

Annual Report 2022

Triodos  Bank

Appendix VII – Taxonomy table

Explaining the template

To align with future reporting requirements, Triodos Bank has reported on the EU Taxonomy using Template 7 of the CRR ESG Risk disclosure templates which is largely similar to Template 1 of Annex VI of the Taxonomy regulation published in December 2021. The main difference is that the EU Taxonomy Annex VI Template 1 includes off-balance sheet exposures and the CRR template does not. As our guarantees (which are off-balance sheet exposures) are not material, we do not disclose the eligibility of these positions in FY2022. For the funds under management we provide a voluntary disclosure.

Triodos Bank has made a restatement for the FY2021 figures. To align with the EU Taxonomy and CRR Pillar 3 ESG Reporting templates, we report all financial corporations in the numerator. This means that we do not make a distinction in our disclosure between financial corporations that are subject to NFRD disclosure or not. In line with regulatory requirements we do not disclose eligibility of these financial corporations that are not subject to NFRD. Additionally we no longer report separately on green bond exposures as these are included in debt securities. Furthermore we have adjusted the methodology to identify NFRD-obligatory companies based on EU-level regulations in stead of local country regulations. The local NFRD regulations are more strict in several countries such as Spain, meaning more companies are obligatory to provide NFRD reports but not per se to provide EU Taxonomy information. This change has led to a reduction in exposure to NFRD-obligatory counterparties in 2021 from EUR 313 million with EUR 98 million to EUR 215 million.

The 2022 Taxonomy-eligibility assessment includes our business loans, Treasury positions, mortgage loans, specialised lending to municipalities and equity positions on our balance sheet. Exposures within Triodos Bank UK are to be considered if they are to (subsidiaries of) an EU based group. Triodos Investment Management activities are seen as 'funds under Management' which is not included in the mandatory reporting for FY2022. Additionally, while Triodos Investment Management is active in Europe, the global activities outside the EU fall out of scope for Taxonomy-eligibility. Other asset management activities within Triodos including private banking and activities of TRMC also remain out of scope as these do not meet the UCITS/AIF qualification. In the future these activities will be relevant for the EU Taxonomy KPI on Fees and Commissions, which will become applicable as per 2026.

On the website of our 2022 annual report we have published a more detailed methodology on how we report on the EU Taxonomy. There are three main data sources that flow to the EU Taxonomy reporting template: Business Banking, Triodos Investment Management and our Treasury positions. The EU Taxonomy information is disclosed at the level of "prudential consolidation", meaning on the basis of the prudential consolidated financial statements that are disclosed in the context of supervisory financial reporting (FinRep). To ensure consistency with the annual accounts, FinRep is reconciled with the IFRS figures. The major difference stems in the requirement to report EU Taxonomy figures in gross carrying amounts (amortised cost of a financial asset before adjusting for any loss allowance), whereas the IFRS balance sheet total is reported in carrying amounts. While FinRep is reconciled with the annual accounts, the external audit on the FinRep figures commences in Q2 2023, meaning that the FY2022 FinRep figures are not audited at the time of publication of the FY2022 annual report and therefore may be subject to change.

Assumptions and limitations

This is the first reporting year to disclose on a mandatory basis using information obtained bilaterally from counterparties or their public disclosures. Also for these clients the EU Taxonomy is in an implementation phase, meaning that their eligibility towards Climate Change Mitigation and Climate Change adaptation is also limited and may vary in the future.

For a correct categorisation of the numerator and denominator we need to know if a counterparty

is subject to NFRD disclosure obligations. For this NFRD assessment, no public database or repository is present in the EU to determine which counterparties must report on non-financial information. The process therefore is a complex and manual exercise. Triodos has made the assessment on a best effort basis and used professional judgment to determine which clients are under the scope of the NFRD. The NFRD check consisted of two steps. In the first phase we determined whether counterparties on an entity or consolidated basis met the size thresholds for NFRD. If these size thresholds were met, a PIE (Public Interest Entity) assessment was performed. In several instances clients have indicated they are not obligated to report under NFRD. In those situations we consider the client information to be leading and we do not consider the client as being NFRD-obligatory.

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
GAR - Covered assets in both numerator and denominator							
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5,848	4,770	81.6%	4,987	3,815	76.5%
2	Financial corporations	877	55	6.3%	758	30	4.0%
3	Credit institutions	406	55	13.5%	340	30	8.8%
4	Loans and advances	97	34	35.1%	82	-	0.0%
5	Debt securities, including UoP	279	20	7.2%	232	30	12.9%
6	Equity instruments	31	-	0.0%	26	-	0.0%
7	Other financial corporations	471	-	0.0%	418	-	0.0%
8	Loans and advances	467	-	0.0%	408	-	0.0%
9	Debt securities, including UoP	1	-	0.0%	6	-	0.0%

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
10	Equity instruments	4	-	0.0%	4	-	0.0%
11	Non-financial corporations (subject to NFRD disclosure obligations)	232	137	59.1%	239	18	7.5%
12	Loans and advances	195	104	53.3%	199	-	0.0%
13	Debt securities, including UoP	38	34	89.5%	40	18	45.0%
14	Equity instruments	-	-	0.0%	-	-	0.0%
15	Households	4,601	4,460	96.9%	3,811	3,636	95.4%
16	of which loans collateralised by residential immovable property	4,460	4,460	100.0%	3,636	3,636	100.0%
17	Local governments financing	132	114	86.4%	172	123	71.5%
18	Other local governments financing	132	114	86.4%	172	123	71.5%
19	Collateral obtained by taking possession: residential and commercial immovable properties	5	5	100.0%	7	7	100.0%
20	TOTAL GAR ASSETS	5,848	4,770	81.6%	4,987	3,815	76.5%
Assets excluded from the numerator for GAR calculation (covered in the denominator)							
21	EU Non-financial corporations (not subject to NFRD disclosure obligations)	4,222			4,194		
22	Loans and advances	4,186			4,145		

In millions of EUR		2022 ¹			2021 ¹		
		Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %	Total gross carrying amount	Of which Taxonomy-eligible	Taxonomy-eligibility %
23	Debt securities	35			48		
24	Equity instruments	1			1		
25	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	1,238			1,294		
26	Loans and advances	1,238			1,294		
27	Debt securities	-			-		
28	Equity instruments	-			-		
29	Derivatives	296			20		
30	On demand interbank loans	186			145		
31	Cash and cash-related assets	-			-		
32	Other assets (e.g. Goodwill, commodities etc.)	241			232		
33	TOTAL ASSETS IN THE DENOMINATOR (GAR)	12,031	4,770	39.6%	10,872	3,815	35.1%
	Other assets excluded from both the numerator and denominator for GAR calculation						
34	Sovereigns	1,480			1,354		
35	Central banks exposure	2,631			4,328		
36	Trading book	-			-		
37	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	4,111			5,682		
38	TOTAL ASSETS²	16,142	4,770	29.6%	16,554	3,815	23.0%

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

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