Triodos Bank

Half year report 2017

Sustainable banking

means using money with conscious thought about its environmental, cultural and social impacts, and with the support of savers and investors who want to make a difference, by meeting present day needs without compromising those of future generations.

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

Half year report 2017
Triodos Bank NV

Key figures

Amounts in millions of EUR	First half-year 2017	31 December 2016
Financial		
Common equity Tier 1	904	839
Equity	957	904
Number of depository receipt holders	38,898	38,138
Funds entrusted	8,435	8,025
Number of accounts	780,682	759,738
Loans	6,076	5,708
Number of accounts	53,572	50,765
Balance sheet total	9,536	9,081
Funds under management*	4,455	4,373
Total assets under management	**13,991**	**13,454**
Common equity Tier 1 ratio	20.1%	19.2%
Total Capital ratio	20.1%	19.2%
Leverage ratio	9.0%	8.8%
Liquidity coverage Ratio	256%	319%
Net Stable Funding Ratio	146%	149%
Per share (in EUR)		
Net asset value at the end of the period	81	82
Social		
Number of co-workers at the end of the period**	1,323	1,271

	First half-year 2017	First half-year 2016
Total income	118.7	105.7
Operating expenses	-92.9	-81.6
Impairments loan portfolio	-1.0	-0.2
Value adjustments to participating interests	0.8	0.6
Operating result before taxation	25.6	24.5
Taxation on operating result	-6.2	-5.9
Net profit	**19.4**	**18.6**
Operating expenses/total income	78%	77%
Per share (in EUR)		
Net profit***	1.70	1.88

* Including funds under management with affiliated parties that have not been included in the consolidation.
** Concerns all co-workers employed by Triodos Bank NV, excluding co-workers employed by the joint venture Triodos MeesPierson.
*** The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.

Sustainability – going further, faster

In the first half of the year a movement of business, government and civil society has continued to rally around global initiatives to take meaningful action to end poverty, protect the planet and ensure prosperity for all. The Paris climate agreement in 2015, which brought all nations together in ambitious efforts to combat climate change, is one, powerful example.

There are obstacles to act on the agreement, such as the United States' Administration's announcement that the country would withdraw from it. However, even this has only served to galvanise a movement – including in the United States itself - that's committed to putting 'planet first'. At the same time with a number of elections taking place in Europe, there is pressure on politicians to make positive commitments to act to address social, environmental and cultural issues.

As well as top-down initiatives, we're starting to see business in particular act from the bottom up to bring about real transformation. Some companies are making genuine efforts to reduce their carbon emissions to safe levels, for example. While we are not going far enough, fast enough given the urgency of these challenges - and while there continue to be examples of organisations paying lip service to these goals while continuing to do little in practice - there is reason for optimism. In a very real sense the sustainable economy is moving from a niche to become the new economy.

Meeting the needs of today and tomorrow

Sustainable development was defined by the Brundtland Report in 1987 as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. It's a relatively old definition that's more relevant now than ever before. And it continues to encourage sustainable front-runners like Triodos Bank to act in a joined-up way.

For us, that means exclusively financing businesses in the social, environmental and cultural sectors. In The Netherlands, in the first half of the year, for example, we financed Syrian refugees with an asylum residence permit to open the country's first eco-certified döner kebab restaurant. Refugees

EUR 9.5 billion

During the first six months of 2017, Triodos Bank's balance sheet rose by 5% to EUR 9.5 billion.

often find it difficult to access the Dutch labour market, even when they have been successful entrepreneurs in their country of origin. Triodos Bank was the first bank in The Netherlands to seriously consider financing entrepreneurs from the refugee community and is interested in doing more in the future.

The power of the many

Broadening and deepening sustainability is not just about what we do as an individual institution. We need to develop partnerships committed to fast, effective transformation. We want in particular to encourage the banking industry to contribute positively and directly to the sustainability agenda.

One of the most powerful ways we do that is through the Global Alliance for Banking on Values (GABV), a network of over 40 independent sustainable banks co-founded by Triodos Bank in 2009. CEOs from these leading values-based banks met in Nepal earlier this year at the GABV's annual meeting, hosted by Nepalese Merchant Bank. Their shared focus was to 'shift the financial paradigm' – away from a traditional focus on risk and short term return towards a system where the environmental impact and longer term effect of financial decisions on society become key in making decisions.

By working with inspiring sustainable banks from around the world we have co-created a movement that we believe is relevant for all society. Ultimately, sustainability should not be the preserve of only an 'enlightened few'. For us that means continuing to broaden our products and services. In the first half of the year we launched sustainable retirement investment funds in Spain and a personal current account in the UK to further build on a range of accessible products to a broadening customer base.

We also want to bring our investment policy closer to the objectives of initiatives like the Paris climate agreement, which requires business to take a more proactive approach to the climate agenda. We want to encourage others to not just comply with these agreements but be ambitious to really push what's possible to meet the sustainability challenges we face. One way to do that is for Triodos Investment Management to bring the financial assessment of stock listed companies in its Socially Responsible Investment funds in-house; so the Funds benefit from the integrated assessment of both sustainability and financial performance at the heart of Triodos' work.

The rise of Values-based Banking

This year, as negotiations continued to form a new Dutch coalition government, we took the initiative to convene the CEOs of the Dutch banks and pension funds to strengthen the connection between these financial institutions, Government and wider society to meet the Paris climate agreement, building on existing commitments to increase efforts to finance the sustainable transition of the Dutch economy. In particular the CEOs suggested policy options designed to strengthen cooperation between Government and the financial sector. This is a first for the sector and we are delighted to see banks across the board committing to a more sustainable future.

As a frontrunner in sustainable finance we can play a role helping to steer and influence these developments, drawing attention to the connections between and importance to people of sectors such as care, housing and food. By financing entrepreneurs working to feed, house and take care of the whole of the community we can build a more inclusive society.

With this experience of acting from the bottom up, coupled with the inspiration of initiatives from the top down, we can continue to push the possibilities for the banking sector of the future.

672 thousand

In the first six months of 2017 the number of customers increased by 20,000 to 672,000, an increase of 3%.

The impact of excess liquidity

While growth has started to pick up in the wider economy there continues to be a huge surplus of liquidity in markets, looking for a place to be productive. This means that interest rates continue to be at unprecedented low levels. This, in turn, has forced banks to lower interest rates, both for borrowers and depositors.

Low interest rates have a particular impact on Triodos Bank because it finances all of its lending from deposits. This low interest rate environment also leads some borrowers to refinance at lower rates and to pay back their borrowing earlier than planned. These issues, together with costs of regulation that have increased substantially since the financial crisis, have an impact on Triodos Bank's profitability.

Banking activities

During the first six months of 2017, Triodos Bank's balance sheet rose by 5% to EUR 9.5 billion. Growth during the same period in 2016 was also 5%. Stable and healthy growth of the loan book is important for Triodos Bank and directly contributes to its mission.

In the first half of the year our impact lending increased by 6.6% (first half year of 2016: 4.1%). Mortgages accounted for an important part of this increase. In the first half of 2017 mortgages granted increased by 15.8%, compared to 16% in the same period last year.

Total loans increased by 6.4% in the first half of the year. In general, we remain confident in the potential to grow the loan book in the coming years. Income and the results of the Spanish branch in particular are under pressure from the high level of early redemptions on loans due to the low interest environment. This is expected to normalise in due course.

The loans to deposit ratio, calculated for our impact lending, increased modestly from 64% at the end of 2016 to 64.9% in the first half of 2017. Triodos Bank aims to lend between 70% and 80% of funds entrusted.

The impairments for the loan portfolio amounted to EUR 1.0 million compared with EUR 0.2 million in the same period of 2016, reflecting a robust loan portfolio quality. In the first six months of 2017 the number of customers increased by 20,000 to 672,000, an increase of 3% (first six months of 2016: 4%).

Sustainable banking with Triodos Bank remains attractive for many people. Funds entrusted, which are composed of savings, fixed-term deposits, and current account balances, increased by 5% compared with 5% during the same period in 2016.

In the first half of 2017, the volume of funds managed by Triodos Private Banking grew by 5% to EUR 1.1 billion, the same increase as in the first half of 2016.

During the same period, Triodos Bank's equity increased by 6% to EUR 957 million, compared to 7% during the same period in 2016. We will continue our efforts to raise new capital in order to maintain Triodos Bank's strong capital position.

Triodos Investment Management

In the first half year of 2017, the total volume of the Triodos investment funds remained almost stable at EUR 3.3 billion (end of 2016: EUR 3.3 billion). Compared to the year-end figures, the total volume of the Triodos investment funds increased by 1.3%. Although the overall growth of the assets under management was relatively modest, the large majority of the funds continued to experience inflow.

Financial results

In the first six months of 2017, Triodos Bank's net profit reached EUR 19.4 million. This is 4.3% higher compared to the the same period in 2016 (EUR 18.6 million).

Capital position

Triodos Bank has a common equity Tier 1 ratio of 20.1%. This is an important indicator of a bank's solvency.

Triodos Bank aims to have a strong capital position. To maintain this position and to enable further growth of its loan portfolio, the bank continues to raise new capital – across our European branch network, as well as through targeted campaigns. In the first six months of 2017 the bank raised EUR 37 million in new capital.

Outlook

Triodos Bank expects to continue to grow in the second half of 2017. To support this growth, the bank aims to raise capital of EUR 60 million to EUR 75 million in the second half of the year.

Steady growth in volumes of funds entrusted and sustainable loans to entrepreneurs and projects is also expected in the second half of 2017.

In the context of the current low interest environment Triodos Bank expects to realise a modest but stable Return on Equity between 3% and 4%, resulting in a net profit for 2017 between EUR 30 and 40 million.

Zeist, 24 August 2017
Triodos Bank Executive Board

Key figures for the first half-year of 2017 by branch and business unit

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	3,437,791	1,747,703	1,074,916	1,909,168
Number of accounts	402,003	76,475	53,756	231,257
Loans	2,531,293	1,396,480	825,879	1,028,048
Number of accounts	34,279	3,430	1,293	10,056
Balance sheet total	3,934,593	2,009,850	1,263,143	2,134,689
Funds under management				
Total assets under management	**3,934,593**	**2,009,850**	**1,263,143**	**2,134,689**
Total income	37,981	22,383	15,696	17,828
Operating expenses	-25,304	-15,075	-10,860	-18,170
Impairments loan portfolio	2,041	-193	-801	-1,668
Value adjustments to participations				-17
Operating result	14,718	7,115	4,035	-2,027
Taxation on operating result	-3,533	-2,547	-918	989
Net profit	**11,185**	**4,568**	**3,117**	**-1,038**
Average number of co-workers on a full-time basis	183.5	124.7	148.1	266.1
Operating expenses/total income	67%	67%	69%	102%

Bank Germany	Total banking activities	Investment Management	Investment Advisory Services	Private Banking	Other	Elimination intercompany transactions	Total
272,478	8,442,056					-7,332	8,434,724
17,191	780,682						780,682
294,084	6,075,784					-54	6,075,730
4,514	53,572						53,572
383,886	9,726,161				1,355,723	-1,545,679	9,536,205
		3,336,919	–	1,105,490	12,866		4,455,275
383,886	**9,726,161**	**3,336,919**	**–**	**1,105,490**	**1,368,589**	**-1,545,679**	**13,991,480**
4,532	98,420	16,890	229	2,865	1,867	-1,588	118,683
-4,683	-74,092	-13,679	-169	-2,251	-4,228	1,587	-92,832
-410	-1,031						-1,031
	-17				803		786
-561	23,280	3,211	60	614	-1,558	-1	25,606
87	-5,922	-802	-15	-153	729	–	-6,163
-474	**17,358**	**2,409**	**45**	**461**	**-829**	**-1**	**19,443**
46.8	769.2	152.2	0.0	18.0	239.6		1,179.0
103%	75%	81%	74%	79%			78%

Consolidated balance sheet as at 30 June 2017

in thousands of EUR	Reference*	30.06.2017	31.12.2016
Assets			
Cash		936,995	732,219
Government paper		144,825	178,902
Banks		490,913	467,529
Loans	1	6,075,730	5,708,338
Interest-bearing securities	2	1,599,634	1,718,786
Shares		20	20
Participating interests		17,478	16,411
Intangible fixed assets		27,911	25,159
Property and equipment		70,886	56,725
Other assets		25,925	24,800
Prepayments and accrued income		145,888	152,349
Total assets		**9,536,205**	**9,081,238**
Liabilities and equity			
Banks		45,867	31,582
Funds entrusted	3	8,434,724	8,024,620
Other liabilities		23,047	16,822
Accruals and deferred income		72,840	101,002
Provisions		3,168	3,353
Capital		588,271	554,415
Share premium reserve		154,606	151,157
Revaluation reserve		1,827	689
Statutory reserve		20,299	18,540
Other reserve		172,113	149,734
Result for the period		19,443	29,324
Total equity and liabilities		**9,536,205**	**9,081,238**
Contingent liabilities	4	77,721	75,173
Irrevocable facilities	5	1,106,227	925,510
		1,183,948	**1,000,683**

* References relate to the notes starting on page 22.

Consolidated profit and loss account

in thousands of EUR	First half-year 2017	First half-year 2016
Income		
Interest income	90,814	87,474
Interest expense	-13,588	-17,338
Interest	**77,226**	**70,136**
Income from other participations	136	124
Investment income	**136**	**124**
Commission income	42,414	36,969
Commission expense	-1,545	-1,795
Commission	**40,869**	**35,174**
Result on financial transactions	372	210
Other income	80	93
Other income	**452**	**303**
Total income	**118,683**	**105,737**
Expenses		
Personnel and other administrative expenses	87,616	77,368
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	5,216	4,275
Operating expenses	**92,832**	**81,643**
Impairments loan portfolio	1,031	171
Value adjustments to participating interests	-786	-573
Total expenses	**93,077**	**81,241**
Operating result before taxation	25,606	24,496
Taxation on operating result	-6,163	-5,850
Net profit	**19,443**	**18,646**
Amounts in EUR		
Net profit per share	1.70	1.88

Consolidated statement of comprehensive income

in thousands of EUR	First half-year 2017	First half-year 2016
Net result	**19,443**	**18,646**
Revaluation of property, equipment and participating interest after taxation	1,133	547
Exchange rate results from business operations abroad after taxation	-843	-170
Total amount recognised directly in equity	**290**	**377**
Total comprehensive income	**19,733**	**19,023**

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Consolidated statement of changes in the equity

in thousands of EUR	Share Capital
Equity as at 31 December 2015	**484,329**
Increase of share capital	24,570
Stock dividend	9,739
Revaluation of property, equipment and participation interest after taxation	
Realisation of revaluation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 30 June 2016	**518,638**
Increase of share capital	35,777
Stock dividend	–
Revaluation of property, equipment and participation interest after taxation	
Realisation of revaluation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 31 December 2016	**554,415**

Share premium	Revaluation reserve	Statutory reserve	Other reserve	Result for the year	Total equity
123,935	**503**	**11,286**	**119,737**	**40,727**	**780,517**
15,026					39,596
-9,739					–
	547				547
	5		-5		–
		-170			-170
			21,368	-21,368	–
				-19,359	-19,359
			15,582		15,582
		6,760	-6,760		–
			–		–
				18,646	18,646
129,222	**1,055**	**17,876**	**149,922**	**18,646**	**835,359**
21,935					57,712
–					–
	-371				-371
	5		-5		–
		481			481
			–	–	–
				–	–
			–		–
		183	-183		-
			–		–
				10,678	10,678
151,157	**689**	**18,540**	**149,734**	**29,324**	**903,859**

Consolidated statement of changes in the equity

in thousands of EUR	Share Capital
Equity as at 31 December 2016	**554,415**
Increase of share capital	22,680
Stock dividend	11,176
Revaluation of property, equipment and participation interest after taxation	
Realisation of revaluation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 30 June 2017	**588,271**

Share premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
151,157	**689**	**18,540**	**149,734**	**29,324**	**903,859**
14,625					37,305
-11,176					–
	1,133				1,133
	5		-5		–
		-843			-843
			6,882	-6,882	–
				-22,442	-22,442
			18,104		18,104
		2,602	-2,602		–
			–		–
				19,443	19,443
154,606	**1,827**	**20,299**	**172,113**	**19,443**	**956,559**

Consolidated cashflow statement

in thousands of EUR	First half-year 2017	First half-year 2016
Cashflow from operating activities		
Net profit	19,443	18,646
Adjustments for:		
• depreciation	5,216	4,275
• impairments loan portfolio	1,031	171
• value adjustments to participating interests	-786	-573
• exchange rate differences on property and equipment	5	5
• movements in provisions	-185	102
• other movements in accrued and deferred items	-21,689	-5,488
Cashflow from business operations	3,035	17,138
Movement in government paper	34,077	35,773
Movement in banks, deposits not on demand	68,048	84,653
Movement in loans	-368,423	-7,118
Movements in shares	–	45
Movement in banks, liabilities not on demand	14,285	-4,823
Movement in funds entrusted	410,104	332,142
Other movements from operating activities	5,094	-7,241
Cashflow from operating activities	**166,220**	**450,569**

in thousands of EUR	First half-year 2017	First half-year 2016
Cashflow from investment activities		
Investment in interest-bearing securities	-169,268	-250,462
Desinvestment in interest-bearing securities	288,420	184,151
Investment in participating interests	-2	-3,126
Disinvestment in participating interests	–	–
Net investments in:		
• intangible fixed assets	-5,383	-8,233
• property and equipment	-16,746	-1,025
Cashflow from investment activities	**97,021**	**-78,695**
Cashflow from financing activities		
Increase in equity	37,305	39,596
Payment of cash dividend	-4,338	-3,777
Purchases of depository receipts for own shares	–	–
Cashflow from financing activities	**32,967**	**35,819**
Net cashflow	**296,208**	**407,693**
Cash and cash equivalents at beginning of the period	1,011,475	584,562
Cash and cash equivalents at the end of the period	**1,307,683**	**992,255**
On demand deposits with central banks	936,995	597,660
On demand deposits with banks	370,688	394,595
Cash and cash equivalents at the end of the period	**1,307,683**	**992,255**
Supplementary disclosure of the cashflow from operating activities		
Interest paid	-15,700	-19,313
Interest received	90,446	84,600
Tax on profit paid	-9,023	-9,465
Dividend received from investments	136	124

Notes to the interim condensed consolidated financial statements

General

Triodos Bank N.V., having its legal address in Nieuweroordweg 1 in Zeist, The Netherlands, is a public limited liability company under Dutch law (Chamber of Commerce 30062415). Triodos Bank N.V. finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

Basis of preparation

The interim condensed financial statements ('the half year report') have been prepared in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports and in accordance with the legal requirements for the Annual Accounts of banks contained in Section 14 Title 9 Book 2 of The Netherlands Civil Code. This half year report does not contain all the information and disclosures required for the full year Annual Accounts and should therefore be read in conjunction with the Annual Accounts of Triodos Bank NV as at 31 December 2016.

The half year report has been prepared on the basis of the going concern assumption.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

This half year report has been reviewed and not audited by the external auditor.

Accounting principles

General

Unless stated otherwise, assets are stated at cost, whereby in the case of receivables a provision for doubtful debt is recognised.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to Triodos Bank and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from Triodos Bank of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Income and expenses are attributed to the period to which they relate or to the period in which the service was provided. Revenues are recognized when Triodos Bank has transferred the significant risks and rewards of ownership of the goods to the buyer.

Interest income and commissions from lending are not accounted for in the profit and loss account if the collection of the interest and commission is doubtful.

The half year report is presented in euros, Triodos Bank's functional currency. All financial information in euros has been rounded to the nearest thousand.

The use of estimates and assumptions in the preparation of the financial statements

The preparation of the half year report requires Triodos Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the six-month reporting period. It mainly concerns the methods for determining the fair value of assets and liabilities and determining impairments and other value adjustments. This involves assessing the situations on the basis of available financial data and information. For certain categories of assets and liabilities the inherent estimation risk may be higher as a result of lack of liquidity in the relevant markets. Although these estimates with respect to current events and actions are made to the best of management's knowledge, actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

In preparing these interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

Consolidation Principles

The half year report include the financial data of Triodos Bank, its group companies and other companies over which Triodos Bank has control. Control exists when Triodos Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Group companies are participating interests in which Triodos Bank has a direct or indirect controlling interest. In assessing whether controlling interest exists, potential voting rights that are currently exercisable are taken into account. Companies exclusively acquired with the view to resale are exempted from consolidation.

The financial information of subsidiaries are included in the consolidated scope from the date that control commences until the date that control ceases.

In preparing the half year report, intra-group debts, receivables and transactions are eliminated. The group companies are consolidated in full. The financial data for joint ventures are being consolidated pro rata to the participating interest held, if consolidation is necessary in order to provide a transparent overview of the assets and result of Triodos Bank N.V.

List of equity participations in accordance with Sections 2:379 and 2:414 of The Netherlands Civil Code:
- Kantoor Buitenzorg BV in Zeist, participating interest 100%, group company, fully consolidated;
- Kantoor Nieuweroord BV in Zeist, participating interest 100%, group company, fully consolidated;
- Stichting Triodos Beleggersgiro in Zeist, group company, fully consolidated;
- Triodos Custody BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finance BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos IMMA BVBA in Brussel, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Investment Advisory Services BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos MeesPierson Sustainable Investment Management BV in Zeist, participating interest 50%, joint venture with joint control, consolidated pro rata to the participating interest held;
- Triodos Nieuwbouw BV in Zeist, participating interest 100%, group company, fully consolidated.

Transactions in foreign currencies

Assets and liabilities related to transactions denominated in foreign currencies are converted at the spot rate on the balance sheet date. Transactions and the resulting income and charges in foreign currencies are converted at the rate applicable on the transaction date. The resulting exchange rate differences are accounted for in the profit and loss account under 'Result on financial transactions'.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and

conversion are credited or charged to the income statement, unless hedge-accounting is applied. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.
Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Business operations abroad

Assets and liabilities relating to activities in Business units abroad located outside the Eurozone are converted at the spot rate as at the balance sheet date. Income and expenses for activities in foreign business units outside the Eurozone will be converted at the exchange rate as at the transaction date. Any exchange rate differences arising from this will be charged or credited directly to the equity as a statutory reserve.

Hedging of the net investment in business operations abroad

Exchange rate differences arising on retranslation of a foreign currency liability accounted for as a hedge of a net investment in foreign business units located outside the Eurozone are taken directly to shareholders' equity, in the statutory reserve for conversion differences, insofar as the hedge is effective. The non-effective part is taken to the profit and loss account as expenditure.

Leasing

Triodos Bank leases land to build a new building for own use, whereby it retains substantially all the risks and rewards of ownership of this land. The land is recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the land or the discounted value of the minimum lease payments. The lease instalments to be paid are presented as interest expense.

The liabilities under the lease, excluding the interest payments, are included under other liabilities.

Financial instruments

Financial instruments, including derivatives separated from their host contracts, are initially recognised at fair value. If instruments are not measured at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement. After initial recognition, financial instruments are valued in the manner described below.

Cash

Cash represent cash in hand and cash balances at central banks. Cash is carried at nominal value.

Government paper

All government paper are held in the investment portfolio. They are stated at redemption value less any impairment losses. Differences between the acquisition price and the redemption value are amortised over the remaining life of the securities and are recognised as prepayments and accrued income or accruals and deferred income in the balance sheet. Realised changes in the value are recognised in the profit and loss account.

Banks

Receivables on banks are valued at amortised cost less any impairment losses. The impairment loss is determined per item, with the value of the collateral provided being taken into account.

Loans

Loans are valued at amortised cost less any impairment losses. The impairment loss is determined per item, with the value of the collateral provided being taken into account.

All business loans in the portfolio are periodically reviewed on an individual basis. Their frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates. Private loans are reviewed at portfolio level, and on individual basis if appropriate. The credit committee of a branch discusses and, if necessary, takes action with respect to overdue payments from debtors. If there is any doubt regarding the continuity of the debtor's core operations and/or a debtor fails to settle agreed interest and repayment instalments for a prolonged period, this debtor falls under the category of doubtful debtors and will be managed intensively.

Provisions for loan losses are taken for doubtful debtors at an individual level based on the difference between the total amount of the debtor's outstanding liability to Triodos Bank and the future expected cash flows, discounted at the original effective interest rate of the contract. These individual provisions include provisions for concessions or refinancing given to debtors who face financial difficulties. They are only granted to the debtor in question in order to overcome their difficulties in these exceptional circumstances. These are described as forbearance measures.

A provision has been taken for Incurred But Not Reported bad debts (the IBNR) to cover the time lag between the event that prompts the debt to qualify as doubtful and the moment that fact is known to Triodos Bank. This is a collective credit provision and is based on historical data. The IBNR is calculated by multiplying the exposure at default with the probability of default, the loss given default and the loss incubation period.

Interest-bearing securities

All interest-bearing securities are held in the investment portfolio. They are stated at redemption value less any impairment losses. Differences between the acquisition price and the redemption value are amortised over the remaining life of the securities and are recognised as prepayments and accrued income or accruals and deferred income in the balance sheet. Realised changes in the value are recognised in the profit and loss account.

Shares

Shares are not held in the trading portfolio and are valued at cost.

Participating interests

Participating interests where significant influence can be exercised will be valued at net asset value.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil.
If Triodos Bank N.V. can be held fully or partially liable for the debts of the participation, or has the intention of enabling the participation to settle its debts, a provision is recognised for this.

Participating interests where no significant influence can be exercised will be carried at fair value. In the case of a participating interest that is listed on an active stock exchange, the fair value will be deemed to be equal to the most recently published stock exchange price. In the case of a participating interest not listed on an active stock exchange or where there is no regular price quotation, the fair value will be determined to the best of one's ability using all available data, including an annual report audited by an external auditor, interim financial information from the institution and any other relevant data provided to Triodos Bank. Unrealised changes in the value of participating interests where no significant influence can be exercised are recognised in equity via the revaluation reserve, with the exception of changes in value below the acquisition price, which will be recognised directly in the profit and loss account.

Realised changes in the value will be recognised in the profit and loss account.

Exchange rate differences resulting from the conversion of foreign currencies will be charged or credited directly to the equity.

Intangible fixed assets

Intangible fixed assets are stated at acquisition price or cost of manufacture minus amortisation. These costs mainly comprise the cost of direct labour; upon termination of the development phase. The amortisation will be determined in line with the estimated useful life. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

The development costs for the banking system will be amortised over the estimated useful life from the moment the system is used, to a maximum of 10 years.

Management contracts paid by Triodos Bank when acquiring the participating interest in Triodos Investment Management BV will be written off over a period of 20 years till October 2026. The remaining depreciation period is nine years. No impairment was recognised based on the remaining usefullness of the contracts.

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

Property and equipment

Property under development is valued at the lower of the expenditure and the expected replacement cost upon completion. The expenditure consists of payments made to third parties.

Property for own use is stated at the actual cost. A valuation is carried out at least every five years by an external appraiser. The last valuation took place November 2013. The buildings for own use are depreciated according to the straight-line method on the basis of an estimated useful economic life of 40 years. Land for own use is not depreciated.

Equipment is stated at acquisition price less straight-line depreciation on the basis of estimated useful economic life. The depreciation periods vary from three to ten years.

The difference between the proceeds on disposal of equipment and net carrying value is recognised in the profit and loss account under Other income.

Other assets

Other assets are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for other assets.

Provisions

Provisions are valued at the nominal value of the expenses expected to be incurred in settling the liabilities and losses. The provisions mainly consist of a provision for major building maintenance which is based on a long-term maintenance programme. Other provisions may contain costs of unsettled claims, legal proceedings or other estimated costs for expected cash outflows that qualify as provisions under Dutch accounting principles.

Funds entrusted

On initial recognition funds entrusted are recognised at fair value. After initial recognition funds entrusted are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Other liabilities

On initial recognition other liabilities are recognised at fair value. After initial recognition other liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Purchases of depository receipts for own shares

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to the Other reserves. Any balance remaining after the re-issuing of all own depository receipts purchased shall be placed at the disposal of the Annual General Meeting.

Own depository receipts for shares may be purchased up to 2% of the issued and paid-up share capital.

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

Derivatives and hedge accounting

Derivative financial instruments consisting of foreign currency forward contracts and interest swaps are initially recognized at fair value, with subsequent measurement at each balance sheet date except if the cost model for hedge accounting is applied. Fair values are obtained from quoted market prices in active markets, except for interest rate swaps, whose fair values are determined by discounted cash flow analysis against prevailing market interest rates. Changes in the fair value are included in the profit and loss account, as result on financial transactions.

Derivatives embedded in contracts shall be separated from the host contract and accounted for separately at fair value if:
• the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
• a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative; and
• the combined instrument is not measured at fair value with changes in fair value recognised through profit and loss.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. Hedge accounting is applied to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit and loss account are offset by the changes in the value of forward exchange contracts arising from the difference between the spot rate at inception and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised over the term of the contract.

If cost hedge accounting is applied to hedge interest rate risk, derivatives are measured at fair value upon initial recognition. As long as a derivative hedges an interest risk in connection with an expected future transaction, it is not remeasured. As soon as an expected transaction leads to the recognition in the profit and loss account of a financial asset or financial liability, the gains or losses associated with the derivative are recognised in the profit or loss account in the same period in which the asset or liability affects profit or loss.

Triodos Bank has documented its hedging strategy and how it relates to the objective of risk management. Triodos Bank has documented its assessment of whether the derivatives that are used in hedging transactions are effective in ofsetting:
• currency results of the hedged items using generic documentation;
• interest rate results of the hedged items using documentation per hedged item.

Any overhedge is recognized directly in the profit and loss account at fair value.

Hedging relationships are terminated upon the expiry or sale of the respective derivatives. The cumulative gain or loss that has not yet been included in the profit and loss account is recognised as a deferred item in the balance sheet until the hedged transactions have taken place. If the transactions are no longer expected to take place, the cumulative gain or loss is accounted for in the profit and loss account.

Net interest income recognition

Interest income and expenses are recognised in accordance with the effective interest method. The application of this method includes the amortisation of any discount or premium or other differences (including transaction costs and applicable commissions) between the initial carrying amount of an interest-bearing instrument and the amount at maturity, based on the effective interest method.

Taxation on operating result

Taxes are calculated on the pre-tax result on the basis of the applicable profit tax rates. Exempted profit items, deductible items, additions and differences between the balance sheet value and the fiscal value of particular assets and liabilities are taken into account.

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

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

Earnings per share

Earnings per share is calculated on the basis of the weighted average number of shares outstanding. In calculating the weighted average number of shares outstanding:
• Own shares held by Triodos Bank are deducted from the total number of shares in issue;
• The computation is based on monthly averages.

Cash flow statement

The cashflow statement sets out the movement in Triodos Bank's funds, broken down into operating activities, investment activities and financing activities. The funds consist of cash and the on demand deposits with banks. The cashflow statement is produced using the indirect method and gives details of the source of cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arise from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Segment reporting

The segments (branches and business units) are reported in a manner consistent with the internal reporting provided to the Executive Board, which is responsible for allocating resources and assessing performance. All transactions between segments are eliminated as intercompany revenues and expenses in Group Functions. Segment assets, liabilities, income and results are measured based on our accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length. The geographical analyses are based on the location of the office from which the transactions are originated.

Assets and liabilities

1. Loans

in thousands of EUR	30-Jun-17	31-Dec-16
Loans	6,132,919	5,765,388
Provision for doubtful debts	-57,189	-57,050
Total balance	**6,075,730**	**5,708,338**

This relates to loans to customers.

The mortgages, part of the loan book, grew by 16% to EUR 941.0 million (2016: EUR 812.6 million).

EUR 602.2 million (Annual Report 2016: EUR 571.0 million) of the loans relates to loans to local authorities with a maximum original maturity of one year and one day.

The movement of the provision for doubtful debts is as follows:

	30-Jun-17			31-Dec-16		
in thousands of EUR	Specific	General	Total	Specific	General	Total
Balance sheet value as at 1 January	53,679	3,371	57,050	65,493	2,558	68,051
Addition	3,079	945	4,024	9,623	1,102	10,725
Write-off	-606	-	-606	-14,735	–	-14,735
Release	-3,111	-64	-3,175	-6,050	-248	-6,298
Exchange rate differences	-97	-7	-104	-652	-41	-693
Total balance	**52,944**	**4,245**	**57,189**	**53,679**	**3,371**	**57,050**

The provision does not relate to contingent liabilities and irrevocable facilities. In the provision for doubtful debts is included an Incurred But Not Reported (IBNR) provision in the amount of EUR 4.2 million (2016: EUR 3.4 million).

2. Interest-bearing securities

in thousands of EUR	30-Jun-17	31-Dec-16
Dutch Government bonds	82,500	104,800
Belgian Government bonds	240,600	260,600
Spanish Government bonds	212,050	301,100
United Kingdom Government bonds	105,687	91,035
Other bonds	958,797	961,251
Total balance	**1,599,634**	**1,718,786**

The other bonds mainly relates to government guaranteed bonds.

3. Funds entrusted

in thousands of EUR	30-Jun-17	31-Dec-16
Savings accounts	5,353,996	5,207,837
Other funds entrusted	3,080,728	2,816,783
Total balance	**8,434,724**	**8,024,620**

Savings are defined as:

- savings accounts (with or without notice) of natural persons and non-profit institutions
- fixed term deposits of natural persons and non-profit institutions

Other funds entrusted are defined as:

- current accounts of natural persons and non-profit institutions
- all accounts of governments, financial institutions (excluding banks) and non-financial corporations

Funds entrusted classified by residual maturity:

	30-Jun-17			31-Dec-16		
in thousands of EUR	Savings	Other funds entrusted	Total	Savings	Other funds entrusted	Total
Payable on demand	4,102,711	2,856,646	6,959,357	3,904,560	2,581,973	6,486,533
1 to 3 months	524,819	134,885	659,704	536,535	140,249	676,784
3 months to 1 year	363,826	53,061	416,887	368,693	48,522	417,215
1 to 5 years	322,723	31,716	354,439	350,611	41,717	392,328
Longer than 5 years	39,917	4,420	44,337	47,438	4,322	51,760
	5,353,996	**3,080,728**	**8,434,724**	**5,207,837**	**2,816,783**	**8,024,620**

Off-balance sheet liabilities

4. Contingent liabilities

This item relates to credit-substitute guarantees and non-credit-substitute guarantees that are partly secured by blocked accounts for the same amount.

in thousands of EUR	30-Jun-17	31-Dec-16
Credit substitute guarantees	11,034	9,400
Non-credit substitute guarantees	66,687	65,773
	77,721	**75,173**

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks.

Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:
- Rental obligations
- Obligations to purchase sustainable goods, such as wind turbines.
- Obligations to decommission equipment or reinstate property (mostly related to project finance provided by Triodos Bank).

5. Irrevocable facilities

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

in thousands of EUR	30-Jun-17	31-Dec-16
Undrawn debit limits on current accounts and credit cards	170,224	171,051
Accepted loans not yet paid out	718,121	599,285
Valid loan offers not yet accepted	215,410	152,488
Other facilities	2,472	2,686
	1,106,227	**925,510**

Other off-balance sheet liabilities

Deposit guarantee scheme and investor compensation scheme

The deposit guarantee scheme and the investor compensation scheme is applicable as stated in Article 3:259 of the Financial Supervision Act. The funds entrusted insured under the deposit guarantee scheme amounts to € 6,675 million (2016: € 6,393 million). In 2016 the annually ex-ante contribution to the Deposit Guarantee Fund started in order to reach a target level of 0.8% of the insured funds entrusted in The Netherlands in 2024. The contribution to the Deposit Guarantee Fund amount to € 3.6 million for the first half year of 2017.

Value Added Tax

As per July 1, 2015 the Belgian tax office enacted administrative decision E.T.127.577 (‘the Decision’) following the Belgian interpretation of the Skandia ruling by the European Court of Justice. As a result of the Decision services provided by Triodos Bank NV’s head office in The Netherlands to Triodos Bank Belgian branch are deemed subject to value added tax (‘VAT’) in Belgium as of this date (except for those services which are VAT exempt).

As a result, Triodos Bank Belgian branch incurs VAT on these services which is then rendered effectively non-tax deductible through the VAT exempt services provided by Triodos Bank belgian branch towards its clients. Adding to that Triodos Bank Belgian branch faces double VAT taxation for externally bought supplies or services by Triodos Bank NV’s head office in The Netherlands which are allocated to Triodos Bank Belgian branch.

Triodos Bank is of the view that the Decision is not in line with Belgian and European Law, a view which is supported by its tax and legal advisors. Triodos Bank has contacted the Belgian tax authorities to discuss its position on the matter. As such Triodos Bank has not recognized a provision for this, but has decided to disclose this matter as a contingent liability in the annual accounts.

Should the case be decided against Triodos Bank, then the amount involved to settle the Belgian VAT incurred by Triodos Bank Belgian branch till balance sheet date would amount to approximately EUR 3.4 million.

Other information

Solvency

in thousands of EUR

The calculation of the common equity Tier 1 ratio and the total capital ratio is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date.

The tier 1 capital, tier 2 capital and total capital can be specified as follows:

	Amount at disclosure date	Residual amount not deducted from capital	Amount at disclosure date	Residual amount not deducted from capital
	30-Jun-17		31-Dec-16	
Capital instruments and the related share premium accounts of which: ordinary shares	742,877		705,572	
Retained earnings [1)]	–		–	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	194,239		168,963	
Independently reviewed interim profits net of any foreseeable charge or dividend [1)]	–		–	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**937,116**		**874,535**	
Additional value adjustments	-1,049		-7,216	
Intangible assets (net of related tax liability)	-25,693		-22,932	
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) are met)	-6,292	-1,573	-4,672	-3,114

	Amount at disclosure date	Residual amount not deducted from capital	Amount at disclosure date	Residual amount not deducted from capital
	30-Jun-17		31-Dec-16	
Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-365		-275	
Of which: filter for unrealised gain on property	-323		-193	
Of which: filter for unrealised gain on participation interest	-42		-82	
Total regulatory adjustments to Common equity Tier 1 (CET1)	**-33,399**		**-35,095**	
Common Equity Tier 1 (CET1) capital	**903,717**		**839,440**	
Additional Tier 1 (AT1) capital	**–**		**–**	
Tier 1 capital (T1 = CET1 + AT1)	**903,717**		**839,440**	
Tier 2 (T2) capital: instruments and provisions				
Capital instruments and the related share premium accounts [3]	–		–	
Tier 2 (T2) capital before regulatory adjustments	**–**		**–**	
Tier 2 (T2) capital	**–**		**–**	
Total capital (TC = T1 + T2)	**903,717**		**839,440**	
Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	4,493,442		4,368,752	
Total risk weighted assets	**4,493,442**		**4,368,752**	
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount) [2]	20.1%		19.2%	
Tier 1 (as a percentage of risk exposure amount) [3]	20.1%		19.2%	
Total capital (as a percentage of risk exposure amount)	20.1%		19.2%	

	Amount at disclosure date	Residual amount not deducted from capital	Amount at disclosure date	Residual amount not deducted from capital
	30-Jun-17		31-Dec-16	
Institution specific buffer requirement (CET1 requirement in accordance with CRR article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	1.25%		0.63%	
of which: capital conservation buffer requirement	1.25%		0.63%	
of which: countercyclical buffer requirement	0%		0%	
of which: systemic risk buffer requirement	0%		0%	
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.11%		11.21%	

1) Retained earnings are according the CRR recognised in the Tier 1 capital after a formal decision confirming the final profit or loss of the institution for the year or with the prior permission of the competent authority.
2) The Dutch Central Bank stated that the Common Equity Tier 1 ratio must be at least 4.5%.
3) The Dutch Central Bank stated that the Tier 1 ratio must be at least 6.0%.

Liquidity risk

Liquidity risk refers to the risk that Triodos Bank is unable to fulfil its payment obligations to its customers and counterparties at a particular point in time without incurring unacceptable losses.

Customers' savings and deposits are attracted in order to finance Triodos Bank's lending operations. The surplus is primarily placed with central banks, credit institutions or invested in deposits and bonds. Triodos Bank has a strong liquidity position and is funded almost entirely by equity and deposits from private customers and small and medium sized enterprises. As a result, Triodos Bank does not rely on funding from the wholesale money and capital markets.

On a daily basis the total liquidity position of Triodos Bank is monitored. On a weekly basis, the detailed liquidity position in total and at branch level is reported to the Chief Financial Officer. Every month the liquidity ratios are reported to the Asset and Liability Committee.
• The Liquidity Coverage Ratio (LCR): to ensure an adequate level of unencumbered, high-quality assets that can be converted into cash to meet liquidity needs over a 30-day time horizon under an liquidity stress scenario specified by supervisors.
• The Net Stable Funding Ratio (NSFR) indicates the relationship between available longer-term, stable funding and required longer-term, stable funding resulting from the liquidity profiles of assets and off balance sheet items. Minimum NSFR standards will be set by 2018.

Liquidity coverage ratio

Amounts in millions EUR	30-Jun-17 Total amount	30-Jun-17 Weighted amount	31-Dec-16 Total amount	31-Dec-16 Weighted amount
Stock of high quality liquid assets:				
Total stock of high quality liquid assets	1,937	1,937	1,883	1,883
Total cash outflow	7,961	1,321	7,407	1,175
Total cash inflow	721	565	801	585
Cap on cash inflows		565		585
Net cash outflow		756		590
Liquidity Coverage Ratio		**256%**		**319%**

The Net cash outflow must be covered by the stock of High quality liquid assets, so the ratio must be at least 100%.

Net Stable Funding Ratio

Amounts in millions EUR	30-Jun-17 Total amount	30-Jun-17 Weighted amount	31-Dec-16 Total amount	31-Dec-16 Weighted amount
Total available stable funding	9,490	7,861	9,002	7,503
Total required stable funding	10,707	5,346	10,045	5,025
Net stable funding ratio		**146%**		**149%**

Review report

To: the general meeting and Supervisory Board of Triodos Bank N.V.

Introduction

We have reviewed the accompanying half year report for the six-month period ended 30 June 2017 of Triodos Bank N.V., Zeist, which comprises the consolidated balance sheet as at 30 June 2017, the consolidated profit and loss account for the period then ended, the consolidated statement of comprehensive income, the consolidated statement of changes in the equity, the consolidated cash flow statement and the related notes on the aforementioned statements. The Executive Board is responsible for the preparation and presentation of this half year report in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports. Our responsibility is to express a conclusion on this half year report based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half year report for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports.

Amsterdam, 24 August 2017

PricewaterhouseCoopers Accountants N.V.
Original has been signed by G.J. Heuvelink RA

Addresses

Triodos Bank N.V.
Nieuweroordweg 1, Zeist
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.com

Triodos Investment Management B.V.
Arnhemse Bovenweg 140
PO Box 55
3700 AB Zeist, The Netherlands
Telefoon +31 (0)30 693 65 00
www.triodos.com

Branches

The Netherlands
Utrechtseweg 44, Zeist
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.nl

Belgium
Hoogstraat 139/3 – Rue Haute 139/3
1000 Brussels, Belgium
Telephone +32 (0)2 548 28 28
www.triodos.be

Ghent Regional office
Steendam 8
9000 Ghent, Belgium
Telephone +32 (0)9 265 77 00

United Kingdom
Deanery Road
Bristol BS1 5AS, United Kingdom
Telephone +44 (0)117 973 9339
www.triodos.co.uk

Edinburgh Regional office
50 Frederick Street
Edinburgh, EH2 1EX, Scotland
Telephone +44 (0)131 220 0869

Spain
C/ José Echegaray 5-7
Parque Empresarial Las Rozas
28232 Madrid, Spain
Telephone +34 (0)91 640 46 84
www.triodos.es

A Coruña office
Avenida Finisterre 25
15004 A Coruña, Spain

Albacete office
C/ Francisco Fontecha 5
02001 Albacete, Spain

Badajoz office
Avenida de Fernando Calzadilla 1
06004 Badajoz, Spain

Barcelona office
Avenida Diagonal 418 bajos
08037 Barcelona, Spain

Bilbao office
C/ Lersundi 18
48009 Bilbao, Spain

Girona office
Pça. Catalunya 16
17004 Girona, Spain

Granada office
C/ Gran Vía de Colón 29
18001 Granada, Spain

Las Palmas de Gran Canaria office
C/ Manuel González Martín 2
35006 Las Palmas de Gran Canaria, Spain

Madrid office
C/ Ferraz 52
28008 Madrid, Spain

Madrid office 2
C/ Mártires Concepcionistas 18
28006 Madrid, Spain

Málaga office
C/ Córdoba 9
29001 Málaga, Spain

Murcia office
Avenida de la Libertad s/n
30009 Murcia, Spain

Oviedo office
C/ Cabo Noval 11
33007 Oviedo, Spain

Palma de Mallorca office
Avenida de Portugal 5
07012 Palma de Mallorca, Spain

Pamplona office
Avenida del Ejército 30
31002 Pamplona, Spain

Santa Cruz de Tenerife office
Rambla de Santa Cruz 121
38004 Santa Cruz de Tenerife, Spain

Sevilla office
C/ Marqués de Paradas 24
41001 Sevilla, Spain

Valencia office
C/ del Justícia 1
46003 Valencia, Spain

Valladolid office
C/ Acera de Recoletos 2
47004 Valladolid, Spain

Zaragoza office
Avenida César Augusto 23
50004 Zaragoza, Spain

Germany
Mainzer Landstr. 211
60326 Frankfurt am Main, Germany
Telephone +49 (0)69 717 19 100
www.triodos.de

Berlin office
Paul-Lincke-Ufer 41
10999 Berlin, Germany
Telephone +49 (0)30 206 414 930

French intermediairy

Triodos Finance B.V.
37 rue Pasquier
75008 Paris, France
www.triodos.fr