**Own covered bonds and asset-backed securities issued and not yet pledged**				
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	400,869	28,548		

EU AE3 - Sources of encumbrance

	Amounts 2023 (in EUR 1,000)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	**030**
010	**Carrying amount of selected financial liabilities**	178,755	356,833

9. Credit risk

Credit risk management

Credit risk is the risk that a counterparty does not fulfil its financial obligations. Triodos Bank manages its credit risk at client and portfolio level. It operates within a predefined set of criteria for accepting credits. Credits are extended within the target markets and lending strategy in accordance with Triodos Bank's mission and expertise. Before accepting a credit facility, Triodos Bank assesses the customer's risk profile, cash flows, available collateral and the requested transaction, including an assessment of the integrity and reputation of the borrower or counterparty. Analysis of compliance with Triodos Bank's lending criteria is an integral part of each credit proposal.

Triodos Bank has developed an internal rating-based economic capital model that estimates a counterparty's probability of default and the expected loss of a credit exposure.

Credit risk organisational structure

Each banking business unit has a credit risk team headed by a Head of Credit Risk. The teams comprise of credit risk analysts and special asset managers. The heads of Credit Risk a direct reporting line to the Group Director Financial Risk Management and together manage all topics relating to credit risk locally and for the group. At Group level, a dedicated team is in place with credit analysts and data analysts.

At local and group level, individual files have a second-line review and the portfolio is monitored and reviewed on a continuous basis. The aggregated portfolio is monitored at Group level. The resulting analysis is provided to the local and/or Central Credit Committee for decision-making on approvals for individual files, lending criteria for sectors and limits on sectors, countries or individual obligors.

Relationships between credit risk management, risk control, compliance and internal audit functions

Business units need to prove, both after initial implementation and in case of changes to policies, that requirements are met in local documentation, by showing in which local documents each requirement is written down. Evidence of the implementation is derived from the key controls. Deviations from this policy should be approved via the monthly Central Credit Committee or Non-financial Risk Committee.

Key controls related to policies are defined in our Risk Control Self-Assessment (RCSA), based on the standardised process as described in the Corporate Lending Handbook. The key controls contain a risk-based subset of the requirements. The first line is responsible for enacting the key controls within its processes. Periodically, within the regular operational risk management cycle, key controls will be tested for their operational effectiveness by the first line. At the local level, management information dashboards are in place to monitor the risks on a continuous basis. Internal Audit performs audits on the lending activities on a regular basis.

Concentration risk

Loans are provided to retail clients, businesses and projects that contribute to achieving Triodos Bank's mission. Given this involves a small number of sustainable sectors, a certain level of sector concentration is inherent in the loan portfolio. Concentration in the existing sectors is acceptable as Triodos Bank has considerable expertise in these sectors, actively invests in further expanding its knowledge and actively diversifies through geographies.

Triodos Bank focuses primarily on the quality and diversification of its loan portfolio. Triodos Bank puts extra effort into identifying loans to frontrunners with a track record in their sectors, the entrepreneurs developing the sustainable industries of the future.

Criteria and approach used for defining the credit risk management policy and for setting credit risk limits
A diversified credit risk portfolio is the result of assets spread over debtors, sectors and geographies that are not inter- or intra-related. Triodos Bank maintains a set of concentration limits to manage concentration risks. The limits are based on the bank's capital base and reflect the risk appetite.

Triodos Bank measures and limits the following concentrations in its lending activities:
- Obligor exposures
- Group exposures
- Top 20 exposures excluding government and 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 its 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 that are in line with its mission. It has set limits on sectors, based on actual own funds, at Group and banking business unit level. Sector studies have shown relatively low correlations of risk drivers in the sectors that Triodos Bank finances in multiple countries.

At Group level, Triodos Bank categorises sector concentration limits into distinct tiers. Country-specific limits for each sector are determined by the Executive Board, factoring in the unique risks associated with each sector and country, based on annual sector analyses. Additionally, risk-weighted asset (RWA) limits are established for various sectors and countries, considering these risks, the impact these sectors and countries generate, and the return on capital they provide.

Larger sectors hold strategic importance for Triodos Bank. They exhibit a well-balanced distribution across banking business units and countries, contributing to an overall low risk profile that warrants a higher consolidated concentration. Sector analyses are conducted on an annual basis and presented to the Central Credit Committee to facilitate timely responses to developments that may impact the portfolio's risk profile. Group Credit Risk may request sector updates at shorter intervals in the event of changes to a sector's risk profile.

Country concentrations

Triodos Bank is a European bank, acting under the European Banking Directive since 1993, with banking business units in four countries (the Netherlands, Belgium, Spain and Germany), a subsidiary in the United Kingdom and additional exposures in, among others, France and Ireland.

Triodos Bank does not set country limits for the countries it operates in as long as these countries have a credit rating of AA- or higher. Specific limits are defined for countries with a credit rating of A+ or lower.

Obligor risk

An obligor is a single legal entity that commits to the terms and conditions of a loan agreement. The obligor is thoroughly analysed based on meeting Triodos Bank's lending criteria and its capacity to repay a loan. The risk related to the obligor is that it fails to meet its contractual obligations. Obligors are rated through an internal rating methodology.

A thorough assessment of each obligor and the structure of its loan is made before any loan is provided. A review of approved credit is made once a year, as a minimum, to assess the evolution of the client's capacity to meet its obligations. The high quality of securities (collateral) against outstanding loans reduces credit risk. Examples of principal collateral include mortgage registrations for business or private properties, securities from public authorities, companies or private individuals, and rights of lien on receivables and/or contracts for projects.

Triodos Bank aims to finance specific projects and assets that are in line with its mission. When financing a project, the bank has a pledge on the underlying contracts. For the financing of objects, Triodos Bank will take a pledge or mortgage on the specific object. It applies haircuts, in all cases, on the market value. The level of this haircut will depend on the marketability of the asset in a negative scenario. This allows Triodos Bank to make a proper assessment of the overall risk of the loan and the value of the asset in case of a downturn. The value of the collateral is reviewed on a yearly basis. An external valuation by an expert is requested, at a minimum every three years, for large loans with a mortgage.

The Triodos Bank early warning system helps identify problem loans early on, to allow for more available options and remedial measures. Once a loan is identified as being in default (i.e. unlikely to pay or overdue payments beyond 90 days), it is managed under a dedicated remedial process, with a focus on full recovery.

Group exposures

The risk related to a group is that if one obligor fails to meet its contractual obligations, so will the remaining obligors within the group. A group is defined as two or more obligors that are interrelated in such a way that they are considered as a single risk.

Each group obligor and the group as a whole are analysed on all aspects, from meeting Triodos Bank's lending criteria to their capacity to repay the loan.

Credit risk investment portfolio

Liquidity not invested in loans to customers is invested in deposits with banks (including central banks) or bonds. Triodos Bank's policy is to primarily invest the liquidity in the countries where it has branches or subsidiaries. The bond portfolio of Triodos Bank comprises (local) government bonds (from countries where Triodos Bank has a branch or subsidiary) and investment-grade bonds issued by European supranational organisations (e.g. European Investment Bank), European financial institutions and corporates.

There are no regulatory restrictions to exposures on governments. Triodos Bank sets limits based on the country risk.

There are also no regulatory restrictions to exposures on multilateral development banks where the institution has a credit risk weight of 0% for regulatory capital requirements. Triodos Bank has set limits to avoid concentration risk in these exposures.

Credit risk banks

Banks are selected according to their creditworthiness and screened on their sustainability performance. Exceptions can only occur when no banks in a country meet Triodos Bank's minimum sustainability standards. In such cases, deposit maturity periods will not exceed three months. All counterparty limits for banks are set by either the Executive Board or the Central Credit Committee. Banking business units place excess liquidity with the country's central banks (minimum reserve requirements and deposit facility). There are no regulatory restrictions on exposures to central banks.

The Capital Requirements Regulation large exposures regime limits the maximum exposure to a bank at 25% of its Tier 1 capital plus Tier 2 with a maximum of one-third of Tier 1 capital. To avoid the interbank exposure exceeding the regulatory maximum, Triodos Bank applies a maximum exposure below the limit defined by the large exposures regime. Limits are further adapted according to the external rating of the counterparty. Deposits on banks are limited to a maximum maturity of one year.

Credit risk private mortgages

Private mortgages are treated as a sector and form an integral part of the impact strategy of the bank. Interest rate differentiation on the mortgages based on energy labels incentivises lower energy consumption. In general, mortgage products are highly standardised and regulated. This is the case in the three countries where Triodos Bank offers this product. The loan amounts per counterparty in the private mortgage portfolio are usually relatively small and the portfolio is often well diversifieddiversifieddiversified(e.g. in terms of geography, source of repayment or maturity). This mitigates credit risk to a large degree, which is evidenced by low defaults. Triodos Bank limits the overall exposure to mortgages as a percentage of the balance sheet to have a balanced mix between business loans and mortgages to private individuals.

Credit risk related to derivatives

Triodos Bank has exposure to credit risk resulting from outstanding foreign exchange (FX) contracts (spot, forward and swap transactions) with financial institutions and with funds managed by Triodos Investment Management. In 2023, Triodos Bank serviced these funds by providing hedges for the FX risk of these funds' investments.

Triodos Bank is not entering into new FX deals with Triodos Investment funds because of new regulation. Current derivative contracts will not be renewed after maturity.

Triodos Bank has limited exposure to credit risk resulting from outstanding interest rate swaps (IRS). The IRS are all centrally cleared with LCH Clearnet. Daily margining minimises 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 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

Scope and definition of past-due and impaired

An obligor is in default if either one of the following events have occurred:

1. The obligor has a total Credit Obligation Past Due that has been material for at least 90 consecutive days or, when at least one of the exposures of the obligor is currently reported as forborne, the obligor has a total Credit Obligation Past Due that has been material for at least 30 consecutive days, or
2. The obligor is considered unlikely to pay (UTP).

Past-due exposures not considered to be impaired

Not applicable.

Methods used for determining general and specific credit risk adjustments

Business loans in the portfolio are periodically reviewed on an individual basis. The review frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates. Small business and private loans are reviewed at portfolio level and on an individual basis when appropriate.

The credit committees discuss and, if necessary, take action with respect to overdue payments from debtors. If there is any doubt regarding the continuity of the debtor's core operations and/or a debtor fails to settle agreed interest and repayment instalments for a prolonged period, this debtor falls under the category of doubtful debtors and will be managed intensively.

Provisions for loan losses are taken for doubtful debtors at an individual level based on the difference between the total amount of the debtor's outstanding liability to Triodos Bank and the future expected cash flows, 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 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 Enterprise Risk Committee and the Audit and Risk Committee of the Supervisory Board as part of the ERM report.

In addition to a minimum standards check, external credit ratings – if available – are used to determine the creditworthiness of the counterparties of the 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. Fitch and Moody's ratings are used for this purpose.

Allowance for expected credit losses

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. In case the default is cured and the credit rating goes up, the loan can be transferred back to stage 2 or stage 1 after a probation period.

When the drivers of the PD and LGD are changed, the ECL amounts per financial instrument are recalculated. This is captured in the net remeasurement of allowance for expected credit losses. The net remeasurement can be broken down into multiple parameters that influence the PD and LGD:

1. Remeasurement in calculated ECL of individual loans which have transferred between stage 1 and stage 2.
2. Changes in forward-looking macro-economic scenarios.
3. Changes in individual loan or advance behaviour such as changes in rating not triggering stage transfer or loan amount due to repayment.

Own definition of restructured exposure

Not applicable.

Credit risk mitigation

Any pledge or assignment of eligible collateral must be legally perfect, effective and enforceable in all relevant jurisdictions to classify as collateral. Mortgages, liens and other security interests in assets or rights (including guarantees etc.) have to be filed punctually and be legally perfect in order to effectively enforce the collateral in a reasonable timeframe in all relevant jurisdictions. Valuation of real estate is done by an independent valuer and statistical methods are used for monitoring the value.

Any guarantor that is considered for credit risk mitigation purposes subjects Triodos Bank to certain risks. This means that:
• Guarantees may only be taken as a subsidiary support of the credit and should never be considered as replacing the borrower's independent ability to repay;
• Guarantees must be legally perfect, direct, explicit, irrevocable, and unconditional.

Main types of collateral to mitigate credit risk

Triodos Bank recognises the following types of collateral: mortgages, guarantees, and pledges and assignments (deposits, receivables, marketable securities). Other collateral may include:
• Inventory, livestock, plant and equipment;
• Business enterprise with no listed shares;
• Assignments of (life) insurance cash values;
• Agricultural charge and concessions to carry out a specific activity.

Main types of guarantor counterparty and their creditworthiness used for the purposes of reducing capital requirements

Main eligible guarantors are central governments, regional and local authorities, and multilateral development banks.

Market or credit risk concentrations within the credit mitigation taken

Triodos Bank reports on a monthly basis the evolution of the portfolio's performance by largest obligors, sector and geography by exposure, by rating and by collateral value.

External credit assessment institutions (ECAI) nominated by the institution

In addition to our check on minimum standards, external credit ratings – if available – are used to determine the credit-worthiness 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 S&P, Fitch and Moody's.

Exposure classes for which an ECAI is used:

- Regional governments or local authorities;
- Public sector entities;
- Institutions;
- Corporates.

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 2024 and is expected to increase with the further growth of Triodos Bank.

Collateral needs stemming from FX forwards changed slightly in 2023 following the EUR/GBP exchange rate developments. At the end of 2023, a total net amount of EUR 7.5 million cash collateral was posted (2022: EUR 6.7 million).

Interest rate swaps are centrally cleared with LCH Clearnet. At the end of 2023, a total net amount of EUR 89.5 million cash collateral was posted for initial margin requirements. Cash collateral held as variation margin resulted in cash collateral received of EUR 170.9 million at the end of 2023. Both the cash collateral received and placed are part of the clearing agreement.

Balance sheet netting

Balance sheet netting is not applied.

Credit risk quality

EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
	Amounts 2023 (in EUR 1,000)	**On demand**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances[1]	555,036	776,246	1,714,107	9,916,090		12,961,479
2	Debt securities		462,086	1,567,609	158,108		2,187,803
3	**Total**	**555,036**	**1,238,332**	**3,281,716**	**10,074,198**		**15,149,282**

[1] including loan commitments

EU CR1: Performing and non-performing exposures and related provisions.

		a	b	c	d	e
		Gross carrying amount/nominal amount				
		Performing exposures			Non-performing expos	
	Amounts 2023 (in EUR 1,000)		of which: stage 1	of which: stage 2		of which: stage 2
005	Cash balances at central banks and other demand deposits	2,294,017	2,294,017			
010	Loans and advances	11,115,727	10,412,998	702,729	314,274	
020	Central banks					
030	General governments	165,278	158,769	6,509		
040	Credit institutions	136,728	136,728			
050	Other financial corporations	395,702	375,639	20,063	4,382	
060	Non-financial corporations	5,371,581	4,906,216	465,365	292,970	
070	Of which: SMEs	4,495,657	4,083,745	411,912	257,391	
080	Households	5,046,439	4,835,646	210,793	16,922	
090	Debt Securities	2,187,835	2,187,607			
100	Central banks					
110	General governments	1,729,540	1,729,540			
120	Credit institutions	383,301	383,072			
130	Other financial corporations	501	501			
140	Non-financial corporations	74,494	74,494			
150	Off-balance sheet exposures	1,630,573	1,587,311	43,263	7,402	
160	Central banks					
170	General governments	3,636	3,636			
180	Credit institutions	289	289			
190	Other financial corporations	147,871	140,221	7,650	103	
200	Non-financial corporations	1,018,838	983,801	35,037	7,203	
210	Households	459,939	459,363	576	96	
220	**Total**	**17,228,152**	**16,481,932**	**745,992**	**321,676**	

f	g	h	i	j	k	l	m	n	o
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
sures	Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
	- 2	- 2							
314,274	- 9,849	- 6,922	- 2,927	- 42,889		- 42,889	- 14,250	8,348,693	232,226
	- 34	- 31	- 3					29,424	
	- 126	- 126						6,852	
4,382	- 545	- 447	- 98	- 506		- 506		270,473	3,354
292,970	- 7,950	- 5,307	- 2,643	- 41,839		- 41,839	- 14,250	3,049,455	213,317
257,391	- 5,857	- 3,776	- 2,081	- 35,253		- 35,253		2,625,559	186,532
16,922	- 1,194	- 1,011	- 183	- 544		- 544		4,992,488	15,555
	- 32	- 32						230,825	
								67,707	
								163,119	
	- 32	- 32							
7,402	- 1,497	- 1,108	- 389					271,980	829
								32	
	- 1	1							
103	- 167	- 55	- 112					137	69
7,203	- 1,205	- 937	- 268					24,639	759
96	- 124	- 115	- 9					247,172	
321,676	**- 11,381**	**- 8,065**	**- 3,316**	**- 42,889**		**- 42,889**	**- 14,250**	**8,851,498**	**233,054**

EU CR5 – standardised approach

	Amounts 2023 (in EUR 1,000)	a	b	c	d	e	f	g
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**
1	Central governments or central banks	3,156,051						
2	Regional government or local authorities	1,152,263				25,126		
3	Public sector entities	334,593				92,083		
4	Multilateral development banks	291,556						
5	International organisations	317,548						
6	Institutions	89,504				150,037		122,450
7	Corporates					4,418		54,971
8	Retail exposures							
9	Exposures secured by mortgages on immovable property						5,222,921	1,041,427
10	Exposures in default							
11	Exposures associated with particularly high risk							
12	Covered bonds							
13	Institutions and corporates with a short-term credit assessment							
14	Unit or shares in collective investment undertakings							
15	Equity							
16	Other items	3,226.42						
17	**TOTAL**	**5,344,742**				**271,664**	**5,222,921**	**1,218,847**

h	i	j	k	l	m	n	o	p	q
Risk weight								Total	Of which unrated
70%	75%	100%	150%	250%	370%	1250%	Others		
				8,293				3,164,344	3,164,344
								1,177,389	1,144,446
								426,676	424,885
								291,556	291,556
								317,548	317,548
								361,990	184,243
		3,389,047						3,448,436	3,324,013
	478,425							478,425	478,425
		283,930						6,548,279	6,548,279
		138,279	87,852					226,132	226,132
			16,411					16,411	16,411
							9,780	9,780	9,780
		39,966						39,966	39,966
		193,809						197,036	197,036
	478,425	**4,045,033**	**104,263**	**8,293**			**9,780**	**16,703,968**	**16,367,064**

EU CQ1: Credit quality of forborne exposures

		a	b
		Gross carrying amount/ Nominal amount of e	
	Amounts 2023 (in EUR 1,000)	Performing forborne	Non-performing forborne
005	Cash balances at central banks and other demand deposits		
010	Loans and advances	102,386	163,426
020	Central banks		
030	General governments		
040	Credit institutions		
050	Other financial corporations	15,158	3,010
060	Non-financial corporations	83,859	158,569
070	Households	3,370	1,847
080	Debt Securities		
090	Loan commitments given	1,589	3,848
100	**Total**	**103,976**	**167,274**

c	d	e	f	g	h
exposures with forbearance measures		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
Of which defaulted	Of which impaired				
163,426	163,426	-517	-24,944	202,810	120,769
3,010	3,010		-498	15,873	2,507
158,569	158,569	-511	-24,315	182,032	116,603
1,847	1,847	-7	-131	4,905	1,659
3,848	3,848	-24	-1,345		
167,274	**167,274**	**-541**	**-26,289**	**202,810**	**120,769**

EU CQ7: Collateral obtained by taking possession and execution processes

		a	b
		Collateral obtained by taking possession accumulated	
	Amounts 2023 (in EUR 1,000)	**Value at initial recognition**	**Accumulated negative changes**
010	Property Plant and Equipment (PP&E)		
020	Other than Property Plant and Equipment	19,623	-4,516
030	Residential immovable property		
040	Commercial Immovable property	19,623	-4,516
050	Movable property (auto, shipping, etc.)		
060	Equity and debt instruments		
070	Other		
080	**Total**	**19,623**	**-4,516**

EU CQ3: Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e
		Gross carrying amount / Nominal amount				
		Performing exposures			Non-performing exposures	
	Amounts 2023 (in EUR 1,000)		Not past due or Past due < 30 days	Past due > 30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days
005	Cash balances at central banks and other demand deposits	2,294,017	2,294,017			
010	Loans and advances	11,115,727	11,087,345	28,382	314,274	233,053
020	Central banks					
030	General governments	165,278	165,278			
040	Credit institutions	136,728	136,728			
050	Other financial corporations	395,702	393,288	2,414	4,382	3,574
060	Non-financial corporations	5,371,581	5,352,362	19,219	292,970	221,615
070	Of which SMEs	4,495,657	4,476,608	19,049	257,391	189,696
080	Households	5,046,439	5,039,689	6,750	16,922	7,864
090	Debt Securities	2,187,835	2,187,835			
100	Central banks					
110	General governments	1,729,540	1,729,540			
120	Credit institutions	383,301	383,301			
130	Other financial corporations	501	501			
140	Non-financial corporations	74,494	74,494			
150	Off-balance sheet exposures	1,630,573			7,402	
160	Central banks					
170	General governments	3,636				
180	Credit institutions	289				
190	Other financial corporations	147,871			103	
200	Non-financial corporations	1,018,838			7,203	
210	Households	459,939			96	
220	**Total**	**17,228,152**	**15,569,196**	**28,382**	**321,676**	**233,053**

f	g	h	i	j	k	l
Past due > 90 days <= 180 days	**Past due > 180 days < =1 year**	**Past due > 1 year <= 2 years**	**Past due > 2 year <= 5 years**	**Past due > 5 year <= 7 years**	**Past due > 7 years**	**Of which defaulted**
24,958	18,289	11,967	14,388	5,200	6,419	314,274
		808				4,382
21,397	16,918	8,986	13,209	5,094	5,752	292,970
21,397	13,738	8,963	12,752	5,094	5,752	257,391
3,562	1,371	2,173	1,179	106	668	16,922
						7,402
						103
						7,203
						96
24,958	**18,289**	**11,967**	**14,388**	**5,200**	**6,419**	**321,676**

Credit risk mitigation

EU CR4 – standardised approach – Credit risk exposure and CRM effects

		a	b
	Amounts 2023 (in EUR 1,000)	**Exposures before CCF and before CRM**	
	Exposure classes	**On-balance-sheet exposures**	**Off-balance-sheet exposures**
1	Central governments or central banks	2,477,409	1,578
2	Regional government or local authorities	1,049,478	100
3	Public sector entities	388,302	
4	Multilateral development banks	167,264	
5	International organisations	317,548	
6	Institutions	307,260	280
7	Corporates	3,574,728	828,126
8	Retail	524,437	224,372
9	Secured by mortgages on immovable property	6,599,294	572,773
10	Exposures in default	257,941	6,065
11	Exposures associated with particularly high risk	15,102	2,618
12	Covered bonds		
13	Institutions and corporates with a short-term credit assessment		
14	Collective investment undertakings	9,780	
15	Equity	39,966	
16	Other items	193,812	
17	**TOTAL**	**15,922,320**	**1,635,912**

c	d	e	f
Exposures post CCF and post CRM		RWAs and RWAs density	
On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
3,133,483	30,862	20,733	1%
1,177,304	86	5,025	
426,606	70	18,417	4%
279,288	12,268		
317,548			
361,674	317	91,232	25%
3,085,472	362,964	2,758,641	80%
382,896	95,529	321,927	67%
6,275,425	272,854	2,467,392	38%
223,854	2,278	270,058	119%
15,102	1,309	24,616	150%
9,780		9,127	93%
39,966		39,966	100%
193,923	3,116	193,812	98%
15,922,320	**781,651**	**6,220,946**	**37%**

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	Amounts 2023 (in EUR 1,000)	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances[1]	4,134,771	8,826,708	8,261,223	565,485	
2	Debt securities	1,956,978	230,825		230,825	
3	**Total**	**6,091,749**	**9,057,533**	**8,261,223**	**796,310**	
4	Of which non-performing exposures	45,252	232,226	212,750	19,476	
EU-5	Of which defaulted	45,252	232,226	212,750	19,476	

[1] including loan commitments

10. Counterparty credit risk

Methodology used to assign internal capital and credit limits for counterparty credit exposures

Triodos Bank applies the standardise approach to assign capital for counterparty credit exposures. Triodos Bank has a Concentration Limit policy to assign credit limits for counterparty credit exposures, which is based on differences between activities (such as loan business and liquidity management) and where limits are related to counterparty types, counterparty credit ratings and Tier 1 capital.

Policies related to guarantees and other credit risk mitigants

Triodos Bank centrally clears interest rate derivates via LCH Clearnet, which takes away any counterparty credit risk. Market value differences are covered by cash collateral.

Policies with respect to wrong-way risk

Triodos Bank at 31 December 2023 has no wrong-way risk as there are no issued derivatives to clients. Any future transactions that could contain wrong-way risk will be mitigated by only using counterparties with a sufficiently high credit rating and by having collateral agreements in place. Therefore no need to provide additional collateral if Triodos Bank's credit rating is downgraded.

Counterparty credit risk

EU CCR1 – Analysis of CCR exposure by approach

		a	b
	Amounts 2023 (in EUR 1,000)	**Replacement cost (RC)**	**Potential future exposure (PFE)**
EU1	EU - Original Exposure Method (for derivatives)[1]		
EU2	EU - Simplified SA-CCR (for derivatives)		
1	SA-CCR (for derivatives)	6,876	1,791
2	IMM (for derivatives and SFTs)		
2a	*Of which securities financing transactions netting sets*		
2b	*Of which derivatives and long settlement transactions netting sets*		
2c	*Of which from contractual cross-product netting sets*		
3	Financial collateral simple method (for SFTs)		
4	Financial collateral comprehensive method (for SFTs)		
5	VaR for SFTs		
6	**Total**		

[1] Non CCP exposures

c	d	e	f	g	h
EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
	1.4				
	1.4				
	1.4	12,134	12,134	12,134	2,427
		12,134	12,134	12,134	2,427

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

	Amounts 2023 (in EUR 1,000)				
		a	b	c	d
	Exposure classes	0%	2%	4%	10%
1	Central governments or central banks	-	-	-	-
2	Regional government or local authorities	-	-	-	-
3	Public sector entities	-	-	-	-
4	Multilateral development banks	-	-	-	-
5	International organisations	-	-	-	-
6	Institutions	-	37,325	-	-
7	Corporates	-	-	-	-
8	Retail	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-
10	Other items	-	-	-	-
11	**Total exposure value**	**-**	**37,325**	**-**	**-**

Risk weight							
e	f	g	h	i	j	k	l
20%	50%	70%	75%	100%	150%	Others	Total exposure value
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,134	-	-	-	-	-	-	**49,459**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,134	**-**	**-**	**-**	**-**	**-**	**-**	**49,459**

EU CCR5 – Composition of collateral for CCR exposures

		a	b	c
	Amounts 2023 (in EUR 1,000)	**Collateral used in derivative transactions**		
		Fair value of collateral received		**Fair value of po**
	Collateral type	**Segregated**	**Unsegregated**	**Segregated**
1	Cash – domestic currency	170,925		89,504
2	Cash – other currencies			
3	Domestic sovereign debt			
4	Other sovereign debt			
5	Government agency debt			
6	Corporate bonds			
7	Equity securities			
8	Other collateral			
9	**Total**	**170,925**		**89,504**

d	e	f	g	h
	Collateral used in SFTs			
…sted collateral	Fair value of collateral received		Fair value of posted collateral	
Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
6,607				
6,607				

EU CCR6 – Credit derivatives exposures

Amounts 2023 (in EUR 1,000)		a Protection bought	b Protection sold
Notionals			
1	Single-name credit default swaps		
2	Index credit default swaps		
3	Total return swaps		
4	Credit options		
5	Other credit derivatives		
6	**Total notionals**		
Fair values			
7	Positive fair value (asset)		
8	Negative fair value (liability)		

EEU CCR2 – Transactions subject to own funds requirements for CVA risk

	Amounts 2023 (in EUR 1,000)	a Exposure value	b RWEA
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	12,134	2,758
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**12,134**	**2,758**

EU CCR8 – Exposures to CCPs

	Amounts 2023 (in EUR 1,000)	a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		746
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	37,325	746
3	(i) OTC derivatives	37,325	746
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	89,504	
8	Non-segregated initial margin		
9	Prefunded default fund contributions		
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

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11. Securitisation

Securitisation activities

In 2019, Triodos Bank set up a retained RMBS transaction called Sinopel 2019 B.V. to further increase the liquidity contingency potential. A securitisation is a transaction where a pool of assets is sold to a special purpose vehicle (SPV). The SPV issues notes with different tranches to finance the purchase price of the assets. The Sinopel RMBS is fully collateralised by Dutch residential mortgage loans.

The type of risk exposed in securitisation positions

With Sinopel, Triodos Bank structured an RMBS whereby Triodos Bank is the sole buyer of the issued notes and as such has not transferred the credit risk. Through the retained RMBS, Triodos Bank strengthens its financialfinancialresilience and gains additional access to (central bank) liquidity by pledging the notes as collateral with the DNB. The structure is compliant with the EU's STS regulation. DBRS Ratings Limited and Standard and Poors Global Ratings.

Approach to calculating risk-weighted exposure amounts related to securitisation positions

As there is no risk transfer with the Sinopel transaction, the securitisation exposures (notes) are not separately risk weighted. The securitised assets (mortgage loans) are taken into account as if they were not securitised. Triodos Bank consolidates Sinopel in its annual accounts.

Securitisation special purpose entities originated by Triodos

Apart from the Sinopel transaction, Triodos Bank is not active as originator, investor or sponsor of securitisation exposures. As a result, Triodos Bank does not hold any re-securitisation positions and does not provide securitisation-related services to any other SPV.

The Class A notes of the retained securitisation are partially placed at the Dutch Central Bank to be able to use a credit line and partly sold under a repurchase agreement. The carrying amount of the Class A notes placed at the Dutch Central Bank is EUR 932.4 million (2022: EUR 1,597.4 million) and the carrying amount of the financial assets sold under a repurchase transaction is EUR 624.6 million (2022: nil).

EU-SEC1 - Securitisation exposures in the non-trading book

		a	b	c	d	e
		Institution acts as originator				
		Traditional				Synt
		STS		Non-STS		
	Amounts 2023 (in EUR 1,000)		of which SRT		of which SRT	
1	**Total exposures**	**1,562,170**				
2	Retail (total)	1,562,170				
3	residential mortgage	1,562,170				
4	credit card					
5	other retail exposures					
6	re-securitisation					
7	Wholesale (total)					
8	loans to corporates					
9	commercial mortgage					
10	lease and receivables					
11	other wholesale					
12	re-securitisation					

f	g	h	i	j	k	l	m	n	o
		Institution acts as sponsor				Institution acts as investor			
hetic	Sub-total	Traditional			Sub-total	Traditional			Sub-total
of which SRT		STS	Non-STS	Synthetic		STS	Non-STS	Synthetic	
	1,562,170								
	1,562,170								
	1,562,170								

EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
	Amounts 2023 (in EUR 1,000)		Of which exposures in default	
1	Total exposures	1,562,170	506	
2	Retail (total)	1,562,170	506	
3	residential mortgage	1,562,170	506	
4	credit card			
5	other retail exposures			
6	re-securitisation			
7	Wholesale (total)			
8	loans to corporates			
9	commercial mortgage			
10	lease and receivables			
11	other wholesale			
12	re-securitisation			

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12. Market risk

Market risk is the risk of losses in on- and off-balance positions arising from movements in market prices, in particular, changes in interest rates, foreign exchange (FX) rates and commodity prices. At Triodos Bank, market risk mainly consists of interest rate risk and FX risk.

Interest rate risk is the risk that interest rate fluctuations lead to undesirable effects on balance sheet and earnings performance as a result of a mismatch between interest rate sensitive assets and liabilities (including off-balance sheet items) in terms of interest rate periods and interest rate levels. This also includes the risk arising from reinvestment, rate of return guarantees and embedded options.

Triodos Bank has a moderate risk appetite for interest rate risk and accepts the inherent mismatch on the balance sheet with longer term fixed assets and a funding base consisting to a large extent of non-maturing deposits.

FX risk is the risk arising from a mismatch between assets and liabilities or revenues and expenditure denominated in foreign exchange. Triodos Bank's base currency is the euro. The base currency of the UK subsidiary of Triodos Bank is British pounds. Triodos Bank has a conservative approach to FX risk. Triodos Bank seeks to eliminate the material impact of FX movements on its capital ratio. Triodos Bank has no active trading book for foreign exchange as this is not in line with its approach to banking. Triodos Bank therefore only accepts limited open FX positions in line with strategic investments and its activities in the UK.

Triodos Bank hedged the currency risk associated with its UK subsidiary equity participation throughout 2023. However, following the DNB's GBP FX Waiver approval in early Q4 2023, Triodos Bank gradually reduced the related FX hedging position. This decision opened a GBP net exposure in the balance sheet.

FX-risk hedging and capital-ratio stability present a trade-off. Hedging the participation's FX risk would cause the capital ratio to fluctuate with FX rates. Conversely, an unhedged position exposes capital value to FX risk but maintains a stable capital ratio. The DNB's GBP FX Waiver, granted in early Q4 2023, allows Triodos Bank to maintain an unhedged position in the UK subsidiary without incurring a market risk capital charge. This waiver promotes a more stable capital ratio.

Triodos Bank has established a robust market risk management framework. Market risk is monitored and managed by Group Treasury, within risk appetite limits set by the Asset and Liability Committee.

Market risk structure and organisation

The Group Treasury department is the first line owner of market risk. All market risk management initiatives are reviewed and challenged by the second line risk function, and adequacy and adherence to risk management processes is periodically reviewed by the third line risk function.

In addition, the market risk function reports monthly to the Asset and Liability Committee. Market risk is managed centrally for the Group and all business units, and locally for the UK subsidiary. The organisational structure for market risk management is similar for the Group and the UK subsidiary, apart from the second line responsibilities, which are performed by the Market & Liquidity Risk Management at Group level, and by the Enterprise Risk Management team in the UK.

Market risk measurement systems

An accurate, informative and timely management reporting system is essential for monitoring and managing interest rate risk and FX exposures. The bank's interest rate risk and FX exposures are measured and reported on a monthly basis. Compliance with the limits is reported monthly to the Asset and Liability Committee and quarterly to the Enterprise Risk Committee, or more often when deemed necessary. External data sources are used consistently for market data. In its data quality management process, Triodos Bank measures and manages the timeliness, accuracy, completeness and integrity of the data.

EU MR1 - Market risk under the standardised approach

		a
	Amounts 2023 (in EUR 1,000)	**RWEAs**
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	- 0
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	**Securitisation (specific risk)**	**-**
9	**Total**	**- 0**

EU PV1: Prudent valuation adjustments (PVA)

	Amounts 2023 (in EUR 1,000)	a	b	c
		Risk category		
	Category level AVA	Equity	Interest Rates	Foreign exchange
1	Market price uncertainty			
2	Not applicable			
3	Close-out cost			
4	Concentrated positions			
5	Early termination			
6	Model risk			
7	Operational risk			
8	Not applicable			
9	Not applicable			
10	Future administrative costs			
11	Not applicable			
12	**Total Additional Valuation Adjustments (AVAs)**			

d	e	EU e1	EU e2	f	g	h
		Category level AVA - Valuation uncertainty				
Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
				216		

13. 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, fraud 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 CRO in line with the ORM framework. The Group Director ORM reports directly into the CRO. The ORM function is represented in each business unit with the local operational risk managers reporting directly into the head of ORM. The head of ORM reports hierarchically into the Group Director ORM. Triodos Investment Management and Triodos Bank UK have a functional reporting line to the Group Director ORM.

The Non-Financial Risk Committee is a Group-level decision-making risk committee delegated by the Executive Board to take decisions related to the non- financial risk profile and associated mitigating measures. When it comes to the non-financial risk appetite, the Executive Board remains the final decision-making body. This committee is set up locally and at Group level, meets once a month, and consists of members of first and second line functions. Annually, risk appetite levels of the non-financial key risk indicators are reviewed, updated and cascaded to the business units.

The ORM framework follows the principles set out by the Bank for International Settlements in 'Sound Practices for the Management and Supervision of Operational Risk', which provides guidelines for the qualitative implementation of ORM.

The ORM framework uses several tools and technologies to identify, measure and monitor risks and monitors the level of control on an operational, tactical and strategic level. The ORM department performs continual analysis on several operational risk related procedures and maintains strong reporting and communication lines with the local operational risk managers.

The In-Control Statement framework encompasses a set of policies, procedures and controls that are designed to ensure that the bank’s operations are conducted in a sound and efficient manner. Next to the ability to demonstrate control, the bank recognises and appreciates the inherent value that comes with performing the control assessments and processes underlying the actual In-Control Statement, such as the conversation on how to further improve on controlling risks of relevant processes and value chains.

The In-Control Statement methodology adopted by Triodos Bank originates from the Committee of Sponsoring Organizations (COSO) framework; the most widely adopted control framework. The COSO control components form the basis for the control assessment(s) within Triodos Bank. Depending on the different functional responsibilities within Triodos Bank, specific control components may be more emphasised than others. The control components ‘risk assessment’ (risk identification) and ‘control activities’ (risk mitigation) play a predominant role in the control framework of the bank.

Information security

Cyber threats are considered to be at a high level in the financial sector. Triodos Bank performs periodic cyber-threat assessments and risk and control 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 cybersecurity events. The roll-out of a security awareness and behaviour programme to 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 ORM framework. Key controls are defined and tested accordingly. In 2023, a project was started to achieve compliance with new cybersecurity regulation (DORA and NIS2; both regulations will come into effect in 2025).

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 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 several Western European countries. The local tax risks are managed by the respective local Triodos Bank business units in close cooperation with the Triodos Bank tax department at Group level. Triodos Bank has a horizontal monitoring agreement with the Dutch tax authorities. Triodos Investment Management investment funds operate worldwide. All tax-risk-related issues are handled by a dedicated tax department within Triodos Investment Management.

Fraud risk

Triodos Bank performs an annual Systematic Integrity Risk Analysis (SIRA) to assess its vulnerabilities to fraud events.

The number of internal fraud incidents within Triodos Bank is relatively low. Controls like internal training and awareness are in place, and Triodos Bank has pre- and in-employment procedures resulting in a low-risk culture in relation to fraud. The number of incidents has been limited in recent years and the impact minimal.

External fraud is much more common, as it is with peers in the sector. Triodos Bank has implemented several extra fraud monitoring controls over the past years. More specifically, the number of (generic) rules to recognise social engineering attacks has increased significantly in the last years. In addition, there have been adjustments at the product level to mitigate fraud risk. For instance, the default online payment limits have been decreased and the duration after a limit adjustment was deliberately lengthened.

Moreover, the information on our secure banking webpage has been updated, further expanded, made more easily available and better explained in short videos. Lastly, we invested more in warning our customers specifically about fraud events.

The impact of fraud on the annual results is limited. Within Triodos Bank, an integrated Know Your Customer (KYC) and Financial Crime department has been set up with a Group Director to functionally steer Triodos Bank's policy and practice on financial crime at Group level.

Financial reporting risk

Triodos Bank is subject to financial reporting risk which relate to interpretation of regulations, data quality and estimations and assumptions applied to disclosures in the financial statements. Triodos Bank is continually 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 ensure that co-workers in all functions comply with applicable laws and regulations.

The compliance function independently monitors and challenges the extent to which Triodos Bank complies with laws, regulations and internal policies. Within this, there is 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 Management Team Compliance, chaired by the Group Director Compliance. Compliance officers and data protection officers are appointed in every banking business unit with a reporting line to the Group Compliance department. The heads of compliance from all entities form the Management Team Compliance. 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. The Non-Financial Risk Committee is the governing body 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.

A compliance framework is in place to set out the principles for the management of compliance risks within Triodos Bank, which helps the first line to manage compliance risks effectively and efficiently. Triodos Bank aims to manage its compliance risks in a way that they remain within acceptable levels. These levels are defined in the overall risk appetite.

Triodos Bank has a low appetite for compliance risks. Triodos Bank is committed to uphold sound business practices and to diligently comply with legal and regulatory standards. Compliance key risk indicators have been defined to assess whether the compliance risks are within an acceptable level. The compliance key risk indicators are measured quarterly and are incorporated in the quarterly compliance reports.

In accordance with the compliance framework, Group Compliance incorporates the quarterly reports of the business units into the Group compliance report that is discussed by the compliance leadership team and thereafter submitted to the Non-Financial Risk Committee. A summary of the report is added to the Enterprise Risk Management Report and submitted to the Executive Board and the Audit and Risk Committee of the Supervisory Board.

In 2023, the risk and compliance functions were restructured as part of the redesign of the Triodos Operating Model. Within compliance, this resulted in more centralised steering with better alignment of activities and deeper integration of processes to support Triodos Bank being more in control of risks.

On 6 March 2019, the Dutch central bank, De Nederlandsche Bank (DNB) imposed a formal instruction (aanwijzing) on Triodos Bank to remedy shortcomings in compliance with provisions of the anti-money laundering and countering the financing of terrorism legislation, and with financial supervision laws. In 2023, DNB formally closed this instruction, following effective remediation by Triodos Bank.

In 2023, Triodos Bank was not involved in sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability.

Legal risk

Legal risk is defined as the risk associated with changes in and compliance with legislation and regulation, potential threats to the institution's legal status, including the possibility that contractual provisions are not enforceable or not properly documented.

The legal and regulatory environment is large and complex. Significant steps are made to improve the process of detecting, analysing, and implementing regulatory changes. The legal function is active in cooperation with the other areas and business units within Triodos Bank to provide operational support and managing legal risks.

Approach for the assessment of minimum own fund requirements

Triodos Bank applies the basic indicator approach to calculate minimum capital requirements for operational risk.

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	**a**	**b**	**c**	**d**	**e**
		Relevant indicator			**Own funds requirements**	**Risk exposure amount**
	Amounts 2023 (in EUR 1,000)	**Year-3**	**Year-2**	**Last year**		
1	Banking activities subject to basic indicator approach (BIA)	341,931	375,305	466,082	59,166	739,574
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

14. Interest rate risk

Triodos Bank does not maintain a trading book. Therefore, all interest rate risk exposure is subject to Article 84 of Directive 2013/36/EU. Interest rate risk in the banking book (IRRBB) is inherent in regular customer-related banking activities, as short-term funding is invested in long-term loans. Triodos Bank uses mainly retail funding to finance customers and projects with the aim to make money work for positive change in society.

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 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:

- 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 customer interest rates and terms will not be made if they would materially impair Triodos Bank's customer service, market position, profitability, capital adequacy and reasonable customer expectations.
- The amount and duration of the marketable investments in the liquidity buffer can be adjusted.

- Triodos Bank uses interest rate swaps (IRS) to maintain the bank's IRRBB exposure within the limits if the first two methods are not effective enough. The consequent positions are taken into account in all the IRRBB calculations, subject to hedge accounting, to avoid profit or loss volatility.

The Asset and Liability Committee is responsible for monitoring and decision-making related to the management of IRRBB. Additionally, the Model and Assumptions Review Committee approves material changes to IRRBB models and changes to important model assumptions.

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 EVE: this is the economic value of equity at risk relative to CET1, for several interest rate shocks as specified in the EBA Guidelines on IRRBB.
- Supervisory outlier test NII: this is the net interest income at risk relative to CET1, 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.

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.

Triodos Bank has been granted a waiver under CRR art. 352(2) to exclude this investment from its net open position. With the waiver Triodos Bank will gradually wind down its currency hedge and apply the waiver to reduce the effect of the FX position on the total capital ratio.

Modelling and parametric assumptions

The model used for calculating IRRBB measures complies with the EBA guidelines. The balance sheet in Triodos Bank's model develops according to the budget/forecasts for earnings calculations and uses a run-off profile for the EVE calculations. In modelling of IRRBB, client behaviour is complex as it depends on many factors and, as a result, IRRBB models in general build on many assumptions. A brief description of relevant assumptions used in Triodos Bank's IRRBB modelling follows.

First, behavioural models are used to assess the interest rate risk in savings and current accounts. The interest rate risk stemming from these products is difficult to quantify since these accounts typically have variable interest rates and no fixed maturity. The objective of the models is to forecast the future outflow of the non-maturing deposits and their sensitivities to market conditions based on historical data, taking into consideration the statistical significance of that data. The model combines the relationship between client interest rates and market interest rates and outflow predictions.

Secondly, prepayments on loans and mortgages affect interest rate risk on the asset side of the balance sheet and depend on customer behaviour as well. Due to the change in interest rate environment and the maturity of the portfolio, prepayments decreased during the last year. Therefore, behavioural assumptions are present in the risk model and the level of prepayments is included in the measurement of IRRBB. Currently, a constant prepayment rate is used, consistent with the forecast made by the banking business units. Triodos Bank 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 resolve the accounting asymmetry between the portfolio of hedged items (loans and mortgages) measured at amortised cost, and the interest rate derivatives measured at fair value through the profit or loss statement. As a consequence, hedge ineffectiveness is automatically reflected in the profit or loss.

Explanation of the significance of the IRRBB measures and significant variations

Triodos Bank changed to disclosing the Supervisory Outlier Test for both Economic Value of Equity (EVE) and Net Interest Income (NII) as IRRBB measures, where previous year the internal EVE at Risk and NII at Risk metrics were disclosed.

Economic value of equity at risk (EVE at risk) slightly decreased in 2023. A growing bond and mortgage portfolio, and a shift from non-maturing to fixed-term deposits caused an increase in EVE at risk, which was more than offset by recalibrating the model parameters in the current interest rate regime and increased hedging with interest rate derivatives. All in all, the EVE SOT, as measured under a parallel up scenario, decreased from 10.8% to 9.5%.

Net interest income at risk (NII at Risk) decreased in 2023, this was a results of balance sheet movements and steering of the liquidity portfolio. The change in NII SOT under the parallel-down scenario decreased from 5.6% to 5.2%.

Changes in EVE and NII are measured with the following assumptions:
- The upward and downward scenarios reflect a parallel shock of 200 basis points for EUR and 250 basis points for GBP curves.
- Both shocks are applied instantaneously.
- The net interest income sensitivity is measured over a period of 12 months.
- Projected future volumes use a constant balance sheet assumption.

The average repricing maturity assigned to non-maturing deposits is 2.1 years.

Below follows a short summary of the main developments in the main interest rate risk indicators.

Supervisory outlier test NII
In 2023, the supervisory outlier test decreased from 5.6% to 5.2%. The supervisory outlier test worst-case outcome is measured in the parallel down scenario where rate increase 200 basis points for the EUR and 250 basis points for GBP rates.

Supervisory outlier test EVE
In 2023, the supervisory outlier test decreased from 10.8% to 9.5%. The supervisory outlier test worst- case outcome is measured in the parallel up scenario where rate increase 200 basis points for the EUR and 250 basis points for GBP rates.

Duration of equity
Duration of equity decreased from 5.0 to 4.4 years over the course of 2023. The developments resembled that of EVE at risk since 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 based on 100bps.

Interest rate risk in the banking book

EU IRRBB1 - Interest rate risks of non-trading book activities

	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios	31.12.2023	31.12.2022	31.12.2023	31.12.2022[1]
1 Parallel up	-9.5%	-10.8%	5.2%	5.6%
2 Parallel down	5.9%	6.9%	-5.2%	-5.8%
3 Steepener	-5.2%	-6.3%		
4 Flattener	1.4%	2.2%		
5 Short rates up	0.1%	0.3%		
6 Short rates down	-0.5%	-0.9%		

[1] The NII metrics reported are produced based on the supervisory outlier test, hence using constant balance sheet and instantaneous shock assumptions. These are different from the assumptions used previously, whereas the balance sheet was following the budget and the shocks were ramped over 12 months.

15. Remuneration

The Supervisory Board installed a Nomination and Remuneration Committee, appointed by the Supervisory Board from its own members. The (entire) Supervisory Board remains responsible for decisions prepared by the Nomination and Remuneration Committee.

The Nomination & Remuneration Committee is responsible for advising and preparing the discussions and decision-making of the Supervisory Board with respect to remuneration. In preparing such decisions the Nomination & Remuneration Committee takes into account the long-term interests of the shareholders, the investors and other stakeholders of the Company.

K.M. Flügel (Chair), D.A.M. Melis and M.E. Nawas are members of this Committee.

The Nomination and Remuneration Committee had six formal meetings in accordance with the corporate calendar in 2023 and four additional meetings.

In 2023, Triodos Bank received external advice on the remuneration from three external consultants. The first consultant is a global consulting firm performing benchmarking on remuneration. The second consultant is a law firm with specialisation in remuneration for financial institutions. Both are commissioned for their services by the Group HR or Legal department insofar it concerns co-worker remuneration and by the SB insofar it concerns remuneration of the Executive Board and Supervisory Board. The third consultant is an HR analytics firm specialising in conducting gender pay gap analyses and remuneration reporting commissioned by the Group HR department.

The International Remuneration and Nomination policy of Triodos Bank is applicable to all operating units of Triodos Bank Group and in all countries where Triodos Bank is operating. Triodos Bank Group operating units are Triodos Bank Belgium, Triodos Bank Germany, Triodos Bank Nederland, Triodos Bank Spain, Triodos Bank UK Ltd., Triodos Investment Management B.V., Head Office and Triodos Regenerative Money Centre.

As an effect of the organisational changes due to the implementation of the new Target Operating Model, the Identified staff population within Triodos changed in 2023 compared to 2022.

Within Triodos Bank the Identified Staff are:
- All members of the Executive Board and Supervisory Board;
- All Group Directors and all Managing Directors, qualifying as senior management;
- Local heads with managerial responsibilities over the institutions control functions

No additional co-workers are identified under any of the remaining categories as set out in Article 3 up to and including Article 6 of the RTS (EU) 2021/923.

Design and structure of the remuneration system

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 aligns with DNB's Regulation on Sound Remuneration Policies, European Banking Authority (EBA) Guidelines on sound remuneration policies, EBA Guidelines on remuneration of sales staff, the EU Sustainability Financial Disclosure Regulation (SFDR) and Global Reporting Initiative (GRI) standards for sustainability reporting. In Triodos Bank's 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 Triodos Bank's mission and to work according to Triodos Bank's corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive.

Triodos Bank operates in the financial sector. Therefore, its remuneration practice needs to be within the scope of what is expected in the financial sector to allow for a healthy inflow and outflow of co-workers. At the same time, Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. The ratio of the highest full-time salary to the median full-time salary was 4.9 in 2023 (2022: 5.1). Variable components are exceptional[1], modest and discretionary and are not an incentive to favour the co-workers' or the bank's own interest to the detriment of the Triodos Bank's customers. This all contributes to a strong sense of being jointly responsible for realising the mission of Triodos Bank.

Key elements of Triodos Bank's International Remuneration and Nomination policy are:
- Award fair and relatively modest remuneration in form of fixed pay for all co-workers based on the principle that the bank's results are the joint accomplishment of all co-workers.
- Triodos Bank does not offer bonus or share option schemes to members of the Executive Board, the Supervisory Board 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 the long term.
- Triodos Bank may provide individual tokens of appreciation. These are limited and decided discretionally. They are restricted to a maximum of one month's salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements subject to specific criteria and are at the discretion of management after consultation with Human Resources. Tokens of appreciation are not based on pre-set targets and are always offered post factum. The Tokens of Appreciation are subject to claw-back 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. In 2023, 5% of the average number of co-workers employed during 2022 received an individual Token of Appreciation. The total cost for individual Tokens of Appreciation concerned 0.22% of the total fixed remuneration paid to all co-workers.
- An annual, collective token of appreciation can be paid for the overall achievements and contribution of all co-workers. This modest amount is the same for all co-workers, with a maximum of EUR 500 gross per person, is the same for all co-workers. Members of the Executive Board do not receive this award. In 2023, a collective end-of-year token of appreciation of EUR 350 was awarded. The award is equal for all co-workers whether they work full time or part time and prorated for those not in service throughout the whole year.
- Triodos Bank provides local pension plans and a collective pension policy in each country if appropriate for the respective country under local circumstances. If there is no local policy, individual arrangements are made in the context of the labour contract. Under no circumstances are pension rights used to award specific achievements.
- Severance payments are in line with the principles of the International Remuneration and Nomination policy and should provide for appropriate compensation upon termination of the employment contract and should never reward failure or misconduct. Severance payments to daily policy makers do not exceed one year's salary, in line with the Dutch Financial Supervision Act and the EBA guidelines on sound remuneration. Severance payments to other co-workers do not exceed one year's salary unless local legislation requires otherwise.

More details on the Triodos Bank International Remuneration and Nomination policy are available on www.triodos.com.

The International Remuneration and Nomination policy is reviewed on an annual basis. The Group Director Human Resources ("Group Director HR") assesses the policy in view of the values of Triodos Bank and the relevant regulations in the countries where Triodos Bank operates. On Group level, the Legal department monitors the legal developments and notifies the Group Director HR of any changes in regulation related to remuneration that need to be included in this policy. The Group Direcor HR presents the reviewed policy to the Executive Board, after joint consultation of the internal control functions. The Executive Board presents the reviewed policy to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee presents the reviewed policy to the Supervisory Board for decision-making. The execution of this policy is audited by Internal Audit on an annual basis.

[1] Only by way of granting tokens of appreciation.

In 2023, no material changes were made in the International Remuneration and Nomination policy. The changes that were made included:

- updates to include the external core regulations are correctly taken into account in the International Remuneration and Nomination Policy;
- update to the scope of the International Remuneration and Nomination Policy to the Executive Board members;
- update the paragraph on risk mitigating in alignment with the Sustainability Financial Disclosures Regulations
- clarification that salary increases of senior management is set by the EB in accordance with the Guidelines on senior leadership remuneration;
- clarification that the maximum salary increase of 15% is excluding collective salary increases;
- clarification of the process on and qualification of tokens of appreciation and claw-back arrangements, welcome payments and severance payments in line with EBA guidelines;
- including the possibility to award retention instruments subject to applicable law and regulations by the Executive Board if awarding such instruments is deemed necessary to safeguard Triodos Bank's mission and long-term value.
- alignment of additional provisions for defined roles and positions on nomination, dismissal, remuneration and appraisal with organisational changes due to the implementation of the new Target Operating Model.

Remuneration of the members of the Executive Board is determined by the Supervisory Board, upon advice of the Nomination and Remuneration Committee, based on the Executive Board Remuneration Policy and guidelines on senior leadership remuneration. The Executive Board Remuneration Policy is in accordance with the International Remuneration and Nomination policy. On 26 May 2023, the Annual General Meeting of shareholders approved an update to Executive Board Remuneration Policy to (i) improve transparency on aspects of Executive Board remuneration; (ii) clarify which powers are laid down with the Supervisory Board and the general meeting; and (iii) bring it in line with mandatory legal requirements. The updated policy was effective as of 1 January 2023. The Executive Board Remuneration Policy is available on the website.

Remuneration of members of the Supervisory Board is set by the annual general meeting of shareholders. The Supervisory Board may submit proposals to the annual general meeting on Supervisory Board remuneration. In 2023 Triodos Bank developed a draft Supervisory Board Remuneration Policy to improve transparency on aspects of Supervisory Board remuneration. Implementing such Supervisory Board Remuneration Policy is subject to approval of the annual general meeting of shareholders.

Risks

The International Remuneration and Nomination policy aims to encourage business practice aligning with the financial and sustainability risk appetite of Triodos. As elaborated in the Impact and Financial Risk Management policy, the management of financial and sustainability risks are integrated across all levels of the business and periodically reassessed. In addition, the management and delivery of good customer outcomes through effective conduct risk management practices is also intrinsic to the principles of this policy. In line with the mission, creating sustainable impact by addressing the intrinsic motivation of our co-workers, Triodos Bank chooses not to have any regular performance-related bonuses (such as variable remuneration based on predetermined financial or achievements) as these can enhance a culture of taking unjustified risk for individual benefit rather than consideration of risk from a stakeholder perspective. The International Remuneration and Nomination policy only recognises fixed salaries and limited variable remuneration on a discretionary basis. There can be special circumstances that justify granting a so-called token of appreciation to (a) co-worker(s) in hindsight. These tokens of appreciation are exceptional, limited and modest to emphasise the non-risk-related nature of this remuneration element.

To comply with the Regulation on sound remuneration policies, Triodos Bank explicitly states that its policy does not negatively influence the ability of Triodos Bank to maintain a sound capital base. The policy is also designed to avoid conflicts of interest between individual co-workers and Triodos Bank and its customers. It describes transparent governance with respect to nomination, dismissal, remuneration and appraisal of co-workers.

Variable remuneration

As elaborated under the paragaph above, Triodos Bank chooses not to have any regular performance-related variable remuneration. Triodos Bank may provide tokens of appreciations.

EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
	Amounts 2023 (in EUR 1,000)		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	6	6	31	11
2		**Total fixed remuneration**	**186**	**1,999**	**5,758**	**1,312**
3		Of which: cash-based[1]	186	1,632	4,877	1,198
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms[2]		367	881	114
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff			29	13
10		**Total variable remuneration**[3]			29	**67**
11		Of which: cash-based			29	67
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	**Total remuneration (2 + 10)**		**186**	**1,999**	**5,787**	**1,379**

[1] This concerns fixed salary expenses and other fixed allowances
[2] This concerns pension contributions, pension allowance for salary above legal maximum and private use company car
[3] This concerns Welcome payments, Tokens of Appreciation and severance payments awarded during year

EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
	Amounts 2023 (in EUR 1,000)	**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				2
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				141,695
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff				1
7	Severance payments awarded during the financial year - Total amount				59,027
8	Of which paid during the financial year				59,027
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person				59,027

EU REM4 - Remuneration of 1 million EUR or more per year

		a
	Amounts 2023 (in EUR)[1]	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	
2	1 500 000 to below 2 000 000	
3	2 000 000 to below 2 500 000	
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	

[1] Mandatory table not applicable for Triodos Bank

EU REM3 - Deferred remuneration

	Amounts 2023 (in EUR 1,000)	a	b	c
	Deferred and retained remuneration[1]	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years
1	MB Supervisory function			
2	Cash-based			
3	Shares or equivalent ownership interests			
4	Share-linked instruments or equivalent non-cash instruments			
5	Other instruments			
6	Other forms			
7	MB Management function			
8	Cash-based			
9	Shares or equivalent ownership interests			
10	Share-linked instruments or equivalent non-cash instruments			
11	Other instruments			
12	Other forms			
13	Other senior management			
14	Cash-based			
15	Shares or equivalent ownership interests			
16	Share-linked instruments or equivalent non-cash instruments			
17	Other instruments			
18	Other forms			
19	Other identified staff			
20	Cash-based			
21	Shares or equivalent ownership interests			
22	Share-linked instruments or equivalent non-cash instruments			
23	Other instruments			
24	Other forms			
25	**Total amount**			

[1] Mandatory table not applicable for Triodos Bank

d	e	f	EU - g	EU - h
Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		Management body remuneration			
	Amounts 2023 (in EUR 1,000)	**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**
1	**Total number of identified staff**				
2	Of which: members of the MB	6	6	12	
3	Of which: other senior management				
4	Of which: other identified staff				
5	**Total remuneration of identified staff**	**186**	**1,999**	**2,187**	
6	**Of which: variable remuneration**[1]				
7	**Of which: fixed remuneration**[2]	186	1,999	2,187	

[1] This concerns Welcome payments, Tokens of Appreciation and severance payments awarded during year
[2] This concerns fixed salary expenses, pension contributions, pension allowance for salary above legal maximum and private use company car

e	f	g	h	i	j
Business areas					
Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
					53
7	3	16	5		
			11		
1,377	**691**	**2,879**	**2,220**		
61	1	18	16		
1,315	690	2,861	2,204		

Triodos Bank