Triodos Bank

Annual Report 2014

Triodos Bank's Annual Report is also available online. Visit the 2014 Online Annual Report for more detailed information, including an interview with the CEO, summaries of our activity in different countries in Europe and further afield, extended reporting on our non-financial impact and much more.
www.annual-report-triodos.com

Triodos Bank

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

Important data for Triodos Bank's shareholders and depository receipt holders.

Annual general meeting of shareholders	22 May 2015
Ex-dividend date	27 May 2015
Dividend payment date	29 May 2015

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Key figures

Amounts in millions of EUR	2014	2013	2012	2011	2010
Financial					
Equity	704	654	565	451	362
Number of depository receipt holders	32,591	31,304	26,876	21,638	16,991
Funds entrusted	6,289	5,650	4,594	3,731	3,039
Number of accounts	628,321	556,146	454,927	363,086	278,289
Loans	4,266	3,545	3,285	2,838	2,128
Number	36,320	29,620	24,082	21,900	17,283
Balance sheet total	7,152	6,447	5,291	4,291	3,495
Funds under management*	3,480	3,199	2,754	2,495	2,122
Total assets under management	**10,632**	**9,646**	**8,045**	**6,786**	**5,617**
Total income	189.6	163.7	151.6	128.7	102.7
Operating expenses	-138.4	-112.6	-100.1	-89.9	-78.0
Impairments loan portfolio	-11.1	-17.1	-20.9	-15.8	-9.8
Value adjustments to participating interests	0.2	0.2	0.2	-0.1	-0.1
Operating result before taxation	40.3	34.2	30.8	22.9	14.8
Taxation on operating result	-10.2	-8.5	-8.2	-5.6	-3.3
Net profit	**30.1**	**25.7**	**22.6**	**17.3**	**11.5**
(Common) equity tier 1 ratio **	19.0%	17.8%	15.9%	14.0%	13.8%
Total Capital ratio **	19.0%	17.8%	16.0%	14.4%	14.7%
Leverage ratio ***	8.8%	8.7%	9.0%	8.4%	7.9%
Operating expenses/total income	73%	69%	66%	70%	76%
Return on equity in %	4.4%	4.3%	4.5%	4.3%	3.4%
Return on assets in %	0.4%	0.4%	0.4%	0.4%	0.3%
Per share (in EUR)					
Net asset value at year end	78	77	75	74	73
Net profit****	3.41	3.23	3.37	3.18	2.45
Dividend	1.95	1.95	1.95	1.95	1.95

	2014	2013	2012	2011	2010
Social					
Number of co-workers at year end*****	1,017	911	788	720	636
Co-worker turnover	10%	7%	10%	9%	11%
Women as percentage of management team	40%	40%	42%	37%	35%
Training costs per co-worker in EUR	1,856	2,055	1,731	2,020	1,897
Ratio between the highest and the lowest salary ******	9.6	9.4	9.4	9.8	8.5
Environment					
Emission of CO_2 (1,000 kg)	3,084	2,906	2,986	2,885	2,800
CO_2 compensation	100%	100%	100%	100%	100%

* Including funds under management with affiliated parties that have not been included in the consolidation.
** The calculation of the (common) equity tier 1 ratio and the total capital ratio for 2014 is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date. The calculation of the comparative figures is based on the Basel II rules.
*** The calculation of the leverage ratio for 2014 is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date. The calculation of the comparative figures is based on the Basel III rules.
**** The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.
***** Concerns all co-workers employed by Triodos Bank NV, excluding co-workers employed by the joint venture Triodos MeesPierson.
****** The factor between the minimum and the maximum salary is monitored carefully to ensure that it is not excessive. This is calculated on a per country basis. In the Netherlands in 2014 the ratio was 9.6. This ratio was lower in other countries due to the smaller size of the offices and because the Triodos Bank Executive Board is based at the head office in The Netherlands.

Triodos Group structure 2014

Foundation for the administration of Triodos Bank Shares

Triodos Bank

Retail & Business Banking
Netherlands | Belgium | Germany | Spain | United Kingdom

Investment Management
Europe | Emerging markets

Private Banking
Netherlands | Belgium

Retail Banking
Through our European branch network, our goal is to offer our customers a credible set of services including savings, payments, lending and investments.

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

- Nature & Environment
- Culture & Welfare
- Social Business

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

The 17 active funds are grouped in business lines based on the themes they invest in:

- Energy & Climate
- Emerging Markets
- Real Estate
- Arts & Culture
- Sustainable food & Agriculture
- Socially Responsible Investment (SRI)

Private Banking
offers a broad range of financial and non-financial services to wealthier people, foundations, associations and religious institutions.

Sustainable asset management is the core service and includes both Triodos Investment funds and private asset management.

Sustainable banking

Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

Triodos Bank's mission is

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

Ambition

Triodos Bank wants to promote human dignity, environmental conservation and a focus on people's quality of life in general. Key to this is a genuinely responsible approach to business, transparency and using money more consciously. Triodos Bank puts sustainable banking into practice. First and foremost, this means offering products and services that directly promote sustainability. Money plays a leading role in this because using money consciously means investing in a sustainable economy. This in turn helps to create a society that enjoys a better quality of life.

Market and core activities

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

As a relationship bank

Triodos Bank's service is built on deepening and developing long-term relationships with its customers. This singular focus on relationships is shared across the organisation, while how they are developed differs as the organisation benefits from unity within the diversity of its branches and geographies. It fosters these relationships through various channels, including offices where customers meet co-workers face-to-face, by post, over the phone and increasingly via the internet.

Triodos Bank's aim is to create a broad customer base that's closely connected to it – a combination of private and corporate customers who have made a conscious decision to bank with Triodos. Exactly how this happens also differs in each country; its services have developed in different ways in each of the countries where it works, depending in part on the stage of development of the branches and offices in question.

As a sustainable service provider

Bank customers not only want sustainable products and services, but also competitive prices and a professional service. Triodos Bank believes that these key customer values cannot be seen in isolation. So it tries to offer a collective package of banking services to promote sustainable development. And it does so, in the context of meaningful, transparent relationships with its customers.

Triodos Bank's commitment to meaningful relationships as a key strategic objective, leads to the development of innovative products which directly reflect the mission and values at the core of its work. Product development takes place in all countries.

As a reference point

Triodos Bank wants to stimulate public debate on issues such as quality of life, corporate social responsibility and sustainable banking. It also wants to use over 30 years' experience to encourage society to promote more sustainable development. The implications of this public debate extend well beyond the activities of Triodos Bank itself. Triodos Bank's vision and approach has led to it international recognition. Its participation in the public debate, often through high impact events that it hosts and participates in, means people can see what Triodos Bank stands for and hear its opinions about important social trends. Triodos Bank's identity is crucial in this respect, strengthening the Triodos Bank brand and reputation.

Triodos Bank Business Model: Creating value

Capital inputs

Social (capital)
- Skilled co-workers motivated by mission
- Expertise in social, cultural and environmental sectors
- Supported by specialist training and development

Inspirational (capital)
- Regular reflection sessions
- Engaging in two-way dialogue with stakeholders

Financial (capital)
- Finance from like-minded customers who choose to use their money positively
- Fair, mid-market returns to attract loyal, values-aligned customers

〉 VALUE CREATION 〉 〉 〉

The Triodos essence

- A values-based bank, enabling people to use money consciously to create a healthy society with human dignity at its heart

Our role

- Our mission fully integrated in our strategy
- Only financing sustainable enterprises in the real economy all of which we publish openly
- Meaningful, human relationships with customers
- First bank, offering comprehensive sustainable products and services
- Financial resilience including high capital ratios
- Managing risk, balanced growth (targeted loans to deposits ratio of 65–70%)
- Offering fair financial returns with sustainable impact
- Acting as a reference point for sustainable banking through our own sustainability, innovation and leadership

The changing world

- Responding to an evolving landscape of societal challenges and innovative enterprises addressing them

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Value outputs

People
- A positive contribution to the healthy development of society
- Supporting a community of interest to bring about social change
- Enabling values-driven entrepreneurs to fulfil their potential
- Transparent finance so stakeholders see how money is used

VALUE CREATION ❯

Planet
- Finances for sustainable and inclusive enterprise
- Development of a sustainable, circular economy

Prosperity
- Fair Return on Equity (target of 4-5% in 2015)
- Leverage ratio of at least 8% ensuring resilience
- Developing compelling visions for the future of finance

Triodos Bank business model in brief

Our business model and value creation process is illustrated in the diagram on the left.

Our business model transforms capital inputs – such as the skills and entrepreneurship of the people within our organisation and money from customers, via our core products and services, into value outputs – such as making a positive contribution to the development of a healthy society.

To make this financially viable, we offer fair (but not inflated) interest rates to savers and aim for reasonable long-term returns for investors both in our funds and in Triodos Bank itself. We use these deposits to lend to sustainable entrepreneurs working in the real economy, so they can deliver real impact.

In order to lend to sustainable enterprises we aim to use deposits rather than borrow from other banks. And we aim to deliver a healthy balance between loans and deposits so we're able to mobilise as much of our deposits as possible. We also maintain healthy levels of capital, well above regulatory requirements. This makes us more resilient over the long-term. Triodos Bank develops through cycles of reflection and dialogues between our inner essence as an organisation and our interaction with society's evolving needs.

Executive Board chapter

The report in short

The Executive Board chapter provides an overview of Triodos Bank's perspective on the wider world it operates in, its impact and activity in 2014 and its prospects for the future.

To help make this chapter easier to navigate we have broken it down into its constituent parts. In essence the chapter is divided between:

• A narrative section: a high level perspective on the world we're in and Triodos Bank's place in it
• An analysis of key or 'material' issues: these topics are defined by our stakeholders and Triodos Bank and reported on throughout the report
• A summary of our strategic objectives, performance and future goals
• Our results: both impact-based and financial and across Triodos Bank's branches, Triodos Investment Management and Private Banking
• And key risk and compliance information.

We welcome feedback on the annual report. Please send it to arfeedback@triodos.nl.

Welcome to optimism

A growing movement of people are demonstrating that not only do we each have more power than we think; as citizens we may be the only answer to the biggest challenges of all.

Conflict in Ukraine and the Middle East, the threat of terrorism in Western Europe, continuing economic hardship in much of Europe, and growing fears about insufficient responses to global climate change dominated world affairs in 2014. These challenges raise important questions about values and the world that future generations will inherit.

In the last century society looked to government to solve its biggest problems. And it continues to play a fundamental role in public policy, providing the legal context for society and ensuring there is a democratic foundation to protect individual rights and responsibilities. But today's seemingly intractable issues suggest government is increasingly ill-equipped for a complex and rapidly changing world. Rather, from Triodos Bank's perspective, it is individuals, entrepreneurs and even the banks that finance them, that are at the vanguard of efforts to build a better world.

Evidence that the answers to our most challenging questions are coming from non-traditional sources is available from a rich variety of sources.
The traction that thinkers like Thomas Piketty have had during the year, analysing the growing inequality of wealth, the catalysing impact of the people's climate march – reported to be the largest climate march in history bolstered by over 2,500 events in 162 countries – and actions such as high profile foundations, like the Rockefeller Foundation whose fortune was built on the oil industry, and universities divesting from fossil fuel companies as part of organised campaigns, all suggest that people are looking to other institutions, individuals and increasingly themselves to improve their situation.

Movements of connected individuals and groups are increasingly able to influence the wider agenda. This approach aligns closely with Triodos Bank's approach to finance with impact (or financing impact investments). We use savings and investments to finance values-based enterprise, enabling people to make impact investments that align the impact of their money with their values. This means our customers' money is no longer neutral. It is used to finance specific sustainable enterprises and, as a consequence, it carries responsibility and requires social awareness.

Banks play an important role helping societies to grow and develop. We are convinced that central to this is the extent to which they finance the real economy, where their money can have the deepest impact on people's lives. This has always been Triodos Bank's approach and dictated much of what we did, and how we did it, during 2014.

In our view it has become more and more obvious to even the largest organisations that we are part of a financial eco-system, complete with inter-dependencies that mean we have to take account of each other's interests. Diversity in the financial system, as in natural eco-systems, also makes it more resilient.

And Triodos Bank is not alone in its approach or its systemic perspective. Partnerships are crucial for Triodos Bank to achieve change. During 2014 we were active in local, European and global networks. We co-founded, and are part of, the Global Alliance for Banking on Values (GABV), for example. The GABV is an international network of independent sustainable banks who also integrate a values-based mission and strategy. Triodos Bank also co-founded the Sustainable Finance Lab, a network of scientists creating grounded ideas to develop a more sustainable financial system who led high profile debate about the future of the banking system during the year.

Green Shoots

We noticed positive developments during the year as some businesses and even banks appeared to embrace the sustainability agenda. Small and large companies worldwide have started to embed sustainability throughout their operations and value chain; companies whose growth rates average 15% regardless of market conditions, according to the United Nations' 'business case for eco innovation', a report that Triodos Bank contributed to.

The G8 Social Investment Taskforce also published a report to encourage a step change in Impact Investing around the world to widespread interest from the mainstream. Triodos Bank, the European representative on the Taskforce, published 'Impact Investing for Everyone' to complement this work, arguing for a more inclusive approach to investing in positive impact so that ordinary individuals, not just wealthy investors, can participate in this fast-growing industry. Impact investing should be an option for the many and not just a few wealthy individuals and pension funds. Triodos Bank believes in a broad movement of people, the kind that has enjoyed more prominence in 2014, and has a 35 year track record to demonstrate that finance for impact is both popular and serves real needs in society.

Sustainable Innovation

The shift to a more values-based approach is part of an emerging future that is difficult to predict and changing fast. The way people invest, entrepreneurs borrow and transactions take place are developing rapidly as growing numbers of people respond to simple ways to use money that often bypass traditional banks.

Disruptive innovations in the financial industry present challenges and opportunities for banks. One of the most high-profile is the development of crowd-funding – collecting finance, often online, from a 'crowd' of investors to fund an initiative.

To develop the reach of our finance further we plan to explore opportunities to partner with crowd-funders, where we have something new to bring that benefits wider society and the environment. Lower levels of regulation and mutual trust from people who connect with one another easily, makes crowd funding a new 'tool' that's complementary to banking and adds diversity to the financial eco system.

In 2014 UK-based green energy company, Triodos Renewables, experimented with this kind of complementary finance and worked with crowd-funding platform, Trillion Fund, to promote, distribute and learn from a share issue which raised over EUR 4.2 million.

Triodos Bank, and its stakeholders, is interested in impact-driven financial products and services. These products have grown in popularity in recent years. Sustainable mortgages, for example, which incentivise individuals to live in more sustainable homes, were increasingly popular in The Netherlands, Belgium and Spain with EUR 404 million lent (2013: EUR 274 m) during the year. These types of products offer new ways for people to live more sustainable lifestyles.

Financial innovations like these, and others such as large companies issuing green bonds, imply that banks will become part of a broader system where there is room for more innovative approaches. In 2014 Triodos Bank was instrumental in the first ever social impact bonds to benefit from Social Investment Tax Relief in the UK, for example. We want to be part of that evolution from traditional banking to a broader approach to money.

In addition, as a provider of sustainable financial products, we innovate in the development of 'ordinary' banking products which meet Triodos Bank criteria, such as 100% biodegradable debit and credit cards, savings accounts and fixed term deposits that allow customers to donate interest, and Point of Sale machines using Forest Stewardship Council (FSC) paper.

Equipped for an uncertain future

Against this backdrop we spent time during the year working on Triodos 2025 – a dedicated programme to explore our strategic perspective in a number of possible future scenarios.

The project was driven by a team comprising senior co-workers and members of both the Supervisory Board and Board of SAAT. It involved visits, or learning journeys, to numerous companies wrestling with the future in different ways – from an airline to a green energy company.

We wanted to learn from the experience of others to provide guidance on how best to equip Triodos Bank to deal with the emerging future, represented by a number of scenarios. These scenarios included a world dominated by big government; big business; polarized communities of 'haves' and 'have-nots'; and active collaboration between civil society, business and government. We explored what role Triodos Bank had to play in them to provide, for example, complementary sustainable products and services for people who need them.

Triodos 2025's results will be used to inform our business planning. As such they will influence the key strategic objectives that follow, in future years. We intend to share our findings from this work during 2015.

Risk Matters

As a medium sized bank we want to, and ensure we do, fully comply with our regulatory obligations. This required significant effort and resources during the year, in particular to strengthen our risk management and internal governance. Delivering a 'step up' in our internal governance and systems required time and effort and will position Triodos Bank well for the future. However this, coupled with meeting increasing regulatory demands, meant slower growth in our lending in particular during the year. After they have paid for their people and operations banks make a financial profit on the difference between the rates they pay savers and the rates paid by their borrowers. So less borrowing during the year limited Triodos Bank's profitability.

These issues were discussed regularly with the Supervisory Board and, in a more general way, with the Board of SAAT to ensure these developments strengthen our position as a resilient financial institution, support the mission and values of Triodos Bank and safeguard its long-term continuity.

To maintain our position as a robust financial institution we further improved a strong capital position and managed growth in lending, deposits and investments during the year. These collective efforts meant Triodos Bank's total assets under management were over EUR 10 billion by the year end.

However, it continues to be challenging for Triodos Bank to keep pace with and balance its lending with the continuing influx of deposits to maintain a healthy balance between the two. At the same time we plan to continue to diversify our loan portfolio as a whole and our lending within sectors, through extending further beyond renewable energy production to energy saving and energy storage and distribution projects, for example.

Another key way to address this imbalance has been to provide sustainable mortgages to private customers, incentivising home-owners to live in more environmentally friendly properties. This part of the business grew by 47% during the year, helping to deliver a ratio between loans and deposits of 68%.

This will continue to be a focus of attention in 2015 and beyond.

Hitting the target without missing the point

Triodos Bank exists to improve people's quality of life, and only finances social, environmental and cultural sectors to do it. We are able to fulfil this mission by exploiting 'acupunctural pressure points', which amplify our impact beyond our immediate influence as a financer of sustainable enterprise and enhance our ability to leverage impact. This is principally done through our work as a reference point for values-based banking via networks, events and media activity, for example.

For some years Triodos Bank has been recognised as a reference point through initiatives such as establishing the Sustainable Finance Lab – bringing leading scientists together to design the models and tools required to create a sustainable financial industry – enabling Triodos Bank to contribute to much deeper and broader change. For example, the Lab has been the catalyst for a Dutch Government Committee influencing policy at a national and European level. Triodos Bank also was active in all branches in the GABV's first global campaign to highlight values-based banking in 2014.

However, an integrated approach that puts as much weight on non-financial as financial performance can make assessing and measuring performance more complicated; this is particularly true in a financial world that measures success by numbers. So for the first time last year we produced more detail about our non-financial impact in an extra 'impact chapter'. The chapter includes a scorecard, developed by the GABV to assess the sustainability or impact of banks. Triodos Bank was the first bank in the world to publish its scorecard in this format in full last year. We believe this new initiative provides an opportunity to assess and communicate qualitative and quantitative evidence of a bank's true performance beyond a narrow financial perspective.

We want to build on this and play a leading role in impact reporting by meeting and exceeding prevailing standards as well as co-creating and encouraging more meaningful assessments. For the first year we have put materiality – the issues that are most important to an institution's stakeholders – at the heart of our reporting. These issues are highlighted in a materiality analysis below following structured discussions with our stakeholders.

For Triodos Bank, sustainability, and the conscious use of money that underpins it, is integral to everything we do. So Triodos Bank's materiality analysis integrates sustainability and financial issues. It represents our overall view of what our stakeholders and the bank think are most important to our work, not just the elements that relate to sustainability. And it is an important step in developing a much better understanding of the topics that are most important to our stakeholders.

Materality Analysis

Engaging with our stakeholders has been very important to Triodos Bank for many years. We have benefited from open discussions with our stakeholders, including clients, in varied ways from client days connecting hundreds of customers in all the countries where we work, to depository receipt holder meetings and surveys. This year we introduced a formal process creating an analysis of the issues that are most important both to our stakeholders, and ourselves.

Increasingly companies are encouraged to focus their sustainability reporting in this way (via initiatives like the Global Reporting Initiative's G4 reporting), rather than reporting on a wide range of issues, some of which will be relatively unimportant to an institution's overall impact.

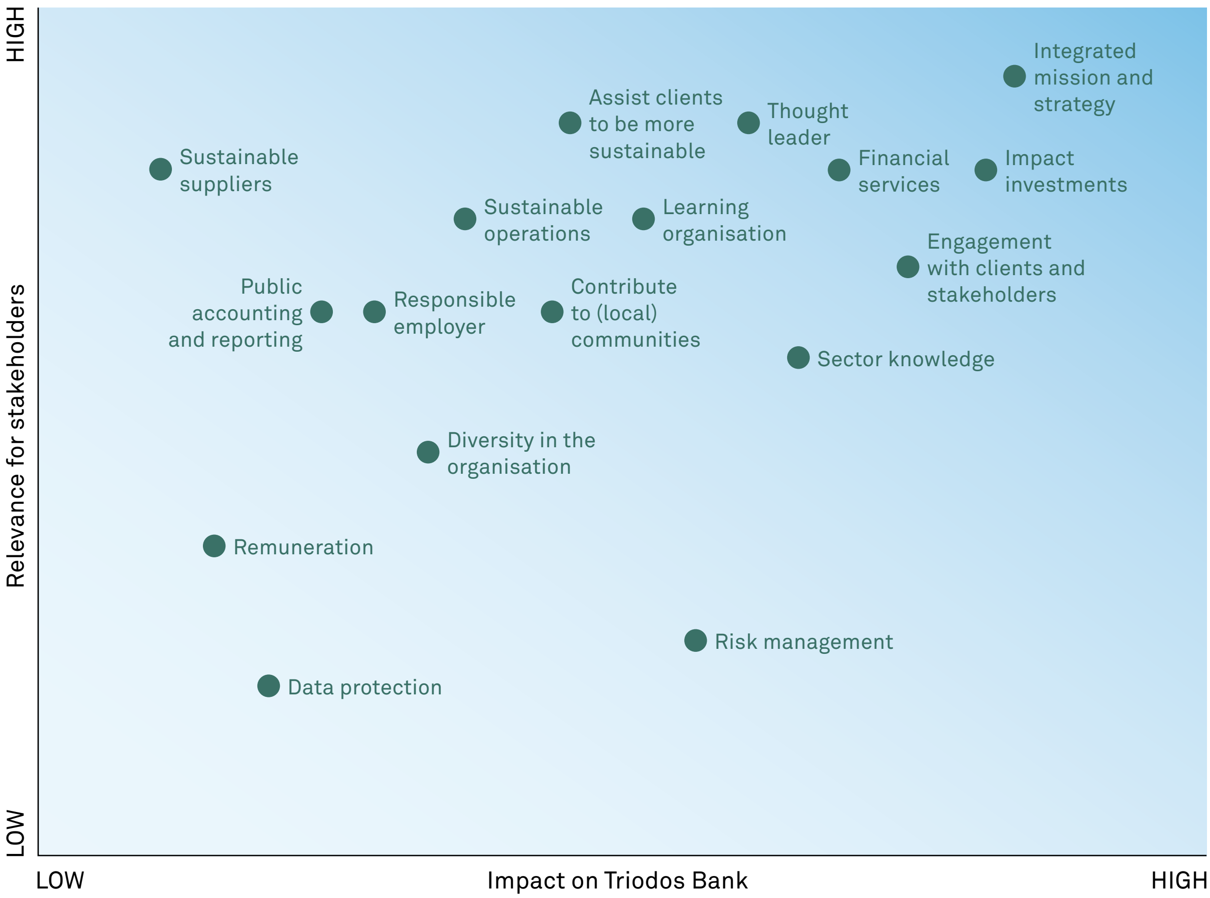
For Triodos Bank, unlike most other organisations, these sustainability issues are integrated in the core business itself. As such many of the most important are reflected in the strategic objectives table that follows the analysis, and are regularly commented on throughout this report.

Given that we are only focused on impact investing Triodos Bank and our stakeholders take a different approach to many conventional banks. Rather than focusing on what we do and do not do, our 'materiality analysis' concentrates on how we do it. So, for instance, because our starting point is to use money consciously to contribute to the positive development of society, we are interested in acting as a reference point, or 'thought leader', amplifying our impact on the banking industry to encourage it to become more diversified, transparent and sustainable.

The materiality analysis is built around a survey, a stakeholder meeting with representatives from Triodos Bank's three stakeholder groups, and individual interviews. Triodos Bank's three stakeholder groups are defined as the following:

- Those that engage in economic transactions with the business (e.g. customers, depository receipt holders, co-workers and suppliers)
- Those that don't engage in economic transactions, but who maintain a close interest in Triodos Bank (e.g. NGOs, governments and the media) from a societal perspective
- Those that provide new insights and knowledge (e.g. advisors and inspirers), prompting us to reflect, rethink and explore new territory.

Materiality Matrix



While the analysis was made from a corporate perspective and not just in the Dutch context, it primarily involved individuals from The Netherlands. We intend to 'internationalise' this project next year with more detailed discussion with stakeholders from all the countries where Triodos Bank operates.

The results suggest Triodos Bank's stakeholders want and expect Triodos to continue to be a leader in sustainable finance, with a strategy that reflects and supports its mission. In addition, impact investments (in this sense combining both lending and investing in sustainable enterprises; from renewable energy businesses to organic projects), and delivering sustainable financial services, are considered to be very important both by Triodos Bank and its stakeholders.

The analysis shows our stakeholders think it is important that Triodos Bank acts as a thought leader in values-based banking. We also believe Triodos Bank should play a role in this way, acting as a reference point for the banking sector. We also share the priority that our stakeholders give to helping our borrowing clients to become even more sustainable. You can find examples, including interviews with borrowers, in Triodos Bank's online annual report at www.annual-report-triodos.com.

Unlike larger mainstream banks, remuneration has a relatively low priority for our stakeholders and the bank. This may reflect the prevailing approach to remuneration at Triodos Bank and suggests that its policy is well understood. Triodos Bank does not offer bonuses and has a relatively low difference between the highest and lowest salary, for example. For more details of our remuneration policy and a more in-depth analysis of the results, please see www.annual-report-triodos.com

Mission-driven strategy

Triodos Bank's strategy is aligned with our mission and responds to what's needed in the outside world. Last year we described that strategy in more depth for the first time, as presented in the table below. How we integrate and safeguard our mission in a successful strategy remains a key focus for the bank, and is an important item for discussion in the Supervisory Board and Board of SAAT.

We want to build on that work by incorporating any previously excluded material issues, highlighted above, so you can see our strategic approach to dealing with the issues of most importance to both the bank and its stakeholders. We also want to provide more detail of qualitative and quantitative goals. At the same time we do not want numbers to become an end in themselves, because that could lead us to focus on the wrong things. In our view, these numbers should be understood in a wider context.

Strategic Objectives

The table that follows provides the key strategic objectives for Triodos Bank for 2015, the extent to which we are delivering them and goals for 2015 so you can see how we are progressing against them.

This represents the first year that we have added specific goals for the following year. This information is designed to reflect some of the key issues raised in the materiality analysis that are priorities for Triodos Bank and our stakeholders.

Our key strategic objectives	How we did in 2014	Our goals in 2015
Triodos Bank		
To continue to ensure what we do reflects who we are; integrating our mission and strategy.	A long-term strategic perspective programme took place during the year exploring Triodos Bank's potential role in a number of future scenarios. Results – published in 2015, will be used as input to 3 and 10 year planning. Energy and climate vision created as result of cross-bank collaboration (visit www.triodos.com/energyandclimate).	Publish Triodos 2025, long-term strategic perspective, output and use for internal planning process. Design and implement strategy maps for the three key business pillars (Triodos Bank, Triodos Investment Management and Private Banking) to clearly represent how we will meet our mission in social, environmental and cultural sectors. To continue to align our mission and strategy within the key social, environmental and cultural sectors, through the development of shareable content on our vision, such as short films, for sustainable property, health and care and food and agriculture.
To be recognised by key influencers as a reference point for values-based banking, contributing to the development of a more diversified, transparent and sustainable banking sector.	Led European contribution to G8 Social Impact Investment Taskforce on Impact Investment and author of 'Impact Investing for Everyone' report. Continued to Chair the Global Alliance for Banking on Values (www.gabv.org) including active role in the world's first 24 hours of values-based banking' event. Led debate about the future of the banking industry at high profile events, including Sustainable Finance Lab events, in the Netherlands. Extended presence across all branches, with a combined total of 12,750,000 web visitors, 140,000 Facebook fans and 2,700,000 views of Triodos Bank films on Youtube.	Continue to play leading role in development of GABV, as Chair, and active role in the Sustainable Finance Lab. Representation on the Global Impact Investing Network Board, Co-chair the European Task Force on Banking and Member of the UNEP FI Steering Committee, which aims to impact the sustainability aspects of financial regulation and promote positive impact within the financial sector.

Engaging with Clients and Stakeholders.	Next to annual client days in all branches and inspiration sessions with external advisors, we delivered our first formal stakeholder engagement process, as part of materiality analysis for this annual report. 5,000 depository receipt holders participated in depository receipt holder survey (2013:3,000).	Internationalise and extend stakeholder engagement process to all countries. Client and depository receipt holder meetings arranged in all countries. Depository receipt holder survey undertaken. Theme days hosted with co-workers and external parties respectively.
To grow our impact by maintaining a clear focus on financing sustainable business.	We continued to provide 100% of our loans to the sustainable enterprises in the real economy The loans to deposit ratio when calculated against our impact lending remained stable at 63%. The increase in the annual accounts (from 63% to 68%) is caused by the fact that short term investments are accounted for as loans, but were, in practice, part of the investment portfolio.	Broaden participation in Impact Investing for retail audiences through the creation of an impact investing platform to argue for greater access to impact retail investment. Improve loans to deposit ratio, excluding short term investments, to between 65% and 70%.
To become the ‘bank of preference’ for our customers.	Offered a credible set of services in The Netherlands and Spain, including sustainable mortgages, current accounts, ATMs, and POS machines. An in-depth feasibility study for the launch of a current account for retail clients in Belgium concluded that the current market conditions and costs in Belgium were too great a risk for a successful launch and the project was postponed.	Develop current account in UK market for launch in 2016. In Spain, deliver a new technological platform with a new online banking system including mobile banking.

To focus on long-term resilience over short-term profit, and offer a fair return on equity.	Delivered a return on Equity (RoE) of 4.4 %. The RoE on the strategic minimal capital is 5.9%. (Triodos Bank maintains a relatively high equity base and a substantial liquidity surplus which results in a lower RoE). Delivered leverage ratio of 8.8%, compared to a minimum leverage ratio of 3% required in Europe. Continued to only finance loans with customer's savings, and not through money market facilities from other banks.	We aim for a RoE of between 4 and 5% in 2015. A RoE target of 7% should be considered a realistic, long-term average, in normal market conditions. Leverage ratio of at least 8%.
To strengthen and continue to develop a Pan-European base.	French representative office developed in line with plans, working with Belgian office to increase their combined lending by 20%. Sector plans created in all major sectors, and group-wide collaboration via initiatives such as an Energy Experts Group, informing plans for future branch-specific activity. Risk management, control and reporting functions strengthened (including the appointment of a Director of Risk), and decision-making between branches and central office clearly defined, as part of a group-wide internal governance project. The German branch has not reached profitability as quickly as anticipated due to slower growth in lending than projected and the managing of deposits to keep the two in balance. This has resulted in a delay in reaching break even.	Expand activity in existing branches and review the feasibility of creating a branch in France. Open four to six new offices in Spain. Open new, public-facing office in Gent, Belgium. Development of cross-bank collaboration and engagement platform. Cross-bank theme days, sharing knowledge from mature branches with newer ones. Improve German profitability (negative in 2014) by growing lending by 26%. Internal governance changes in 2014 evaluated as 'business as usual' in 2015. Central Director of Business Banking, Marketing & Retail Banking and Operations appointed to strengthen Pan-European approach.

To deliver a stable balance sheet, by increasing the diversity in our loan portfolio.	A focus on sustainable mortgages was responsible for almost a fifth (18%) of the total increase of the loan portfolio in 2014 (2013: 33%). Mortgages were offered in The Netherlands, Belgium and Spain providing EUR 404 m in finance by year end (2013: EUR 274 m).	The long term goal is to increase sustainable mortgage lending in The Netherlands and Belgium significantly. In 2015 this will mean an increase of between 9% and 12%.
To encourage co-workers to actively engage in a learning organisation.	Weekly 'Monday morning meetings' continue to provide opportunity for all branches and business units to convene and discuss shared issues. Visionary Leadership Programme with 13 participants from across the business units. Induction programmes for new co-workers locally and an international programme at Head Office. Values seminar three times a year for co-workers from 1-3 years of service. Meetings between co-workers and business clients, such as four 'encounters' in Spain. Extended International Management Council with 40 senior managers from all Business Units for sharing, networking and exchanging developments and challenges within the organisation. Several locally organised meetings with clients, key note speakers and visits to clients for inspiration and to strengthen the connection between the Triodos community and our clients/stakeholders. Training in Dynamic Judgement Formation and meditation and mindfulness training delivered at head office.	Implement a new a platform across the bank to improve collaboration on joint topics. Active participation from at least five business units. A more international head office will be supported by at least one non-Dutch senior appointment, and regular meetings for all head office co-workers conducted in English. At least six study group meetings for new co-workers introduced.

Triodos Investment Management (TIM)

Triodos Investment Management will deepen and extend its impact, further building on its position as the experienced and professional impact investment partner of preference.	Total Assets under Management amounted to EUR 2.66 billion from solid inflows in most funds. Specialised microfinance funds provided finance to 102 microfinance institutions (2013: 97) in 44 countries (2013: 44), serving approximately 8.2 million savers (2013: 7.9 million), and 11 million borrowing clients (2014: 8.4 million).	Triodos Investment Management aims to grow its assets under management to EUR 3.2 billion in 2015. It also aims to expand its international distribution network and to increase its position with High Net Worth individuals and semi-institutionals.
Triodos Investment Management will continue to develop new impact investment solutions.	Triodos Organic Growth Fund, a long-term private equity evergreen fund, was launched in January 2014 and has made two investments during the year. The Triodos SRI funds passed the EUR 1 billion milestone and the development of the methodologies of these funds has progressed further during 2014. The management of the Ampere Equity Fund was transferred to another manager early in 2014.	Triodos Investment Management aims to expand within existing funds and create new values-based investment solutions. Triodos Investment Management will explore the development of its SRI funds further.

Private Banking

Develop Private Banking , through meaningful dialogue, as an important addition to Triodos Bank's retail offering to meet the demand for an holistic approach that combines financial advice, financial returns and personal values.	Developed dialogue with these clients via separate meetings on the theme of the alternative use of money. Extended advisory services for clients with investable assets of more than 500,000, to invest in social entrepreneurs.	Grow investable assets for clients investing between EUR 300,000 and EUR 500,000. Continuous system improvement to offer more and better services to clients.

Results

In addition to a summary of key figures at the start of this report, the following are the main results achieved in 2014 together with details of Triodos Bank's Divisions, its products and services, their broader impact, and prospects for the coming years. Because Triodos Bank integrates its values-based mission and strategy these results combine both financial and non-financial performance:

Triodos Bank

In 2014, Triodos Bank's income grew by 16% to EUR 190 million (2013: EUR 164 million). Triodos Investment Management contributed EUR 31 million to this figure (2013: EUR 25 million). In 2014, commission income amounted to 33% (2013: 31%) of total income, in line with expectations.

The total amount of assets under management including Triodos Bank and the investment funds and Private Banking grew by EUR 1.0 billion, or 10%, to EUR 10.6 billion.

Triodos Bank's balance sheet total grew by 11% to EUR 7.2 billion thanks to a steady growth of the funds entrusted and new capital raised during the year, in all branches. Growth of between 5 to 15% was expected as a result of a difficult environment for lending, a focus on internal governance improvements and meeting increasing regulatory obligations.

Triodos Bank's total number of customers increased by 13%, against expected growth of between 10 to 15%, and now numbers 530,000 customers. This year we have refined the definition of a customer so that this data is reported more consistently and accurately across all branches. This includes, for example, that only the beneficiary of an account, such as a young saver, is counted as a single customer and not the operator(s) of their account in addition. We have also amended the 2013 figure using the same definition, for comparison purposes. We will continue to report the number of accounts in the annual report's Key Figures section.

The more limited growth reflects efforts to balance the ratio of loans to deposits. At the same time, continuing growth despite extremely low interest rates shows that a growing number of people are choosing to make a much more conscious choice about their bank and how it uses their money.

The profit was materially affected by a special tax levied by the Dutch government as a contribution to the rescue of the Dutch SNS Bank, amounting to EUR 8.3 million. As a consequence of this as well as costs to become Basel III compliant, to enhance Risk management and Governance, to continue investing in IT, and to meet additional local bank taxes in Belgium and Spain, operating expenses increased by 23%. This impacted on the ratio of operating expenses against income, which was 73% (2013: 69%), and on profit before tax and net profit. The profit before tax and loan provisioning increased slightly from EUR 51.0 million in 2013 to EUR 51.2 million.

Net profit of EUR 30.1 million was up by 17% (2013: EUR 25.7 million). The main difference between the growth of the net profit compared to the growth of the profit before tax and loan provisioning resulted from the significantly lower amount of loan provisioning in 2014.

Loan loss provisions decreased to 0.28% of the average loan book, compared to 0.49% in 2013, reflecting careful management of a high quality loan portfolio in all branches.

Triodos Bank delivered a return on equity of 4.4% in 2014 (2013: 4.3%). The medium-term objective is to grow the return on equity to 7% of Triodos Bank's equity in normal economic conditions. This target should be seen as a realistic, long-term average for the type of banking activity that Triodos Bank engages in. The mature branches have proven that they can achieve this level of profitability in stable economic and financial conditions.

A challenging economic and financial environment has lead to central banks keeping interest rates at historically low levels putting pressure on returns. At the same time Triodos Bank has chosen to maintain higher capital ratios and liquidity buffers which reduce returns on equity. Net profit is also under pressure because of the increase of costs as a result of compliance with regulatory requirements.

The time frame within which Triodos Bank realises this 7% profit objective continues to depend on opportunities in the growing sustainability market. In the current market, while Triodos Bank will continue to work on improving its profitability, it does not expect to reach this target in the next three years. Today we prefer to maintain a relatively high equity base and a substantial liquidity surplus which results in a lower Return of Equity. We also expect overhead costs to grow relatively significantly as we have to deal with the implementation of European Central Bank supervision rules.

Earnings per share, calculated using the average number of outstanding shares during the financial year, were EUR 3.41 (2013: EUR 3.23), a 5% increase. The profit is placed at the disposal of the shareholders.

Triodos Bank proposes a dividend of EUR 1.95 per share (2013: EUR 1.95). This means that the pay-out ratio (the percentage of total profit distributed as dividends) will be 57% (2013: 60%).

Triodos Bank increased its share capital by EUR 23 million, or 4%, thanks to depository receipt issues targeting retail investors in particular, which ran throughout the year in The Netherlands, Belgium, the United Kingdom, Spain and, for the first time, in Germany.

The number of depository receipt holders increased from 31,304 to 32,591. Equity increased by 8% from EUR 654 million to EUR 704 million. This increase includes net new capital and profit (minus a dividend). In 2014, Triodos Bank's platform for trading in depository receipts continued to operate effectively. At the end of 2014, the net asset value for each depository receipt was EUR 78 (2013: EUR 77).

From the start of 2008 until 2013, the total capital ratio, an important measure of a bank's solvency, has been calculated according to the Basel II guidelines. In 2014 the calculation of the total capital ratio was based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR). At the end of 2014 the total capital ratio was 19.0% (2013: 17.8%). Triodos Bank aims for a solvency ratio of at least 14%. The Core Tier I ratio was 19.0% (2013: 17.8%).

Our Impact

Triodos Bank wants to report on the wider social, cultural and environmental impact of its finance. In 2014 we built on the development of a new online impact assessment chapter in 2013 by including the impact data in the scope of the external assurance on the full Executive Board chapter. Doing so is a logical extension of the auditing of our financial figures, as an integrated business that has sustainability at the core of its financial activity.

For more details about the background and methodology used to produce these figures visit www.annual-report-triodos.com.

Triodos Bank aims to be a leader in impact-driven reporting in the financial industry. As part of that effort we report on our impact below. Numbers alone can only tell a limited story, however they do provide quantitative details of the impact of Triodos Bank's mission in practice.

This data serves as an indication of Triodos Bank's non-financial impact. The data, which is reported by all our branches, is based on a number of assumptions. In general, the full impact of a project is counted when Triodos Bank has financed it, either wholly or in part. In general, we take a conservative approach to the data and exclude projects when we are uncertain about the impact figures relating to them. We will further harmonize our reporting in 2015 as a matter of continuous improvement.

Please visit www.annual-report-triodos.com to view an impact chapter providing more detail on the impact of Triodos Bank and its finance.

Triodos Bank finances enterprises that augment the use of renewable resources in particular, and supports projects that reduce the demand for energy and encourage cleaner use of fossil fuels. By the end of 2014, Triodos Bank and its climate and energy investment funds were financing 379 projects across Europe (2013: 376). Triodos Bank finance contributed to a generating capacity of 2,100 MW of energy (2013: 2,300 MW), or enough energy to meet the electricity needs of the equivalent of 1 million European households during the year (2013: 1.3 million).

During 2014 Triodos Bank finance helped make it possible for 6.2 million visitors to enjoy cultural events including cinema, theatres and museums across Europe, as a result of its lending and investments activity (2013: 16.3 million). The figure in 2013 was largely due to lending to successful film-makers during the year.

As a result of its lending across Europe, as in 2013, approximately 20,000 individuals used facilities offered at 249 elderly care homes (2013: 217) financed by Triodos Bank.

Triodos Investment Management's specialised microfinance funds provided finance to 102 microfinance (2013: 97) in 44 countries (2013: 44), serving approximately 8.2 million savers (2013: 7.9 million) and 11 million borrowing clients (2013: 8.4 million).

The organically managed land on the farms which Triodos Bank finances could produce the equivalent of 23.6 million meals, or enough food to provide a sustainable diet for approximately 21,600 people during the year (2013: 21,400).

Approximately 821,500 individuals benefited from the work of educational establishments financed by Triodos Bank (2013: 587,300). The marked increase was largely due to a significant new loan in Spain.

Prospects

Triodos Bank is now a medium sized bank. We have put considerable effort and resources in to further strengthening our risk management and internal governance in 2014 to meet the requirements of this level of operations. We want to further embed these improvements in Triodos Bank's business as usual in 2015.

We also expect to extend our stakeholder engagement, talking with more of the people most interested in Triodos Bank through a structured programme in all the branches where we operate.

Excluding unforeseen circumstances, Triodos Bank expects to continue to maintain its operational profits in 2015. It will extend its impact through a more diversified loan portfolio, quality financial services with sustainability at their core and encourage and provide finance for enterprises increasing the sustainable impact of their business. At the same time we recognise that the economic downturn that has resulted from the financial crisis, and a slow recovery in some countries, will continue in 2015 and may have a negative impact on Triodos Bank's results. Despite these external factors, Triodos Bank expects to maintain its net profit level in 2015.

Co-worker Report

Triodos Bank aims to be an extraordinary place to work, enabling co-workers to fulfil their professional potential, developing and applying their expertise and professional insight to the full.

The year at a glance

Triodos Bank is a developing organisation. Its steady growth has created a medium-sized bank requiring an evolving approach to fulfil the potential of the people who work in it. In 2014, 199 new co-workers were employed (2013: 189), passing a milestone of 1,000 co-workers during the year. The total number of co-workers at Triodos Bank increased by 11.7% in 2014, from 911 to 1,017.

The balance of men and women, which has been a particular point of attention in previous years, the age of the co-worker group, and levels of sickness are at reasonable levels in the view of the management. In 2014 Triodos Bank employed 541 women (53.2%) and 476 men (46.8%). The share of women in management positions remains at 40%. The average age remains at 39.6 years, as does the average period of service, which was 4.8 years at the end of 2014 (2013: 4.7 years). Absenteeism through sickness remains at 2.6% in 2014 below a target of 3%.

The attrition rate increased to 9.5% in 2014 (2013: 7.2%). The attrition rate for co-workers in their first year of employment increased from 7.4% in 2013 to 11.6% in 2014, despite efforts to reduce it through thorough recruitment processes which aimed to provide greater clarity around expectations and an improved induction process. This was in part due to a healthier labour market, especially in Spain and the UK.

Triodos Bank depends on skilled and motivated people who are able to integrate the bank's mission in their everyday work from lending to sustainable enterprises, to servicing clients without the use of scripts but connecting instead on a more human level. The organisation invests in high quality training and development programmes that focus on the specific questions and training needs of its co-workers. In addition to external experts, the Triodos Academy offers development programmes based on Triodos Bank's values. 118 (2013: 82) co-workers participated in the Academy's different programmes in 2014.

The 2014 annual Co-Worker Conference took place in Brussels with a theme of "Living Unity & Diversity", and was attended by 120 co-workers.

Attention was paid to improvements in internal governance during the year. There was concern that this development to improve formal processes could have an impact on the working culture of the bank, so care was taken to ensure that these changes supported and strengthened the collaborative culture.

Triodos Bank believes people should be properly and appropriately paid for their work. As such it carefully monitors differences in remuneration within the organisation and between Triodos Bank and the rest of the financial and banking sector. In The Netherlands, which is home to the Executive Board, the head office and the largest Triodos Bank branch, the ratio between the lowest and highest paid in 2014 was 9.6 (2013: 9.4). Triodos Bank believes that a moderate remuneration policy without bonuses creates a healthy, simple system where there is limited need for control and has established an international remuneration policy with this in mind. A summary of the International Remuneration Policy can be found at www.triodos.com/remuneration.

Prospects

Triodos Bank will continue to strengthen the organisation in 2015 and beyond. The following priorities have been set in this context:

- Special attention will be paid to new senior co-workers at Head Office, especially in the area of the growing Risk Management department, with a focus on increasing familiarity with our culture and mission.
- Study meetings will be organised to create a more in-depth understanding of Triodos Bank and its values, and to support new co-workers to reflect on societal issues and their relevance for Triodos Bank.
- Exchanges from the branches and the recruitment of international candidates will be encouraged to underline the international character of the Head Office.
- We aim to reduce the high turnover in a co-worker's first year of employment by improving the recruitment process.
- Co-workers will be encouraged to actively engage in a learning organisation (see the strategic objectives table on page 19).

Environmental Report

Triodos Bank's most significant impact comes from financing sustainable projects and entrepreneurs. But the organisation also has a responsibility for its own environmental impact as an institution.

The basic principle of the organisation's environmental policy is the *trias energetica*.

This means that Triodos Bank keeps its energy consumption to a minimum, that it uses renewable energy or renewable resources where possible, and that it compensates the environmental impact of generated energy. In this way it minimises and compensates for its environmental impact. Triodos Bank is a climate-neutral organisation (CO_2 neutral).

The year at a glance

All the electricity purchased by Triodos Bank was 100% renewable during the year. 54% was provided by wind energy and 35% by solar energy. The remaining energy was provided by other renewable sources.

We started the first BREEAM assessment, a leading environmental assessment method and rating system for buildings, in one of Triodos Bank's Dutch properties. This initial self-assessment is categorised as 'very good'. We will define the steps to take to improve this performance in 2015. Possible areas of improvement include further reducing internal waste and maintaining a more stable climate in the building.

The average CO_2 emissions for Triodos Bank's commercial fleet of cars, which all meet high sustainable performance levels, decreased by 3.5% from 107g in 2013 to 103g in 2014. In 2014, air travel, which was an area of particular focus during the year, decreased by 20% per FTE compared to an increase of 8% in 2013. The use of video conferencing has almost trebled in 2014 contributing to less frequent flights.

The total commuting distance travelled per FTE stayed almost the same, down by 0.22% in 2014. Triodos Bank co-workers travelled 39% of the total commuting distance by public transport (2013: 37%). Car use for commuting decreased by 4% per FTE.

The use of office paper decreased by 11% per FTE in 2014, and the use of printed paper increased by 4% per FTE and by 14% per client.

Prospects

A bank-wide three year plan will begin in 2015 to improve the measuring, reporting and verification of environmental data. In addition it will focus on a carbon strategy to reduce carbon and engage more effectively with co-workers on these issues.

Actions will include:
- The introduction of an internal CO_2 Management System
- Benchmarking CO_2 emissions with an external peer group
- BREEAM In-Use extended to all Triodos Bank's buildings in a first phase
- Promoting an increased use of video conferencing
- Assessing the effectiveness of carbon reduction initiatives and identifying good practice
- Engaging the vendor management community to understand supply chain carbon management activities in more detail.

Triodos Bank Divisions and Results

Triodos Bank's activity is split between three core divisions:
- Retail and Business Banking, delivered through a diversified network of European branches, responsible for around 71% of Triodos Bank's net profit in 2014;
- Triodos Investment Management, which makes up 26% of Triodos Bank's overall net profit;
- and Triodos Private Banking, providing services to wealthier people and groups, available in The Netherlands and Belgium to date.

Products and services are offered to investors and savers, across these three divisions, enabling Triodos Bank to finance new and existing companies that contribute to the improvement of the environment, or create social or cultural added value. Details of these products and services follow below.

European Branch Network (retail and business banking)

Developing a European branch network is fundamental to Triodos Bank. It allows it to build and share expertise, and use it to benefit a fast-growing Triodos Bank community. It brings a credible set of values-based financial services to hundreds of thousands of business and personal customers, and grows sustainable banking's scale and impact.

While Triodos Bank's values bind customers and co-workers, there are important differences between countries. Regulations, tax incentives and government approaches to sustainability are sometimes markedly different in diverse markets. Local culture, within and between countries, also impacts on how Triodos Bank approaches its work.

Retail activities developed further in 2014 as people and sustainable enterprises continue to choose to partner with Triodos Bank.

Funds entrusted

Funds entrusted, including savings, enable Triodos Bank to finance companies and organisations that benefit people, the environment and culture. An increase of the funds entrusted is an important indicator of Triodos Bank's ability to attract sufficient funds to finance sustainable organisations.

For the reasons highlighted earlier in the report the branches offer a variety of sustainable financial products and services as part of its key strategic objective to offer a full set of services to customers. This has been achieved in some branches and is being developed in others, leading to a marked growth in funds entrusted which increased by EUR 639 million, or 11%, against expected growth of 15%.

Together, this resulted in continuing growth in all the countries where Triodos Bank operates due in part to a growing profile, more efficient and customer-friendly account opening processes, and a receptive market keen to use their money more consciously.

Triodos Bank aims to be the first bank for its customers. To deliver this in Spain, for example, the number of new current accounts exceeded the number of new savings accounts for the first time during the year.

By offering our savers, in some countries, the opportunity to donate part of the interest they receive to a charity, many social organisations receive support every year. In 2014, 403 organisations (2013: 401) received total donations of EUR 0.3 million (2013: EUR 0.4 million) in this way.

Loans

The growth of the quality and size of the loan portfolio is an important indicator of the contribution Triodos Bank makes towards a more sustainable economy. All the sectors it works in qualify as sustainable and the companies and projects it finances contribute to delivering Triodos Bank's mission (as detailed below).

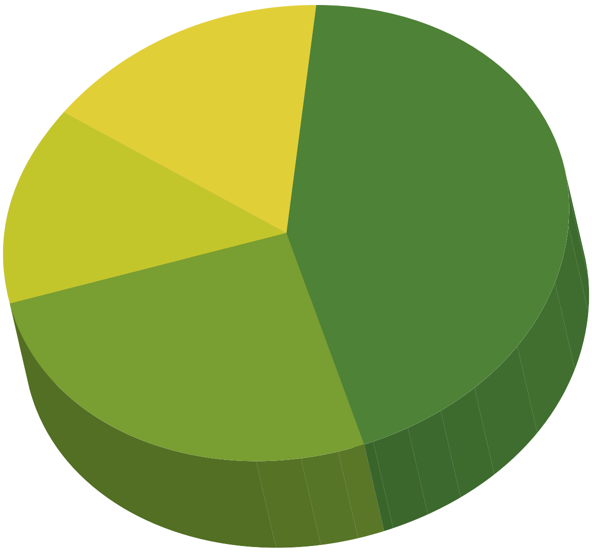
To make sure that Triodos Bank only finances sustainable enterprise, potential borrowers are first assessed on the added value they create in these areas. The commercial feasibility of a prospective loan is then assessed and a decision made about whether it is a responsible banking option. The criteria or guidelines Triodos Bank uses to assess companies can be viewed on Triodos Bank's websites.

Triodos Bank's main focus remains on the existing sectors in which it has already developed considerable expertise and where it considers more growth, diversification and innovation to be possible.

Environment (44%, 2013: 49%)
This sector consists of renewable energy projects such as wind and solar power, biomass, hydro-electric, and energy saving projects. It also includes organic agriculture, and projects across the entire agricultural chain, from farms, processors and wholesale companies to natural food shops. Environmental technology, such as recycling companies and nature conservation projects, is also represented.

Outstanding loans per sector in 2014

ENVIRONMENT 44%
SOCIAL 26%
CULTURE 14%
MUNICIPALITY & PRIVATE LOANS 16%



Social (26%, 2013: 29%)
This sector includes loans to traditional businesses or non-profit organisations and innovative enterprises and service providers with clear social objectives, such as social housing, loans to fair trade businesses, integration for people with disabilities or at risk of social exclusion, and health care institutions.

Culture (14%, 2013: 15%)
This sector covers loans to organisations working in education, retreat centres, religious groups, cultural centres and organisations, and artists.

The remaining proportion of the loan book includes short-term loans to municipalities and private sustainable mortgages.

The lending sectors above describe the main sectors Triodos Bank is involved in. Parts of these sectors are also financed by both Triodos Bank itself and its investment funds (see investments below).

The loan portfolio as a percentage of the total amount of funds entrusted increased to 68% in 2014 (2013: 63%). Triodos Bank's goal is to lend between 65% and 70% of its funds entrusted. This remains an important challenge for the bank. The increase in lending was primarily due to short term loans to municipalities. Without them the ratio would have remained at a similar level.

The quality of the loan book remained satisfactory overall, despite a wider economic environment of limited or no growth in some countries and a difficult economic environment. This and a continuing focus on maintaining and diversifying a high quality loan portfolio, led to a decline in total loan loss provision to 0.28 of the average loan book (2013: 0.49%). This is much closer to Triodos Bank's long-term internal benchmark for provisions of 0.25%. These provisions are taken in case potential losses resulting from defaults by borrowers become a reality.

Growth of the loan portfolio amounted to EUR 722 million or 20%. Expected growth was 15%. An important part of this growth is a substantial increase in larger loans to Dutch municipalities, primarily because of liquidity management. These investments are included in the loan portfolio in accordance with regulations related to financial reporting. Without this the loan portfolio would have grown by approximately 12%, mainly because of the increase of the mortgage portfolio (47%) and limited increase in business loans (9.3%). The distribution of growth over these three sectors has been deliberate to achieve more diversification and to lower the risk profile.

Competition between banks in the conventional lending market has revived after a period of restructuring and recapitalization. Banks regard sustainability as an emerging market and want to be involved in it.

Prospects

Triodos Bank's balance sheet total is expected to grow more modestly. Growth of between 5 and 15% is expected in 2015.

All branches will focus on continuing to deliver, or develop, a credible set of services. For example, preparations for the launch of a current account will take place in the UK in 2016. The number of customers is expected to grow by between 10 and 15% across the Group.

We intend to improve the loans to deposits ratio to between 65 and 70%, excluding short term investments.

The loan portfolio is expected to increase by between 5% and 15% and the funds entrusted by 10%. Triodos Bank's ambitions are to focus primarily on the quality and diversification of its loan portfolio. We will concentrate on loans that reflect Triodos Bank's efforts to finance front-runners in their fields; the entrepreneurs developing the sustainable industries of the future. We expect the levels of provisions for loans in the coming years to decrease modestly.

Triodos Investment Management

Investments take place through investment funds or investment institutions bearing the Triodos name and are managed by Triodos Investment Management BV, a 100% subsidiary of Triodos Bank.

Triodos Investment funds only invest in sustainable themes such as inclusive finance, sustainable trade, organic food and agriculture, energy and climate, sustainable real estate, arts and culture, or in listed companies with above average environmental, social and governance (ESG) performance.

The funds publish separate annual reports and most have their own Annual General Meeting of Shareholders.

Triodos Investment Management is responsible for 17 funds, for both individual and institutional investors, totaling EUR 2.66 billion assets under management. The total growth of the investment funds was EUR 149 million, up 6% (2013: 15%). The transfer of Ampere Equity Fund to another manager as per 1 January 2014 has reduced the total assets under management by EUR 221 million. This was compensated during the year by solid inflows in the majority of the investment funds, resulting in a net increase of the total assets under management.

20%

Growth of the loan portfolio amounted to EUR 722 million, or 20%.

The overall increase in total funds entrusted to Triodos Investment Management reflects investors' appetite for sustainable investments. Worldwide, investors are increasingly opting for meaningful and measurable impact in addition to financial results. This development is of enormous value in the transition to a more sustainable society. Triodos Sustainable Funds (SICAV I), Triodos Fair Share Fund and Triodos Microfinance Fund in particular have benefited from this emerging change and have experienced substantial growth with an increase of 53%, 26% and 40% respectively (2013: 33%, 32% and 33%).

Prospects

Triodos Investment Management is well positioned for further growth, with increasing demand from investors in impact investment looking for an experienced, reliable and professional impact investment partner. To strengthen its reputation as an innovative investment manager it will continue to develop and expand within existing funds and create new values-based investment solutions. It will explore the further development of its SRI funds in particular. This will further contribute to achieving Triodos Investment Management's mission and deepen the impact of its funds.

This is particularly relevant in a competitive market where growing numbers of organisations present themselves as socially responsible investors.

Triodos Investment Management's strategic focus will continue to be on individual investors, but will also increasingly be aimed at High Net Worth Individuals, family offices and semi-institutionals. Triodos Investment Management will also continue to increase its international distribution.

In the context of ambitions to further increase its impact and with challenging market circumstances and increasing regulations, Triodos Investment Management aims to grow its assets under management to EUR 3.1 billion in 2015.

Triodos Private Banking

Private Banking offers a broad range of financial and non-financial services to wealthier people, foundations, associations and religious institutions. Sustainable asset management is the core service within Triodos Private Banking, and includes both Triodos investment funds and private asset management.

Private Banking's focus is primarily on developing effective dialogue with investors and less on asset growth. However, it increased its funds under management by 13% to EUR 1,232 million against a target of between 15 and 20%. EUR 419 million of these funds are managed by Triodos Private Banking but accounted for on the balance sheet of the Dutch branch.

1,232 million

Private Banking increased its funds under management by 13% to EUR 1,232 million.

Prospects

Triodos Private Banking expects interest in its sustainable investment offering in The Netherlands, Belgium and increasingly Germany to continue to be substantial and expects long term growth to be between 15 and 20%.

More details about the local branches, Triodos Investment Management and Triodos Private Banking, can be found in Triodos Bank's online annual report at www.annual-report-triodos.com.

Risk and Compliance

Risk Management

Managing risk is a fundamental part of banking. Triodos Bank manages risk as part of a long-term strategy of resilience.

Risk Management is embedded throughout the organisation. While business managers are primarily responsible for delivering a resilient business approach, they are supported by risk managers, with local business knowledge, to identify, assess and manage risk. At a group level, a risk appetite process is implemented to align Triodos Bank's risk profile with the willingness to take risk in achieving its business objectives.

During this process each business unit performs a strategic risk assessment to identify and manage potential risks that could impede the realisation of their business objectives. The outcome of these assessments are consolidated and used as input for the Executive Board's own risk assessment and to determine Triodos Bank's risk appetite.

An integration of the strategic risk management objectives as part of the risk appetite, recovery plan, internal capital and liquidity adequacy assessment process was achieved.
The outcome of the strategic risk assessments and strategic risk management objectives are used to determine scenarios that were used to stress test Triodos Bank's solvency, liquidity and profitability during 2014. The results of these tests were satisfactory.

A fully integrated risk management report gives insights into the Triodos Bank risk profile in relation to the accepted risk appetite. The report gives insights on specific risk themes and provides an integrated picture of risk at business unit level. This report is produced four times a year and is presented to the Supervisory Board's Audit and Risk Committee.

The monthly Asset and Liability Committee is responsible for assessing the risks associated with interest rate risk, liquidity risk, currency risk and capital management.

The credit risk function plays an important role in assessing the risk of new loans and managing the credit risk of the entire loan portfolio.

The assessment of credit risk is as close as possible to the business and the day-to-day operations, and therefore primarily the responsibility of local branches. The central risk function sets norms, approves large loans, and monitors the credit risk of Triodos Bank's entire loan book.

The Risk Management section of Triodos Bank's annual accounts provides a description of the main risks related to the strategy of the company. It also includes a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year. No major deficiencies in the internal risk management and control systems were discovered in the financial year. The developments of the main risks within Triodos Bank are described in the integrated risk management report and discussed on a regular basis in the Audit and Risk Committee of the Supervisory Board.

Basel III Capital and Liquidity Requirements

Regulations are demanding a more resilient banking sector by strengthening the solvency of the banks and introducing strict liquidity requirements, such as those developed by the Basel Committee on Banking Supervision. Based on the latest available information, Triodos Bank complies already with the capital and liquidity requirements as from 2019, known as Basel III.

Triodos Bank's capital strategy is to be strongly capitalised. This has become an even more important strategic objective as the regulation to strengthen the capital base of banks has come into force following the financial crisis. Triodos Bank aims for a regulatory solvency ratio of approximately 14%, well above its own internal economic capital requirements, in order to guarantee a healthy and safe risk profile. The quality of capital is important, as well as the solvency rate. Almost 100% of Triodos Bank's solvency comes from equity. Economic capital is calculated as a result of the yearly Internal Capital Adequacy Assessment Process, which is reviewed by the Dutch Central Bank.

In 2014, Triodos Bank successfully raised capital from its customers, exceeding targets and raising over EUR 23 million. This has helped it to maintain a regulatory solvency ratio of 19%, at the end of 2014, well above external but also its internal requirements.

Triodos Bank's liquidity position remained very strong during 2014. Its policy is to invest excess liquidities in highly liquid assets in the country where it has raised the funds. In The Netherlands Triodos Bank has invested its liquidities mainly in Dutch government bonds, municipalities, banks and the European Central Bank. In Belgium most of its liquidity has been invested in Belgian government bonds and placed with other banks. In Spain part of the liquidity surplus is invested in Spanish Government Bonds. This is also the case in the UK where some liquidity is invested in UK Government bonds. In Germany, the surplus liquidities are placed with other banks.

The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are both well above the minimum limits of Basel III.

More detailed information about Triodos Bank's approach to risk is included in the Financial Accounts section of this report starting on page 116.

In Control statement

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

The Executive Board is responsible for the risk management function and compliance function. The risk management function works together with management to develop and execute risk policies and procedures involving identification, measurement, assessment, mitigation and monitoring of the financial and non-financial risks. The compliance function plays a key role in monitoring Triodos Bank's adherence to external rules and regulation and internal policies. The adequate functioning of the risk management and compliance function as part of the internal control system is frequently under discussion with the Audit and Risk Committee. Triodos Bank's Internal Audit function provides independent and objective assurance of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. The Executive Board, under the supervision of the Supervisory Board and its Audit and Risk Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of these systems.

The enterprise risk management framework is the basis for an integrated in control statement process. The Executive Board indicates that this process should lead to a statement providing positive assurance in the coming years.

Triodos Bank's Executive Board states that it has no indication that the risk management and control systems have not functioned adequately and effectively in 2014.

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

Compliance and integrity

Triodos Bank has internal policies, rules and procedures to guarantee that management complies with relevant laws and regulations regarding customers and business partners. In addition, the compliance department independently monitors the extent to which Triodos Bank complies with its rules and procedures. External aspects of the compliance department primarily concern accepting new customers, monitoring financial transactions and preventing money laundering. Internal aspects primarily concern checking private transactions by co-workers, preventing and, where necessary, transparently managing conflicts of interest, and safeguarding confidential information. Further it concerns raising and maintaining awareness of for example financial regulations, compliance procedures and fraud and anti-corruption measures. Triodos Bank has a European compliance team led from the head office in Zeist. Compliance officers are present in every branch. The head of the Compliance department reports to the Executive Board and has direct access to the Chair of the Supervisory Board.

There were no significant incidents in 2014 concerning compliance and integrity. Triodos Bank was not involved in material legal proceedings or sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability.

Sustainability policy

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

Triodos Bank employs specific criteria to ensure the sustainability of products and services. It employs both positive criteria to ensure it is actively doing good and negative criteria for exclusion, to ensure it doesn't do any harm. The negative criteria exclude loans and investments in sectors or activities that are damaging to society. The positive criteria identify leading businesses and encourage their contributions to a sustainable society. Twice a year, these criteria are tested and adjusted if necessary. Triodos Bank has also defined sustainability principles for its internal organisation. These are included in its Business Principles.
All sustainability criteria referred to can be found on www.triodos.com/businessprinciples.

The Dutch Banking Code

The 2015 Banking Code came into force as of 1 January, 2015, and will therefore first apply to the 2015 financial year. Triodos Bank is in the process of reviewing the new best practices to see if its internal organisation needs to be further aligned to ensure compliance with the 2015 Banking Code.

Zeist, 27 February 2015

Triodos Bank Executive Board
Pierre Aeby
Jellie Banga
Peter Blom, Chair

Biographies

Pierre Aeby (1956), CFO

Pierre Aeby has been Statutory Director of Triodos Bank N.V. since 2000 and is a Member of the Executive Board. He is also a Member of the Board of Stichting Triodos Holding, Statutory Director of Triodos Ventures BV, Member of the Board of Stichting Hivos Triodos Fonds, Member of the Board of Stichting Triodos Sustainable Finance Foundation, Member of the Supervisory Board of Triodos Fair Share Fund, Chair of the Board of Stichting Triodos Foundation, Director of Triodos Fonds Vzw, Chair of the Management Board of Triodos SICAV I and Triodos SICAV II, Member of the Board of Triodos Invest CVBA, Chair of the Board of Enclude Ltd., Member of the Supervisory Board of Triodos Venture Capital Fund BV and Member of the Board of Vlaams Cultuurhuis De Brakke Grond. He has 14 directorships as defined in the CRR (and one position as defined in the Dutch Management and Supervision Act). He is of Belgian nationality and owns 21 Triodos Bank depository receipts.

Jellie Banga (1974), COO

Jellie Banga has been a Statutory Director of Triodos Bank N.V. since September 2014. She is Chief Operating Officer and has been a Member of the Executive Board of Triodos Bank since 2013. Jellie Banga is a Member of the Advisory Board of Stichting Lichter. She has one directorship as defined in the CRR (and one position as defined in the Dutch Management and Supervision Act). She is of Dutch nationality and does not own any Triodos Bank depository receipts.

Peter Blom (1956), CEO

Peter Blom has been Statutory Director of Triodos Bank N.V. since 1989 and is Chair of the Executive Board. He is also a Member of the Board of Stichting Triodos Holding, Statutory Director of Triodos Ventures BV, Member of the Board of Stichting Hivos Triodos Fonds, Member of the Board of Stichting Triodos Sustainable Finance Foundation, Chair of the Board of Stichting Global Alliance for Banking on Values, Member of the Board of the Dutch Banking Association, member of the Board of Stichting Sustainable Finance Lab, Member of the board of Stichting Nationaal Restauratiefonds, Member of the Board Stichting NatuurCollege, Member of the Scientific Advisory Council for Integrated Sustainable Agriculture and Food, Board member of Triodos Invest CVBA, Member of the Supervisory Board of Triodos Venture Capital Fund BV and Member of The Club of Rome. He has 12 directorships as defined in the Capital Requirement Regulation (CRR) (and one position as defined in the Dutch Management and Supervision Act). He is of Dutch nationality and owns one Triodos Bank depository receipt.

Corporate governance

Triodos Bank has a corporate governance structure that reflects and protects its mission and meets all relevant legal obligations. General information about Triodos Bank's compliance with the Dutch Corporate Governance Code and the Banking Code is provided on the following pages.

More details on Triodos Bank's governance structure are available at www.triodos.com/governance.

Triodos Bank's internal governance

Triodos Bank is a European bank with branches in The Netherlands (Zeist), Belgium (Brussels), the United Kingdom (Bristol), Spain (Madrid) and Germany (Frankfurt). It has a representative office in France (Paris). The head office, and legal address is in Zeist, The Netherlands.

Foundation for the administration of Triodos Bank shares (SAAT)

Triodos Bank believes it is crucial that its mission and identity is protected. For that reason, all Triodos Bank's shares are held in trust by SAAT – the Foundation for the Administration of Triodos Bank Shares. SAAT then issues depository receipts for Triodos Bank shares to the public and institutions. These depository receipts embody the economic aspects of the shares of Triodos Bank. SAAT exercises the voting rights attached to the Triodos Bank shares. The Board of SAAT's voting decisions are guided by Triodos Bank's goals and mission, its business interests, and the interests of the depository receipt holders. Triodos Bank depository receipts are not listed on any stock exchange.

Number of statement of depository receipts per holder

Amounts in millions of EUR	Depository receipt holders		Issued capital	
	2014	2013	2014	2013
1 – 50	12,981	12,901	19.1	18.5
51 – 500	16,557	15,691	225.7	209.4
501 – 1,000	1,994	1,770	106.2	93.6
1,001 and more	1,059	942	352.6	332.5
Total	32,591	31,304	703.6	654.0

Number of depository receipts per country

	Depository receipts × 1,000		Depository receipt holders	
	2014	2013	2014	2013
The Netherlands	5,328	5,257	17,019	16,968
Belgium	1,785	1,672	5,917	5,650
United Kingdom	245	228	1,982	1,954
Spain	1,613	1,376	7,508	6,698
Germany	44	16	165	34
Total	9,015	8,549	32,591	31,304

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

	2014	2013
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	5.8	6.0
Delta Lloyd Levensverzekering NV	4.1	4.2
Stichting Grafische Bedrijfspensioenfondsen	3.0	3.1

The above institutions are the largest of the total of 5 (2013: 6) institutions that have a participating interest of at least 1%. Their total participating interest is 16.8% (2013: 20.2%).

Instead, Triodos Bank maintains its own platform for trading in depositary receipts. It determines the price of the depository receipts, on a daily basis, using a fixed calculation model that calculates the net asset value (NAV) per depository receipt.

Depository receipt holders

Depository receipt holders are entitled to vote at the General Meeting of depository receipt holders. Each depository receipt holder is limited to a maximum of 1,000 votes. The Annual General Meeting of depository receipt holders appoints the members of the Board of SAAT, based on the Board's recommendations. These recommendations must be approved by Triodos Bank's Statutory Directors and Supervisory Board. No depository receipt holder may hold more than 10% of all issued depository receipts.

Triodos Bank Supervisory Board

Triodos Bank has a Supervisory Board, which monitors Triodos Bank's business operations and advises and assists its Executive Board, to benefit its business interests. New members of the Supervisory Board are appointed by the General Meeting of Triodos Bank, based on recommendations from the Supervisory Board.

Triodos Bank's Executive Board and Statutory Directors

The daily management of Triodos Bank lies with the Executive Board. The Executive Board consists of the Statutory Directors. In addition the Statutory Directors can appoint one or more Non-Statutory Directors. The Statutory Directors are formally responsible for the management of Triodos Bank and are appointed by the Supervisory Board.

Stichting Triodos Holding

Stichting Triodos Holding is legally separate, but organisationally related, to Triodos Bank. It is a 100% shareholder of Triodos Ventures B.V., an investment fund for higher risk and strategically important activities that reflect Triodos Bank's mission and activities. The Board of Management of Stichting Triodos Holding and the Board of Management of Triodos Ventures BV are made up of two Statutory Directors of Triodos Bank. Stichting Triodos Holding has a Supervisory Board appointed on the recommendation of the Board of SAAT.

Stichting Triodos Foundation

Stichting Triodos Foundation is a sister institution of Triodos Bank that is legally separate, but organisationally related to it. Currently, the Board of Management of Stichting Triodos Foundation is made up of Triodos Bank co-workers and one Statutory Director of Triodos Bank. It makes donations to initiatives that help Triodos Bank to deliver its sustainable goals. Similar foundations have been set up in Belgium, the UK and Spain.

Dutch Corporate Governance Code

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

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

The first deviation relates to voting rights on shares. To secure the continuity of Triodos Bank's mission and objectives, depository receipt holders cannot exercise voting rights on the underlying shares. Instead these rights are exercised by SAAT. For the same reason, depository receipt holders cannot make recommendations for appointments of members of the Board of SAAT.

The second instance relates to the term of office for Statutory Directors. This term is not limited to a period of four years, because Triodos Bank feels that this would not serve the long term development of the organisation.

Triodos Bank also differs from the best practice stating that a person may be appointed to the Supervisory Board for a maximum of three, four-year terms, as its articles of association allow the General Meeting to re-appoint a member of the Supervisory Board due to special circumstances after his or her maximum number of terms has been completed. The objective of this provision is to create extra time and space for the Supervisory Board to fill vacancies.

The fourth instance concerns the fact that, for practical reasons, Triodos Bank has adopted a modified regime for conflicts of interest relating to cases in which it intends to enter into a transaction with a legal entity in which an Executive Board member has a management or supervisory position. If such a conflict of interest concerns a legal entity outside the Triodos Bank Group, and is of material importance to it, the adapted regime provides for checks and balances (e.g. through the involvement of the Supervisory Board's Audit and Risk Committee) and ensures adequate transparency. If such a conflict of interest regards a legal entity within the Triodos Bank Group no rules will apply. This is in accordance with the latest developments in regulation and case law. To other (personal) conflicts of interest of Executive Board members (as defined in best practice II.3.2 sub i) and ii) of the Code) the provisions of the Code are applicable.

The fifth instance relates to the fact that the Supervisory Board of Triodos Bank does not have separate nomination and remuneration committees, but rather operates an integrated Nomination and Compensation Committee. This is done for practical reasons, given Triodos Bank's relatively modest size.

Triodos Bank also differs from the Code's best practice when submitting all proposals to the Annual General Meeting for material amendments to the Articles of Association as separate agenda items. For practical reasons Triodos Bank wants to retain the possibility, at the discretion of the Executive Board and the Supervisory Board, to submit a proposal for multiple amendments to the Articles of Association as one single agenda item when there is a strong degree of interrelatedness between these proposed amendments.

Finally, as it does not have any share plans or option schemes in place, several Code provisions regarding executive remuneration do not apply to Triodos Bank. The total costs for executive remuneration, which primarily consist of wages and pension elements, are published in this annual report.

Dutch Banking Code

The Dutch Banking Code ('the Banking Code') came into force as of 1 January, 2010. It consists of a number of recommendations and principles aimed at ensuring the very best performance by banks. Its primary focus is on governance and it puts the interests of the customer at the heart of a bank's activity, which ties in fully with Triodos Bank's vision and Business Principles. The customer is a key stakeholder in all Triodos Bank's activities and its mission.

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

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

In September 2014, the Dutch Bankers' Association (NVB) introduced a package of new developments for the banking industry called 'Future Oriented Banking'. It includes a Social Charter, an updated Banking Code ('2015 Banking Code') and rules of conduct associated with the Dutch bankers' oath. The 2015 Banking Code came into force as of 1 January, 2015, and will therefore first be applicable to the 2015 financial year. Triodos Bank is currently in the process of reviewing the new best practices to see if its internal organisation needs to be further aligned and, if so, what steps need to be taken to ensure compliance with the 2015 Banking Code.

Corporate Governance and Banking Code Statement

In accordance with the Dutch Decree implementing further accounting standards for the content of annual reports dated 23 December 2004 (as amended on 20 March 2009) and the Dutch Decree implementing further accounting standards for the content of annual reports of banks dated 1 June 2010, the Executive Board of Triodos Bank has drafted a Corporate Governance Code and Banking Code Statement. This statement forms part of the 2014 Annual Report and is valid as of its date. The statement can be found in the online annual report and at www.triodos.com /statements.

Supervisory Board Report

The Supervisory Board supervises and reviews the activities and the decisions of the Executive Board, the development of Triodos Bank's operations and the realisation of its mission; and contributes to strategy development. In addition, it assists the Executive Board by providing advice and guidance. The review is based on reports on business, finance and other aspects, and on presentations and visits. These are scheduled so that all substantive areas of Triodos Bank are covered within a two-year time frame.

Triodos Bank and the economic and financial environment

The Supervisory Board is pleased that Triodos Bank continues to thrive in a challenging economic environment. During the year it has continued to extend its impact, deliver a fair profit and be both relevant and a reference point for stakeholders with an interest in values-based banking.

As anticipated, regulatory demands continued in 2014 and influenced Triodos Bank's profitability. The organisation has responded actively and appropriately to the new regulatory framework and has set a governance framework that fits its current size. The Supervisory Board believes Triodos Bank will be better equipped to develop in the future as a result of these changes. The Executive Board's report highlights the environment in which Triodos Bank operates; a perspective which the Supervisory Board shares. The Supervisory Board is in full agreement with these comments. It fully supports the Executive Board, and Triodos Bank's co-workers, in their continuing efforts to make a deep-seated and positive difference to the development of people's quality of life.

Highlights in 2014

2014 was marked by managed growth and increased impact. The gap between the proportion of funds entrusted and assets continued during the year. The Supervisory Board considers this to present a challenge both from a financial and a mission perspective and welcomed the steps the bank is taking to restore a better balance. A project to review the design and operating effectiveness of Triodos Bank's internal governance model was designed and implemented during the year. The Supervisory Board was consulted on its implementation and monitored its progress and was satisfied with both. Efforts made to improve Triodos Bank's risk monitoring systems continued during the year and were, in part, connected to this bank-wide project.

Activities of the Supervisory Board

(Corporate) Governance and Risk

The Supervisory Board closely followed an internal project to modernise governance and risk management. The Supervisory Board welcomed and appreciated the active and proactive attitude of the Executive Board in this process, which is a prerequisite for compliance with (new) regulations and for further growth. The Supervisory Board noted that the relationship between Triodos Bank and the Dutch Central Bank was strengthened as a result of these efforts.

Triodos 2025

In 2014, the Supervisory Board contributed to strategy development in the context of the Triodos 2025 process, and the creation of a ten-year long term strategic perspective. The Supervisory Board looked in particular at innovation challenges and potential, and how the essence of Triodos Bank underpins the basic vision and mission for strategy development. A Supervisory Board member also participated throughout the preparation of the Triodos 2025 process.

Other topics

During 2014, topics discussed at the Supervisory Board's meetings and contacts with the Executive Board included:
• Strategy: the Triodos 2025 process, developments in different countries and at Triodos Investment Management, and the main strategic risks of the business, the work plans for 2014 and 2015, and the quarterly SWOT analysis.
• Finance: Triodos Bank's financial and economic developments and their possible impact on Triodos Bank's activities, the financial results 2013, the 2013 annual report and the management letter, and the half-year report.
• Risk: the design and effectiveness of the internal risk management framework and control systems, the 'risk appetite', the audit findings, the auditor's reports, quarterly reports and loan reports.
• Human resource management: senior management development, organisational changes, and the company culture, and the annual revision of the international remuneration policy.
• Internal organisation: the roles and responsibilities of the Supervisory Board, the Board of SAAT and the Executive Board in relation to each other, and an update of internal rules for the Supervisory Board (including a revised procedure on other positions of Supervisory Board members).
• Branches & Business Units: Meetings were held with local management by individual Supervisory Board members, together with a representative of the Board of SAAT and the Executive Board. A presentation was given by the management of Triodos Private Banking. The Supervisory Board closely followed developments in the branches in Spain (management change) and Germany (business results). In both cases decisions were taken and approved to create a positive outlook for 2015.
• Contacts with the Dutch Central Bank: The Chair and Vice Chair met with the Dutch Central Bank to clarify the Supervisory Board's activities and relationship with the Executive Board. More frequent contact with the regulator is the result of Triodos Bank's growing balance sheet and scope of activities.
• Contact with the Board of SAAT: A Supervisory Board delegation had an informal meeting with a delegation from the Board of SAAT following the General Meeting.

Internal organisation

Composition of the Supervisory Board

Triodos Bank's articles of association determine that the Supervisory Board consists of three or more members. At present it has seven. At Triodos Bank's General Meeting in May 2014 Hans Voortman and Jan Lamers retired from the Supervisory Board. They were replaced by Aart De Geus (Chair) and Ernst-Jan Boers (recruited for his in depth banking experience). Margot Scheltema and Carla Van Der Weerdt were reappointed for periods of, respectively, one and four years. The composition of the Supervisory Board was carefully considered during this process.
The new Chair of the Supervisory Board suffered a serious illness in the summer of 2014, and the Vice Chair acted as chair during his absence.
The Supervisory Board has been assisted by a Corporate Secretary for professional interpretation of its Corporate Secretariat.

Gender diversity

The Supervisory Board aims to be diverse, with an adequate balance of nationalities, age, experience, background and gender. In particular, its objective is for no more than 70% of its seats to be held by either gender. During 2014, five Supervisory Board members were male (approximately 70%), and two female (approximately 30%).

Commitees of the Supervisory Board

The Supervisory Board has two committees as set out in the Corporate Governance chapter: the Audit and Risk Committee, and the Nomination and Compensation Committee. Both committees met separately throughout the year. Their main considerations and conclusions were shared with the Supervisory Board, where formal decision-making takes place.

The composition of the Committees is as follows:

Audit and Risk Committee

- Margot Scheltema (Chair)
- Marcos Eguiguren Huerta
- Carla Van Der Weerdt
- Ernst-Jan Boers (from 23 May 2014)

Nomination and Compensation Committee

- Mathieu Van Den Hoogenband (Chair)
- David Carrington
- Aart Jan De Geus (from 23 May 2014)

For more information on the Supervisory Board members, see the biographies.

Name (nationality)	Year of birth	Gender	Country responsibility	Sustainability	Banking
Aart Jan De Geus (Dutch) (chair)	1955	M	Netherlands	•	
Margot Scheltema (Dutch) (vice-chair)	1954	F	Netherlands		
Ernst-Jan Boers (Dutch)	1966	M	Netherlands		•
David Carrington (British)	1946	M	UK	•	
Marcos Eguiguren Huerta (Spanish)	1959	M	Spain		•
Mathieu Van Den Hoogenband (Dutch)	1944	M	Netherlands	•	
Carla Van Der Weerdt (Dutch)	1964	F	Netherlands		•

Supervisory Board competence matrix

The matrix below lists the key competences of the individual members of the Supervisory Board, which are relevant to their supervisory position. To qualify as a member of the Board, each individual is required to have the following three attributes:

- an affinity with the mission and values of Triodos Bank,
- senior management experience, and
- international experience.

All Supervisory Board members meet these criteria.

The table below lists further competences in the key areas described in the Supervisory Board's profile. It highlights areas in which Board members have substantial expertise and helps to assess whether the Supervisory Board has the appropriate skills to perform its duties. The matrix is based on requirements outlined in the collective profile of the Supervisory Board, which is regularly updated.

Key areas of expertise			
Risk Management	Multi-stakeholder relations	Finance / Audit	Other expertise
			Society, long term development, legal affairs
•		•	Corporate governance, legal affairs
•	•	•	Marketing, banking, public accountants
	•		Impact investment, corporate governance in social sector
•		•	
			Consumer market
•		•	

Activities of the Audit and Risk Committee

Meetings, composition, way of working

The Audit and Risk Committee (ARC) met four times during 2014. Triodos Bank's Chief Financial Officer, the Head of Internal Audit, the Head of Risk Management and the external auditors were present at all meetings. In addition, one meeting was held with the external auditor, without the Executive Board being present. The Chair of the ARC also met separately with the external auditor from time to time.

Ernst-Jan Boers joined the ARC after his appointment to the Board in May. His recent banking experience will strengthen the Committee's deliberations. The ARC's secretariat has also been strengthened.

During the year, ARC aligned its way of working with Triodos Bank's stronger focus on risk management. As a result two of the four ARC meetings will concentrate on risk, with audit and other matters included as less prominent agenda items. Results and audit matters will be the main topics in the other two meetings.

In its end of year review, the ARC satisfied itself that the figures had been agreed by the external auditor without any material changes, no unforeseen matters were brought to its attention and all accounting decisions and assumptions had been adequately supported and agreed. The ARC also reviewed Triodos Bank's quarterly results in depth.

The internal audit function continued to develop its position as a third line of defence in Triodos Bank. The Executive Board now tables outstanding audit issues on its branch and business visits as standard practice. Further attention to audit follow-up is still required. The efficiency of the audit department, as measured by a number of KPIs, has been improved and will continue to be in 2015. The ARC will monitor this closely.

As part of its regular agenda, the ARC reviewed the yearly update of the risk appetite framework and statements, and the annual ICAAP and ILAAP reports to the Dutch Central Bank (DNB). A number of risk management improvements have been put in place under the leadership of a new Director Risk. The regular review of Triodos Bank's concentration risk has led to further diversification measures, in particular away from the solar sector.
A new risk rating methodology has been implemented successfully. This will bring a number of other benefits including opportunities for dynamic credit pricing, in the future. Both credit risk and interest rate risk have been analysed thoroughly and new approaches have been presented to the ARC and then to the DNB. The ARC welcomes the creation of these tools and related policies, which form part of the enhanced risk management framework which was put in place during the year.

Finally, the ARC was closely involved with the selection process for a new auditor starting with accounting year 2016. A carefully managed tender process has been carried out and a proposal will be presented in the General Meeting in May 2015.

Activities of the Nomination and Compensation Committee

The Nomination and Compensation Committee (NCC) met six times formally. The members of the NCC have senior management experience and knowledge of – and experience with – performance management and remuneration in general. Additionally they seek advice from independent, external experts in case of specific issues.

One of the NCC's primary roles is to advise the Supervisory Board about the remuneration policy of Triodos Bank in general and to set the remuneration packages of its Statutory Directors. It also advises the Supervisory Board on the general conditions that determine the remuneration packages of Managing Directors reporting directly to the Statutory Directors. Triodos Bank's international remuneration policy is in line with European and Dutch regulation regarding bank remuneration. For more information on the international remuneration policy please refer to page 83 of the annual accounts.

The nomination issues in 2014 included the composition of the Supervisory Board, the nomination of Jellie Banga as a Statutory Director, and involved in the recruitment of a Corporate Secretary. The Chair of the NCC together with the Supervisory Board Chair reviewed the performance of the Statutory Directors in personal interviews, setting priorities for 2015. The NCC was also involved in a management exit interview.

The NCC organised a two day session as part of a permanent education system for the Supervisory Board and the Executive Board. In 2014, the programme focused on internal governance issues and on the essence of Triodos Bank in Triodos Bank's wider strategy.

Meetings of the Supervisory Board

All meetings are held jointly with the Executive Board. Every meeting in 2014 (six in total) was preceded by an internal meeting in which only Supervisory Board members participated. One internal meeting was devoted to a discussion about the internal evaluation report as well as an appraisal of the Statutory Directors.

Since 2012, at least one Supervisory Board meeting per year has been held in a country with a branch office. In 2014 this meeting took place in Triodos Bank's Belgium branch. A series of presentations and discussions were held with senior management, developing and deepening insights into Triodos Bank's Belgian activities.

The Chair of the Supervisory Board and the Chair of the Executive Board maintained frequent contacts throughout the year; the Chair of the Audit and Risk Committee was in regular and close contact with the Chief Financial Officer, as was the Chair of the Nomination and Compensation Committee with the Chief Executive Officer.

Attendance of the Supervisory Board members in 2014

Supervisory Board members	Supervisory Board meeting (6)	Audit and Risk Committee meeting (4)	Nomination and Compensation Committee meeting (6)
Hans Voortman*	3/3		3/3
Margot Scheltema	6/6	4/4	
David Carrington	6/6		6/6
Marcos Eguiguren Huerta	6/6	4/4	
Mathieu Van Den Hoogenband	6/6		6/6
Jan Lamers*	3/3		
Carla Van Der Weerdt	5/6	4/4	
Aart Jan De Geus**	3/3		3/3
Ernst-Jan Boers**	3/3	2/2	

* Mr. H. Voortman and Mr. J. Lamers retired on 23 May 2014
** as from 23 May 2014

Independence and self-evaluation

Independence

Until the General Meeting of 23 May 2014, all members of the Supervisory Board were "independent" from Triodos Bank under the terms of the Dutch Corporate Governance Code. At that meeting, the composition of the Supervisory Board changed; since then all members of the Supervisory Board comply with the independence criteria of the Dutch Corporate Governance Code, however Aart De Geus does not because a family member is a co-worker at Triodos Bank. The composition of the Board was such that members were able to act critically and independently of one another, the Executive Board and any particular interest.

Conflicts of interest

In accordance with the requirements of the Dutch Corporate Governance Code, the Supervisory Board has internal rules in place that govern any actual or potential conflicts of interest of Board members. No conflicts of interest occurred during 2014.

Education

As part of the Board's permanent education programme, it organises annual meetings with external experts, with a view to keeping up-to-date with developments in society and the sectors that have an impact on Triodos Bank's operations. Please see the report of the Nomination and Compensation Committee for more details.

Self-evaluation

The results of the 2013 self-evaluation were discussed in the Supervisory Board, and recommendations implemented as a result. The Supervisory Board's annual self-evaluation of the Supervisory Board as a whole, its individual members and its committees took place at the end of 2014 through interviews by the Chair with each Supervisory Board member. The results of the evaluation were discussed by the Supervisory Board at the end of the year, and confirmed that all required skills and capacities are present in the Supervisory Board. The Executive Board members shared their personal key priorities for 2015 with the Supervisory Board. This will be evaluated in early 2015.

Conclusion

The Supervisory Board is of the opinion that the Financial Statements and the Executive Board Report provide a true and fair view of Triodos Bank's position. We propose that the shareholders adopt the Financial Statements of 2014 and discharge the Statutory Directors for their management of Triodos Bank during 2014 and the Supervisory Board for its supervision.

The Supervisory Board endorses the Executive Board's dividend proposal, of EUR 1.95 (per depository receipt).

The Supervisory Board would like to thank all Triodos Bank's stakeholders for their trust in Triodos Bank and the Executive Board, and all the organisation's co-workers for their efforts. The Supervisory Board is confident that Triodos Bank will be able to meet the challenges in 2015 and will continue to act as a reference point for the banking industry.

Zeist, 27 February 2015

On behalf of the Supervisory Board,
Aart Jan de Geus, Chair
Margot Scheltema, Vice-Chair
Ernst Jan Boers
David Carrington
Marcos Eguiguren Huerta
Mathieu van den Hoogenband
Carla van der Weerdt

Biographies

Aart Jan de Geus (1955), Chair

Aart Jan de Geus is Chair of the bank's Supervisory Board and a Member of the Nomination and Compensation Committee. He is Chair of the Executive Board of the Bertelsmann Stiftung, which focuses on social issues in Germany and worldwide. He was Deputy Secretary-General at the Organisation for Economic Cooperation and Development (OECD) and Minister of Social Affairs and Employment in the Dutch Government (2002-2007). He was also a partner at Boer & Croon Strategy & Management Group and worked for the Industriebond CNV, and was Vice-Chair at Vakcentrale CNV from 1993. He has 2 directorships as defined in the Capital Requirement Regulation (CRR) (and 2 supervisory positions as defined in the Dutch Management and Supervision Act). Aart Jan de Geus was first appointed in 2014 and his present term expires in 2018. He is of Dutch nationality and does not own any Triodos Bank depository receipts.

Margot Scheltema (1954), Vice-chair

Margot Scheltema is Vice-Chair of Triodos Bank's Supervisory Board and Chair of Triodos Bank's Audit and Risk Committee. She was Financial Director of Shell Nederland BV until the end of 2008. She is Chair Monitoring Committee Pension Fund Code and a Member of the Supervisory Board of ASR NV, Schiphol NV, TNT Express NV and of Lonza Group Ltd. Margot Scheltema is substitute counsel with the Enterprise Chamber of the Amsterdam Court of Appeal. She is also a Member of the Supervisory Board of the Rijksmuseum, World Press Photo, Warmtebedrijf Rotterdam and Treasurer of the Genootschap Onze Taal. She has 9 directorships as defined in the CRR (and 4 supervisory positions as defined in the Dutch Management and Supervision Act). Margot Scheltema was first appointed in 2006 and her present term expires in 2015. She is of Dutch nationality and does not own any Triodos Bank depository receipts.

Ernst-Jan Boers (1966)

Ernst-Jan Boers is a Member of Triodos Bank's Audit and Risk Committee. He was Chief Executive Officer at SNS Retail Bank until March 2014 where he previously also held the position of Chief Financial Risk Officer. He worked at ABN AMRO Hypotheken Groep B.V. until March 2007 including a role as Chief Financial Officer. Prior to that he worked at Reaal Groep N.V. as the head of Internal Audit and as a Controller. He is Board Member of Stichting Nationaal Energiebespaarfonds. He has 2 directorships as defined in the CRR (and one supervisory position as defined in the Dutch Management and Supervision Act). Ernst-Jan Boers was first appointed in 2014 and his present term expires in 2018. He is of Dutch nationality and does not own any Triodos Bank depository receipts.

David Carrington (1946)

David Carrington is also a Member of Triodos Bank's Nomination and Compensation Committee. He has been an independent consultant since 2001, specialising in the development of philanthropy and social finance and in the governance of charities and social enterprises. He draws on 25 years' experience of senior management positions in charities – the last 13 as Chief Executive – and as a Board Member with a wide range of organisations in the UK. He is a non-executive Director of Big Society Capital, Chair of the Programme Board of Inspiring Impact, a Member of the Advisory Group to the Stepping Stones Fund of City Bridge Trust and a Member of the Advisory Board of the US Centre for Effective Philanthropy. He is a director of the SOFII Foundation and GULAN. He has 4 directorships as defined in the CRR (and one supervisory position as defined in the Dutch Management and Supervision Act). David Carrington was first appointed in 2009 and his present term expires in 2017. He is of British nationality and does not own any depository receipts.

Mathieu van den Hoogenband (1944)

Mathieu van den Hoogenband is also Chair of Triodos Bank's Nomination and Compensation Committee. He is the former President of the Executive Board of the Weleda Group AG in Arlesheim, Switzerland. He is a Member of the Shareholders Council of Rhea Holding BV (Eosta BV), Chair of the Supervisory Board of Stichting Widar 1st line Health Organisation and Member of the Advisory Council of the Antroposophical Medical Faculty of the private University Witten/Herdecke. Mathieu van den Hoogenband teaches Leadership and Ethics at the SRH Business School Berlin and 'Life Stages' at the Alanus Hochschule in Bonn-Alfter. He has 2 directorships as defined in the CRR (and one supervisory position as defined in the Dutch Management and Supervision Act). Mathieu van den Hoogenband was first appointed in 2007 and his present term expires in 2015. He is of Dutch nationality and owns 954 Triodos Bank depository receipts.

Marcos Eguiguren Huerta PHD. (1959)

Marcos Eguiguren is also a Member of Triodos Bank's Audit and Risk Committee. He has extensive experience in advising financial entities in Spain and in several Latin American countries. He is a non-executive partner and co-founder of SingularNet, a Spanish professional services Group focused on corporate strategy, human development and communication. He is Chief Executive Officer of Ixum Servicios e Inversiones and member of the supervisory board of Catalunya en Miniatura SA. He has held executive roles in Barclays Bank and BBVA. Marcos Eguiguren is also Associate Professor on business administration at the Politechnical University of Catalonia. He has 3 directorships as defined in the CRR (and one supervisory position as defined in the Dutch Management and Supervision Act). Marcos Eguiguren was first appointed in 2008 and his present term expires in 2016. He is of Spanish nationality and owns 194 Triodos Bank depository receipts.

Carla van der Weerdt (1964)

Carla van der Weerdt is also a Member of Triodos Bank's Audit and Risk committee. She is the owner and Director of Accent Organisatie Advies B.V. She had a banking career for fifteen years in ABN AMRO Bank NV, amongst others as the CFO/COO of Global Transaction Banking, as the Global Head of Operational Risk Management and as the Global Head of Risk Management & Compliance in Asset Management. Carla van der Weerdt is a Member of the Supervisory Board and a member of the Audit Committee of BinckBank N.V. She has 3 directorships as defined the CRR (and 2 supervisory positions as defined in the Dutch Management and Supervision Act). Carla van der Weerdt was first appointed in 2010 and her present term expires in 2018. She is of Dutch nationality and does not own any Triodos Bank depository receipts.

Annual Accounts 2014
Triodos Bank NV

Consolidated balance sheet as at 31 December 2014

Before appropriation of profit in thousands of EUR	Reference*	31.12.2014	31.12.2013
Assets			
Cash	1	175,225	895,755
Government paper	2	208,782	48,000
Banks	3	575,743	551,541
Loans	4	4,266,324	3,544,716
Interest-bearing securities	5	1,710,625	1,224,180
Shares	6	4	4
Participating interests	7	8,720	7,630
Intangible fixed assets	8	13,364	11,810
Property and equipment	9	39,821	39,085
Other assets	10	13,215	17,212
Prepayments and accrued income	11	140,581	106,720
Total assets		**7,152,404**	**6,446,653**
Liabilities			
Banks	12	54,627	62,105
Funds entrusted	13	6,288,828	5,650,103
Other liabilities	14	19,208	21,222
Accruals and deferred income	15	79,489	52,881
Provisions	16	1,377	1,010
Subordinated liabilities	17	5,250	5,300
Equity	18	703,625	654,032
Total equity and liabilities		**7,152,404**	**6,446,653**
Contingent liabilities	19	62,260	43,656
Irrevocable facilities	20	593,771	627,785
		656,031	**671,441**

*References relate to the notes starting on page 55. These form an integral part of the consolidated annual accounts.

Consolidated profit and loss account for 2014

in thousands of EUR	Reference*	2014	2013
Income			
Interest income	21	173,654	164,617
Interest expense	22	-47,404	-52,661
Interest		**126,250**	**111,956**
Income from other participations	23	109	120
Investment income		**109**	**120**
Commission income	24	65,025	52,993
Commission expense	25	-2,841	-2,295
Commission		**62,184**	**50,698**
Result on financial transactions	26	551	437
Other income	27	497	454
Other income		**1,048**	**891**
Total income		**189,591**	**163,665**

Expenses			
Co-worker and other administrative expenses	28	131,191	104,177
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	29	7,162	8,421
Operating expenses		**138,353**	**112,598**
Impairments loan portfolio	30	11,093	17,061
Value adjustments to participating interests		-181	-207
Total expenses		**149,265**	**129,452**
Operating result before taxation		40,326	34,213
Taxation on operating result	31	-10,201	-8,530
Net profit		**30,125**	**25,683**
Amounts in EUR			
Net profit per share		3.41	3.23
Dividend per share		1.95	1.95

Consolidated statement of comprehensive income for 2014

in thousands of EUR	2014	2013
Net result	**30,125**	**25,683**
Revaluation of property, equipment and participating interest after taxation	200	170
Exchange rate results from business operations abroad after taxation	590	-241
Total amount recognised directly in equity	**790**	**-71**
Total comprehensive income	**30,915**	**25,612**

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Consolidated statement of changes in the equity for 2014

in thousands of EUR
Equity as at 1 January 2013
Increase of share capital
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
Reverted dividend
Transfer to statutory reserve for development costs
Purchasing or sale of own depository receipts
Result for financial year
Equity as at 31 December 2013
Increase of share capital
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
Reverted dividend
Transfer to statutory reserve for development costs
Purchasing or sale of own depository receipts
Result for financial year
Equity as at 31 December 2014

Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
375,881	**101,656**	**8**	**6,031**	**59,067**	**22,626**	**565,269**
44,822	23,255					68,077
6,749	-6,749					–
		170				170
		2		-2		–
			-241			-241
				7,709	-7,709	–
					-14,917	-14,917
				10,003		10,003
				–		–
			-674	674		–
				-12		-12
					25,683	25,683
427,452	**118,162**	**180**	**5,116**	**77,439**	**25,683**	**654,032**
14,950	8,079					23,029
8,330	-8,330					–
		200				200
		10		-10		–
			590			590
				8,667	-8,667	–
					-17,016	-17,016
				12,662		12,662
				–		–
			-196	196		–
				3		3
					30,125	30,125
450,732	**117,911**	**390**	**5,510**	**98,957**	**30,125**	**703,625**

Consolidated cashflow statement for 2014

in thousands of EUR	2014	2013
Cashflow from operating activities		
Net profit	30,125	25,683
Adjustments for:		
• depreciation	7,160	6,356
• value adjustments to receivables	11,093	17,061
• value adjustments to participating interests	-181	-207
• exchange rate differences on property and equipment	-196	2,074
• movements in provisions	367	335
• other movements in accrued and deferred items	-7,253	-14,746
Cashflow from business operations	41,115	36,556
Movement in government paper	-160,782	-48,000
Movement in banks, deposits not on demand	-137,111	63,866
Movement in loans	-732,701	-276,418
Movements in shares	-	-
Movement in banks, liabilities not on demand	-7,478	-694
Movement in funds entrusted	638,725	1,056,602
Other movements from operating activities	1,984	10,516
Cashflow from operating activities	**-356,248**	**842,428**
Cashflow from investment activities		
Net investments in:		
• interest-bearing securities	-486,445	-327,650
• participating interests	-123	-213
• intangible fixed assets	-4,231	-2,218
• property and equipment	-5,020	-6,000
Cashflow from investment activities	**-495,819**	**-336,081**
Cashflow from financing activities		
Movement in subordinated liabilities	-50	-
Increase in equity	23,029	68,077
Payment of cash dividend	-4,354	-4,914
Purchases of depository receipts for own shares	3	-12
Cashflow from financing activities	**18,628**	**63,151**
Net cashflow	**-833,439**	**569,498**
Cash and cash equivalents at beginning of the year	1,193,116	623,618
Cash and cash equivalents at the end of the year	**359,677**	**1,193,116**
On demand deposits with central banks	175,225	895,755
On demand deposits with banks	184,452	297,361
Cash and cash equivalents at the end of the year	**359,677**	**1,193,116**
Supplementary disclosure of the cashflow from operating activities		
Interest paid	-48,347	-52,151
Interest received	168,765	162,038
Tax on profit paid	-9,365	-11,425
Dividend received from investments	109	120

Notes to the consolidated financial statements

in thousands of EUR

General

Triodos Bank, having its legal address in Nieuweroordweg 1 in Zeist, The Netherlands, is a public limited liability company under Dutch law.

Basis of preparation

The Annual Accounts were prepared 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. The Annual Accounts relate to the thirty-fourth financial year of Triodos Bank NV.

These financial statements have been prepared on the basis of the going concern assumption.

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 financial statements are 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 consolidated financial statements requires Triodos Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the financial year. 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.

Consolidation Principles

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

In preparing the consolidated financial statements, 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'.

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.

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.

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.

Banks and loans

Receivables on banks and the 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. Next to this specific provision a general provision has been created to cover risk arising from incurred but not reported credit losses.

Government paper and interest-bearing securities
All government paper and 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.

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.

Goodwill paid by Triodos Bank for the establishment of the branch in Spain will be amortised over a period of ten years. The goodwill is fully amortised in 2014. No impairment for goodwill was recognised.

The development costs for the banking system will be amortised over the estimated useful life from the moment the system is used. The current end-of-life date is December 2020. The investment in this banking system has been impaired as a result of the decision by Triodos Investment Management not to use this system anymore for the administration of certain investment funds.

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. The remaining depreciation period is twelve years. No impairment was recognised.

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 current cost, which is derived from the replacement 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.

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.

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

Derivatives are measured at fair value, except if the cost model for hedge accounting is applied.

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.

Triodos Bank has documented its hedging strategy and how it relates to the objective of risk management. Triodos Bank has also documented its assessment of whether the derivatives that are used in hedging transactions are effective in offsetting currency results of the hedged items using generic documentation. Any overhedge is recognized directly in the profit and loss account at the lower of cost and market 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.

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).

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.

For further details about these accounting principles, please refer to the corresponding notes to the financial statements.

Assets

1. Cash

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

	2014	2013
On demand deposit Dutch Central Bank	71,829	767,659
On demand deposit Belgian Central Bank	11,663	49,798
On demand deposit German Central Bank	1,424	9,223
On demand deposit Spanish Central Bank	78,470	69,019
Cash in ATM's	11,839	56
Balance sheet value as at 31 December	**175,225**	**895,755**

2. Government paper

	2014	2013
Dutch treasury bonds	90,000	–
Spanish treasury bonds	75,000	48,000
United Kingdom treasury bonds	43,782	–
	208,782	**48,000**

The movement in the Goverment paper is as follows:

	2014	2013
Balance sheet value as at 1 January	48,000	–
Purchase	278,782	88,000
Repayments	-118,000	-40,000
Sale	–	–
Balance sheet value as at 31 December	**208,782**	**48,000**

3. Banks

	2014	2013
On demand deposits with banks	184,452	297,361
Deposits with banks	391,291	254,180
	575,743	551,541

The on demand deposits can be freely disposed of.

Banks classified by residual maturity:

	2014	2013
On demand	184,452	297,361
1 to 3 months	326,791	202,180
3 months to 1 year	62,500	50,000
1 to 5 years	1,000	1,000
Longer than 5 years	1,000	1,000
	575,743	551,541

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

	2014	2013
ABN Amro	135,709	135,510
Banco Cooperativo	29,750	35,492
Barclays	46,336	71,961
Belfius Bank	40,003	30,000
Coventry	38,631	18,068
DZ Bank	4,609	18,160
Frankfurter Volksbank	29,549	16,935
ING Bank	42,574	30,694
KBC Bank	203	11,493
Van Lanschot Bank	2,051	5,376
Nationwide Building Society	38,631	24,090
Rabobank	99,232	88,728
Royal Bank of Scotland	45,801	43,283
Yorkshire Bank	19,316	18,068
Other	3,348	3,683
	575,743	**551,541**

4. Loans

	2014	2013
Loans	4,334,038	3,606,765
Provision for doubtful debts	-67,714	-62,049
	4,266,324	**3,544,716**

This relates to loans to customers.

Loans classified by residual maturity:

	2014	2013
Payable on demand	257,525	210,440
1 to 3 months	337,852	97,402
3 months to 1 year	283,496	209,466
1 to 5 years	1,038,412	1,035,913
Longer than 5 years	2,416,753	2,053,544
	4,334,038	**3,606,765**

EUR 302.0 million (2013: 10.0) 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:

	2014			2013		
	Specific	General	Total	Specific	General	Total
Balance sheet value as at 1 January	61,201	848	62,049	56,159	0	56,159
Addition	21,042	288	21,330	21,341	848	22,189
Write-off	-6,448	0	-6,448	-12,040	0	-12,040
Release	-9,436	-160	-9,596	-4,221	0	-4,221
Exchange rate differences	358	21	379	-38	0	-38
Balance sheet value as at 31 December	**66,717**	**997**	**67,714**	**61,201**	**848**	**62,049**

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 1.0 million (2013: EUR 0.8 million).

EUR 0.9 million of the addition to the provision relates to interest that has been invoiced but has not been received (2013: EUR 1.1 million).

5. Interest-bearing securities

	2014	2013
Dutch Government bonds	269,800	159,800
Belgian Government bonds	336,144	383,144
Spanish Government bonds	289,000	167,500
United Kingdom Government bonds	97,093	69,138
Other bonds	718,588	444,598
	1,710,625	**1,224,180**

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

	2014	2013
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO) Sustainable bond (government guaranteed), The Netherlands [1)]	140,000	140,000
Instituto de Credito Oficial (government guaranteed), Spain	75,000	–
Bank Nederlandse Gemeenten (BNG), The Netherlands	70,753	77,203
Climate Awareness bond European Investment Bank [1)]	55,000	45,000
Sustainable energy bond Landwirtschaftliche Rentenbank (government guaranteed), Germany [1)]	50,000	50,000
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO) (government guaranteed), The Netherlands	40,000	40,000
Nordic Investment Bank, Finland [1)]	40,000	–
Regional Government, Spain	35,640	–
European Investment Bank	35,000	–
Region Wallonne, Belgium	30,000	10,000
Landwirtschaftliche Rentenbank, Germany	20,000	–
De Société Publique de Gestion de l'Eau (SPGE), Belgium	15,000	15,000
NRW Bank green bond (government guaranteed), Germany [1)]	15,000	15,000
La Communauté française de Belgique, Belgium	15,000	12,000
Société Régionale Wallonne du Transport (goverment guaranteed), Belgium	15,000	–
Nederlandse Waterschapsbank, The Netherlands	14,895	4,895
Kreditanstalt für Wiederaufbau (government guaranteed) Germany	13,000	–
SNS Bank (government guaranteed), The Netherlands	–	12,000

Nederlandse Waterschapsbank, The Netherlands [1]	12,000	–
Bayern, Freistaat, Germany	10,800	–
Provincie Vlaams-Brabant, Belgium	6,000	–
Brussels Region, Belgium	5,000	5,000
Societe Wallone du credit social (goverment guaranteed), Belgium	5,000	5,000
Vlaamse gemeenschap, Belgium	–	3,000
Ethias Vie, Belgium	500	500
Rabobank, The Netherlands	–	10,000
	718,588	**444,598**

[1] These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Part of the value of securities is used as collateral for a possible debit balance, amounting to EUR 50.0 million at the Dutch Central Bank (2013: EUR 10.0 million) and EUR 19.6 million at a bank in The Netherlands (2013: nill). The security for drawn loans amounts to EUR 8.3 million (2013: nill) at a bank in Spain.

In connection with differences between the acquisition prices and redemption values, as at 31 December 2014 an amount of EUR 39.5 million (2013: EUR 30.4 million) has been included under Prepayments and accrued income and an amount of EUR 2.3 million (2013: EUR 3.2 million) has been included under Accruals and deferred income.

The movement in interest-bearing securities is as follows:

	2014	2013
Balance sheet value as at 1 January	1,224,180	896,530
Purchase	1,061,750	517,738
Repayments	-580,081	-150,088
Sale	–	-40,000
Exchange rate results on foreign currencies	4,776	–
Balance sheet value as at 31 December	**1,710,625**	**1,224,180**

6. Shares

	2014	2013
S.W.I.F.T. SCRL	3	3
Ampere Equity Fund BV	–	–
SEPA Biogasanlage Hattingen GmbH	1	1
	4	**4**

The shares in S.W.I.F.T. SCRL are held in the framework of the Bank's participation in S.W.I.F.T. payment transactions. The shares in Ampere Equity Fund BV are held in the framework of the Triodos Investment Management activities. The shares in SEPA Biogasanlage Hattingen GmbH are held in conjunction with a granted loan.

The movement in shares is as follows:

	2014	2013
Balance sheet value as at 1 January	4	4
Purchase	–	–
Sales	–	–
Balance sheet value as at 31 December	**4**	**4**

7. Participating interests

	2014	2013
Other participating interests	**8,720**	**7,630**

As part of its mission, Triodos Bank wishes sustainable banking to create more and more impact over the world. In this respect, Triodos Bank provides equity funding to like minded financial institutions in order to increase growth of the sustainable banking sector. No significant influence can be exercised on our participating interests. The value of these interests in the amount of EUR 8.7 million (2013: EUR 7.6 million) is based on the published share price. In absence of a public share price or if such a public share price is established in a non active stock exchange market (low trading activity), such as with New Resource Bank, Triodos Bank estimates the fair value through the net asset value. We have participating interests in the New Resource Bank, San Francisco, Merkur Bank, Copenhagen, Cultura Bank, Oslo, GLS Gemeinschaftsbank eG, Bochum, Banca Popolare Etica Scpa, Padova, Ekobanken Medlemsbank, Järna, Social Enterprise Finance Australia Limited, Sydney, Bpifrance Financement, Maisons-Alfort, and the Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague.

The movement in this item is as follows:

	2014	2013
Balance sheet value as at 1 January	7,630	7,594
Acquisitions	113	–
Increase of capital	10	213
Revaluation	377	63
Repayment of capital	–	–
Exchange rate results on foreign currencies	590	-240
Balance sheet value as at 31 December	**8,720**	**7,630**

8. Intangible fixed assets

	2014	2013
Goodwill paid	–	84
Development costs for information systems	8,748	7,621
Management contracts	2,367	2,569
Computer software	2,249	1,536
	13,364	11,810

The goodwill paid relates to:
goodwill that Triodos Bank paid to Triodos Investments España in 2004, 2005 and an addition in 2009 to buy off the rights to the future profit made by the branch in Spain. At the end of 2014 this goodwill is fully armortised.

The movement in goodwill paid is as follows:

	2014	2013
Purchase value as at 1 January	900	900
Cumulative amortisation as at 1 January	-816	-710
Balance sheet value as at 1 January	84	190
Purchase	–	–
Amortisation	-84	-106
Balance sheet value as at 31 December	**0**	**84**

The development costs for information systems

The development costs for information systems contain costs for the development of a Bank's ICT system. The investment in this banking system has been impaired as a result of the decision by Triodos Investment Management not to use this system anymore for the administration of certain investment funds.

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

	2014	2013
Purchase value as at 1 January	20,602	21,558
Cumulative amortisation as at 1 January	-12,981	-13,197
Balance sheet value as at 1 January	7,621	8,361
Capitalised expenses	2,658	1,046
Amortisation *	-1,333	-1,604
Impairments	-198	-182
Balance sheet value as at 31 December	**8,748**	**7,621**

* excluding disposal in the amount of EUR 0.0 million (2013: EUR 2.0 million).

Management contracts

The management contracts relate to contracts for the management of funds by Triodos Investment Management. When it acquired its participating interest in Triodos Investment Management, Triodos Bank paid a sum for this to Triodos Holding.

The movement in management contracts is as follows:

	2014	2013
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-1,461	-1,259
Balance sheet value as at 1 January	2,569	2,771
Amortisation	-202	-202
Balance sheet value as at 31 December	**2,367**	**2,569**

9. Property and equipment

	2014	2013
Property for own use	23,334	23,257
Equipment	16,487	15,828
	39,821	**39,085**

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

	2014	2013
Purchase value as at 1 January	28,587	28,112
Cumulative revaluation as at 1 January	-2,269	-435
Cumulative depreciation as at 1 January	-3,061	-2,695
Balance sheet as at 1 January	23,257	24,982
Purchase	513	475
Depreciation	-436	-366
Revaluation	–	-1,834
Balance sheet value as at 31 December	**23,334**	**23,257**

The property for own use was valued by an external appraiser in November 2013.

The movement in equipment is as follows:

	2014	2013
Purchase value as at 1 January	31,504	26,332
Cumulative depreciation as at 1 January	-15,676	-12,667
Balance sheet value as at 1 January	15,828	13,665
Purchase	4,588	5,578
Sale *	-81	-53
Depreciation *	-4,054	-3,296
Exchange rate differences	206	-66
Balance sheet value as at 31 December	**16,487**	**15,828**

* excluding disposal in the amount of EUR 1.9 million (2013: EUR 0.3 million).

10. Other assets

The other assets include a claim regarding the deposit guarantee scheme in the amount of EUR 3,759 (2013: EUR 8,479).

11. Prepayments and accrued income

The balance sheet value of the prepayments and accrued income as at 31 December can be broken down as follows:

	2014	2013
Premium on investments	39,467	30,403
Interest receivable	42,466	37,577
Deferred taxes	7,150	5,981
Other prepayments and accrued income	51,498	32,759
Balance sheet value as at 31 December	**140,581**	**106,720**

The deferred tax item mainly relates to losses of EUR 6.4 million incurred by the German branch which are still to be off-set against future taxable profits which has an unlimited duration. The other prepayments and accrued income includes currency derivatives for Triodos Investment Funds, for the amount of EUR 30,449. This is almost entirely hedged.

Liabilities

12. Banks

	2014	2013
Deposits from banks	**54,627**	**62,105**

This item concerns credits held by Kreditanstalt für Wiederaufbau, Germany, Landwirtschaftliche Rentenbanken, Germany and Instituto de Crédito Oficial, Spain, for interest-subsidised loans in the renewable energy sector.

Deposits with banks classified by residual maturity:

	2014	2013
Payable on demand	5	833
1 to 3 months	1,300	1,355
3 months to 1 year	4,496	2,804
1 to 5 years	23,370	26,038
Longer than 5 years	25,456	31,075
	54,627	**62,105**

13. Funds entrusted

	2014	2013
Savings accounts	4,392,823	4,007,294
Other funds entrusted	1,896,005	1,642,809
	6,288,828	**5,650,103**

Funds entrusted classified by residual maturity:

	2014	2013
Payable on demand	4,730,659	4,217,071
1 to 3 months	614,004	526,361
3 months to 1 year	404,659	368,692
1 to 5 years	442,052	439,989
Longer than 5 years	97,454	97,990
	6,288,828	**5,650,103**

14. Other liabilities

This item consists of various amounts payable, including Dutch and foreign taxation and social security contributions totalling EUR 12.0 million (2013: EUR 9.6 million).

15. Accruals and deferred income

The balance sheet value of the accruals and deferred income as at 31 December can be broken down as follows:

	2014	2013
Discount on investments	2,277	3,202
Interest payable	14,479	15,422
Deferred taxes	3,518	3,828
Other accruals and deferred income	59,215	30,429
Balance sheet value as at 31 December	**79,489**	**52,881**

The deferred tax item mainly relates to:
- future profits of the German branch that will be taxed in The Netherlands. The duration is unlimited.
- temporary differences between the carrying amounts of intangible fixed assets for financial reporting purposes and the amounts used for taxation purposes. The remaining duration is one to four years.

The other accruals and deferred income includes currency derivatives for Triodos Investment Funds for the amount of EUR 29,422. This is almost entirely hedged.

16. Provisions

	2014	2013
Building maintenance	1,372	1,005
Other provisions	5	5
	1,377	**1,010**

The movement of the provisions is as follows:

	2014	2013
Balance sheet value as at 1 January	1,010	675
Allocation	347	334
Withdrawal	-6	–
Release	–	–
Exchange rate differences	26	1
Balance sheet value as at 31 December	**1,377**	**1,010**

17. Subordinated liabilities

This relates to a 10-year bond loan dated 12 July 2006. The nominal interest rate is 5.625% and the issue price is at 99.314%. The bonds are subordinated to other liabilities. During the life of the bond, the Bank can purchase and cancel bonds, subject to the consent of the Dutch Central Bank.

In connection with differences between the acquisition prices and redemption values, as at 31 December 2014 an amount of EUR 9 (2013: EUR 13) has been included under Prepayments and accrued income.

The movement in subordinated liabilities is as follows:

	2014	2013
Balance sheet value as at 1 January	5,300	5,300
Withdrawal	-50	–
Balance sheet value as at 31 December	**5,250**	**5,300**

18. Equity

The equity stated on the consolidated balance sheet is equal to that stated on the parent company balance sheet. For a breakdown, please see the Notes to the company Annual Accounts.

Fair values

The following table sets out the fair value of the financial instruments held as at 31 December 2014. The fair value of interest-bearing securities is the market value. The fair value of banks, loans, funds entrusted with a fixed interest term and the subordinated loan has been determined by calculating the net present value of expected interest and redemption cashflows, taken into account market interest rates as at the end of the year. The fair value of the other items is assumed to be equal to the balance sheet value.

The fair value of the remaining assets also includes the deferred tax item. The premium and discount for the interest-bearing securities has been included in the balance sheet value of the interest-bearing securities.

	2014 Balance sheet value	2014 Fair value	2013 Balance sheet value	2013 Fair value
Assets				
Cash	175,225	175,225	895,755	895,755
Goverment paper	208,782	208,714	48,000	47,860
Banks	575,743	575,809	551,541	550,832
Loans	4,266,324	4,294,845	3,544,716	3,509,290
Interest-bearing securities including premiums/discounts	1,741,949	1,818,691	1,251,033	1,276,816
Shares	4	4	4	4
Participating interests	8,720	8,720	7,630	7,630
Other	173,460	153,880*	144,773	152,807*
	7,150,207	**7,235,888**	**6,443,452**	**6,440,994**
Liabilities				
Banks	54,627	54,627	62,105	62,105
Funds entrusted	6,288,828	6,315,362	5,650,103	5,671,748
Other	103,127	103,534	77,212	77,212
Equity	703,625	703,625	654,032	654,032
Revaluation	–	58,740	–	-24,103
	7,150,207	**7,235,888**	**6,443,452**	**6,440,994**

* The fair value is negatively impacted by the tax effect of all fair value adjustments which has been posted as other.

The estimated fair values provided by financial institutions are considered not to be comparable on an individual basis, due to the differences in valuation methods applied and the use of estimates in these valuations. The lack of an objective method of valuation means that estimated fair values are subjective in respect of the expected maturity and interest rates used.

	2014	2013
Currency forward contracts:		
Gross positive fair value	30,449	9,637
Netting benefits		
Netted current credit exposure	16,499	16,617
Collateral held	–	-6,670
Net derivatives credit exposure	**46,948**	**19,584**
Current replacement cost	30,449	9,637
Potential future credit exposure	16,499	16,617
Exposure value	**46,948**	**26,254**

The exposure value of the currency forward contracts is calculated with the mark-to-market method. The exposure value is the sum of current replacement cost and the potential future credit exposure. The current replacement cost is equal to the current market values of all contracts with positive values. The potential future credit exposure is determined by multipling the notional amounts with the following percentages:

Residual maturity contract	
One year or less	1%
Over one year, not exceeding five years	5%
Over five years	7.5%

Off-balance sheet liabilities

19. Contingent liabilities

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

20. Irrevocable facilities

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

Other off-balance sheet liabilities
In addition to the contingent liabilities and irrevocable facilities reported on the balance sheet, the deposit guarantee scheme and the investor compensation scheme is applicable as stated in Article 3:259 of the Act on Financial Supervision.

Rental commitments
in thousands of EUR

Location	Amount per annum	Residual term
Zeist, The Netherlands	530	44 months
Zeist, The Netherlands	160	36 months
Brussels, Belgium	651	108 months
Bristol, United Kingdom	1,014	135 months
Edinburgh, United Kingdom	29	117 months
Albacete, Spain	51	11 months
Badajoz, Spain	26	60 months
Barcelona, Spain	159	35 months
Bilbao, Spain	14	3 months
Gerona, Spain	12	49 months
Granada, Spain	39	10 months
La Coruña, Spain	48	22 months
Las Palmas, Spain	8	3 months
Madrid, Spain	383	10 months
Madrid, Spain	55	5 months
Madrid, Spain	19	3 months
Murcia, Spain	24	3 months
Oviedo, Spain	74	23 months
Palma de Mallorca, Spain	36	4 months
Pamplona, Spain	16	3 months
Santa Cruz de Tenerife, Spain	13	3 months
Sevilla, Spain	40	5 months
Valencia, Spain	56	22 months
Valladolid, Spain	22	3 months
Zaragoza Spain	15	6 months
Frankfurt, Germany	242	10 months

Lease commitments
in thousands of EUR

Lease commitments relates primarily to cars have been entered between 2 and 48 months with an annual charge of EUR 845.

Commitments for software use

in thousands of EUR

The following commitments have been entered for software use:
• A fixed annual payment of EUR 30 regarding the maintenance of an e-mail management system.
• For a period of at least 1 year a variable annual charge of approximately EUR 264 regarding the use of a banking system.

Other commitments

in thousands of EUR

The following commitments have been entered:
• Services relating managing of mortgages for a period of at least 1 year with an annual charge of EUR 540.
• Services relating payment transactions for a period of at least 5 years with an variable annual charge of approximately EUR 3,500.
• Services relating payment transactions for a period of at least 1 year with an variable annual charge of approximately EUR 75.
• Services relating protection of payment systems for a period of at least 1.5 years with an variable annual charge of approximately EUR 218.
• Services relating providing temporary co-workers for the customer contact center for a period of at least 3 months with an variable annual charge of approximately EUR 257.

Triodos Bank works since 2011 on the realization of a new office building, with the objective to start using the building in 2016. Due to various factors, the start of the building works has been postponed to 2016. Completion of the new office is now scheduled for 2018.

Income

21. Interest income

	2014	2013
Loans	144,713	131,738
Banks	2,543	3,974
Government papers and interest-bearing securities	26,365	28,862
Other investments	33	43
	173,654	**164,617**

The interest income includes revenues derived from loans and related transactions, as well as related commissions, which by their nature are similar to interest payments. There are no transaction results regarding the interest-bearing securities (2013: EUR 3.4 million).

22. Interest expense

	2014	2013
Funds entrusted	45,348	50,834
Subordinated liabilities	300	302
Banks	1,696	1,522
Other	60	3
	47,404	**52,661**

23. Investment income

	2014	2013
Dividend from other participations	109	120
	109	**120**

24. Commission income

	2014	2013
Guarantee commission	605	511
Share register	1,936	4,236
Payment transactions	13,904	8,101
Lending	9,842	9,000
Asset Management	5,900	5,128
Management fees	32,028	25,574
Other commission income	810	443
	65,025	**52,993**

25. Commission expense

	2014	2013
Commission to agents	302	385
Asset Management	928	589
Other commission expense	1,611	1,321
	2,841	**2,295**

26. Result on financial transactions

	2014	2013
Exchange results for foreign currency transactions	1	-83
Transaction results on currency forward contracts	550	520
	551	**437**

27. Other income

This relates to fees for other services performed and results from asset disposals.

Expenses

28. Co-worker and other administrative expenses

	2014	2013
Co-worker costs:		
• salary expenses	51,394	45,625
• pension expenses	5,839	4,850
• social security expenses	9,377	7,863
• temporary co-workers	6,802	4,040
• other staff costs	6,230	5,016
• capitalised co-worker costs	-1,970	-514
	77,672	**66,880**
Other administrative expenses:		
• office costs	4,653	4,274
• IT costs	7,139	5,439
• external administration costs	5,550	4,166
• travel and lodging expenses	3,567	3,034
• fees for advice and auditor	5,771	3,527
• advertising charges	6,767	7,061
• accommodation expenses	7,850	7,084
• other expenses	12,222	2,712
	53,519	**37,297**
	131,191	**104,177**
Average number of co-workers on a full-time basis	**887.8**	**789.8**

Pension expenses

	2014	2013
Pension expenses, defined contribution schemes	2,725	2,540
Pension expenses, defined benefit pension schemes	3,114	2,310
	5,839	**4,850**

The pension expenses for the defined contribution schemes and the defined benefit pension schemes are based on the contributions owed for the financial year.

Pension scheme per country

Triodos Bank's pension scheme in The Netherlands is a combination of a defined benefit pension scheme and a defined contribution scheme. For the part of the gross annual salary up to EUR 50,856 a defined benefit pension scheme applies; the obligation vis-à-vis the participating co-workers consists of the granting of the accrued pension. For the part of the gross annual salary above EUR 50,856, a defined contribution scheme applies; the commitment to the participating co-workers consists of paying the outstanding contribution.

In The Netherlands, co-workers of related parties also participate in the pension scheme. The total pension commitment and the resulting expenses are reported within the Notes to the consolidated Annual Accounts of Triodos Bank NV. Part of the expenses are charged to the respective related parties, based on their share of the total salaries of the participating co-workers.

The Triodos Bank pension schemes in Belgium, the United Kingdom, Spain and Germany are defined contribution schemes that have been placed with life insurance companies in those countries.
The commitment to the participating co-workers consists of paying any outstanding contribution.
Participation in the pension scheme is obligatory for co-workers in Belgium, Spain and the United Kingdom. In Belgium, co-workers' contribution is 2% of salary and the employer's contribution is 6%. In Spain, the pension contribution is 1.5% of salary, paid in full by the employer. In the United Kingdom, the co-workers' contributions are optional with those who opt to do so contributing between 1% and 15% of their salary, and the employer's contribution amounts to 5% or 10% of salary depending on length of service.

In Germany, participation in the pension scheme is voluntary. The co-workers' contribution is 3.33% of the salary and the employer's contribution is 6.67%. 98% of the co-workers in Germany participate in the pension scheme.

Other expenses

The other expenses includes an one-off bank levy in order to contribute at the financing of the nationalisation of SNS Reaal in the amount of EUR 8.3 million. The other expenses also includes a positive adjustment regarding the estimated loss from the deposit guarantee scheme based on information from the Dutch Banking Accociation in the amount of EUR 1.8 million (2013: positive adjustment of EUR 0.8 million).

International Remuneration and Nomination policy

The remuneration system employed by Triodos Bank is based on the principle that the income is generated by the joint efforts of all co-workers. The Policy reflects the principles of the Banking Code and is also compliant with the Regulation of De Nederlandsche Bank on Sound Remuneration Policies (Regeling Beheerst Beloningsbeleid Wft 2014). The policy ensures the reflection of our values in national remuneration policies and practice.

The International Remuneration and Nomination Policy has been revised in 2014 and was approved by the Supervisory Board on November 12th, 2014.

The remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Nomination and Compensation Committee. The basic principles of the Triodos Bank remuneration system are taken into account.

The remuneration paid to Supervisory Board members and members of the Foundation for the Administration of Triodos Bank Shares (SAAT) Board of Trustees is set at the Annual General Meeting of Shareholders and the annual Meeting of Depository Receipt Holders respectively, whereby modest remuneration is offered so that sufficient qualified members can be attracted and retained.

Key elements of Triodos Bank's international remuneration and nomination policy are:
- Triodos Bank continues not to offer bonus or share option schemes to either members of the Executive Board, the Supervisory Board, the Board of SAAT or co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long term.
- Triodos Bank may provide additional individual 'tokens of appreciation' to co-workers to a maximum of one months' salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements and are at the discretion of management after consultation with Human Resources. Such a token is not based on pre-set targets, and always offered in retrospect. The Tokens of Appreciation are subject to claw back arrangements. The members of the Executive Board are excluded from these awards.
- An annual, collective token of appreciation can be paid for the overall achievements and contribution of all co-workers. This very modest amount is the same, for all co-workers with a maximum of € 500 for each co-worker. This can be paid in cash or in Triodos Bank NV depository receipts. For 2014 a collective end-of-year token of appreciation of EUR 300 was awarded. This amount is equal for all co-workers whether they work full-time or part time and pro-rata if not in service throughout the whole year.
- Fixed salaries should be aligned with the median of the financial market to attract and retain the right quality of co-workers.
- The factor by which the maximum salary in the lowest scale and the maximum salary for senior management differs, will be monitored carefully in each country (the ratio in The Netherlands was 9.6 in 2014, it was 9.4 in 2013), to ensure the discrepancy between the highest and lowest remunerated co-workers is not excessive.
- Severance payments should be modest and should never reward failure or misconduct. Severance payments to members of the Executive Board do not exceed one year's salary.

More details on the Triodos Bank remuneration policy ar available on the www.triodos.com (https://www.triodos.com/en/about-triodos-bank/corporate-information/corporate-governance/governance-codes/dutch-banking-code/#RemunerationPolicy).

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

	2014 Amount outstanding	2014 Average interest rate	2014 Repayments	2013 Amount outstanding	2013 Average interest rate	2013 Repayments
Pierre Aeby	125	3.6%	–	125	3.6%	–

No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of SAAT's Board of Trustees. For reasons of principle, no share option scheme is offered to members of the Executive Board, Supervisory Board members or members of SAAT's Board of Trustees.

Remuneration paid to the Executive Board

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

	2014	2013
Fixed salary expenses	713	657
Variable salary expense [1]	1	1
Pension expenses	154	169
Private use company car	28	41
Social expenses	35	28
Crisis tax	–	27
	931	**923**

[1] In 2013 and 2014, all Triodos Bank co-workers, including the members of the Executive Board, received an collective end-of-year Token of Appreciation of EUR 300 per person.

The salary expenses of the Executive Board may be broken down as follows:

	2014	2013
Pierre Aeby*	236	231
Peter Blom*	280	272
Jellie Banga*	197	154
	713	**657**

* Statutory director
Jellie Banga was appointed as COO from March 1, 2013.

Remuneration paid to the Supervisory Board

The remuneration paid to the Supervisory Board is as follows:

Amounts in EUR	**2014 Remuneration**	**2014 Fees for Committees**	**2014 Compensation for travel time**	**2014 Total**	**2013 Total**
David Carrington	17,500	3,000	4,000	24,500	21,708
Ernst-Jan Boers (as from 23 May 2014)	11,667	2,667	500	14,834	–
Marcos Eguiguren Huerta	17,500	4,000	5,000	26,500	23,458
Marius Frank (until 17th May 2013)	–	–	–	–	8,521
Aart Jan de Geus (Chair) (as from 23 May 2014)	16,667	2,000	–	18,667	–
Mathieu van den Hoogenband	17,500	4,250	3,000	24,750	19,937
Jan Lamers (until 23 May 2014)	7,292	–	1,000	8,292	19,958
Margot Scheltema	17,500	5,000	500	23,000	21,958
Hans Voortman (Chair) (until 23 May 2014)	10,417	1,250	1,500	13,167	28,750
Carla van der Weerdt	17,500	4,000	1,000	22,500	20,958
	133,543	**26,167**	**16,500**	**176,210**	**165,248**

The following fees apply:
• EUR 17,500 per annum for an ordinary member;
• EUR 25,000 per annum for the Chair;
• EUR 4,000 per annum for a member of the Audit & Risk Committee;
• EUR 5,000 per annum for the chair of the Audit & Risk Committee;
• EUR 3,000 per annum for members of the Nomination and Compensation Committee;
• EUR 4,250 per annum for the chair of the Nomination and Compensation Committee;
• EUR 500 per return travel (to a maximum of EUR 10,000 per annum) as compensation for travelling time for those Supervisory Board members who travel to a meeting outside their home country.

Mr. Eguiguren Huerta, Ms. Van der Weerdt and Ms. Scheltema (Chair) and Mr. Boers (as from 23 May 2014) are the members of the Audit & Risk Committee. Mr. Van den Hoogenband (Chair), Mr. Carrington and Mr. De Geus (as from 23 May 2014) are the members of the Nomination and Compensation Committee.

Remuneration of the Board of Trustees of SAAT

The remuneration for the members of the Board of Trustees of the Foundation for the Administration of Triodos Bank Shares, is as follows (amounts in EUR):

Amounts in EUR	2014 Remuneration	2014 Compensation for travel time	2014 Total	2013 Total
Marjatta van Boeschoten	7,000	3,000	10,000	9,479
Sandra Castaneda Elena (since May 17, 2013)	7,000	3,000	10,000	4,583
Frans de Clerck	7,000	5,000	12,000	9,979
Luis Espiga (until May 17, 2013)	–	-	–	3,896
Mike Nawas (as from 23 May 2014)	4,667	2,000	6,667	–
Jan Nijenhof (until 23 May 2014)	2,917	2,000	4,917	8,479
Max Rutgers van Rozenburg (Chair, until May 17, 2013)	–	–	–	5,000
Josephine de Zwaan (Chair since May 17, 2013)	10,000	2,500	12,500	11,229
	38,584	**17,500**	**56,084**	**52,645**

The fees paid to members of the SAAT Board of Trustee were adjusted in the Annual General Meeting held on 17 May 2013.

The following fees apply:
• EUR 7,000 per annum for an ordinary member;
• EUR 10,000 per annum for the chairperson;
• EUR 500 per return travel (with a maximum of 10 return travels per annum) as compensation for travelling time for those Board members who travel to a meeting outside their home country.

Auditor's fees

The table below specifies the fees of the KPMG audit firm that relates to services concerning the financial year.

The column Other KPMG network specifies the fees that were invoiced by KPMG units with the exception of KPMG Accountants NV.

2014	KPMG Accountants NV	Other KPMG network		Total KPMG network
Audit of the financial statements	430	244		674
Other audit-related engagements	118	15		133
Tax-related advisory services	—	40	*	40
Other non-audit services	—	—		—
Total	**548**	**299**		**847**

2013	KPMG Accountants NV	Other KPMG network		Total KPMG network
Audit of the financial statements	351	217		568
Other audit-related engagements	55	63		118
Tax-related advisory services	—	72	*	72
Other non-audit services	—	15	*	15
Total	**406**	**367**		**773**

*) This relates to contractual agreements agreed and signed in 2012.

29. Depreciation, amortisation and value adjustments of intangible and tangible fixed assets

	2014	2013
Amortisation of intangible fixed assets	2,476	2,510
Impairment of intangible fixed assets	198	182
Depreciation of property and equipment	4,488	3,664
Impairment of property for own use	–	2,065
	7,162	**8,421**

Depreciation has been reduced by the part that is charged on to related parties.
The property for own use was valued by an external appraiser in November 2013.

30. Impairments loan portfolio

This item consists of expenses associated with write-downs on loans and other receivables. In 2014, there is an expense item of EUR 11.1 million (2013: expense of EUR 17.1 million).

31. Taxation on operating result

	2014	2013
Taxation to be paid	11,561	11,075
Deferred taxation	-1,360	-2,545
	10,201	**8,530**

The reconciliation between the statutory and the effective taxation rate is as follows:

	2014	2013
Result before taxation	40,326	34,213
Statutory tax rate	25.0%	25.0%
Statutory tax amount	10,082	8,553
Difference arising from other tax rates abroad, exemptions and non-deductible items	111	-61
Restatement of deferred taxation items as the result of amended tax rates	8	38
Effective tax amount	**10,201**	**8,530**
Effective tax rate	**25.3%**	**24.9%**

Fiscal unity

Triodos Bank, as a parent company, forms a tax unity for value added tax and corporate income tax purposes with Triodos Finance, Triodos Investment Management, Triodos Investment Advisory Services, Kantoor Buitenzorg, Kantoor Nieuweroord and Triodos Nieuwbouw as subsidiaries. The method chosen for the taxation set-off between Triodos Bank and its subsidiaries is that of proceeding as if the legal entities were independently liable to pay tax. In fact, the legal entities are jointly and severally liable for the tax liabilities of the companies belonging to the fiscal unity.

Related parties

Triodos Bank has links with the following legal entities:

• Triodos Bank provides services to Triodos Mees Pierson and Triodos Fair Share Fund at competitive rates. The services relate to the secondment of co-workers, management services, administration, accommodation, ICT and advertising.
• Triodos Bank holds funds of and provides banking services to related parties at competitive rates.
• Triodos Bank provides credit facilities and bank guarantees to investment funds and international funds at competitive rates.
• Triodos Bank let office accommodation to Enclude at a competitive lease untill June 2014.
• Triodos Bank, Triodos Investment Management and Triodos Investment Advisory Services carry out management activities for investment funds and receive a competitive management fee for these activities.
• Stichting Triodos Beleggersgiro act as intermediair for investment funds.
• Triodos Custody performs custodial services for Triodos Fair Share Fund at a competitive fee.
• Triodos Bank distributes and registers securities, issued by investment funds and placed with customers of Triodos Bank, at competitive rates.
• Triodos Bank performs currency transactions for investment funds and international funds at competitive rates.
• Triodos Investment Management provides supervisory director activities for Sustainalytics BV and receive a competitive fee.
• Triodos Investment Management, Triodos Investment Advisory Services and Triodos Mees Pierson obtains information for research into sustainability from Sustainalytics at competitive rates.
• Triodos Investment Management obtains services regarding investment strategies from Enclude at competitive rates.
• Triodos Mees Pierson managed an investment portfolio of Triodos Groenfonds untill May 2014 at a competitive management fee.

Segment reporting

Key figures 2014
by branch and business unit

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	2,384,177	1,361,327	975,152	1,420,244
Number of accounts	308,653	62,705	47,014	199,676
Loans	1,582,656	998,375	721,901	782,067
Number	26,383	2,469	1,243	4,765
Balance sheet total	2,770,420	1,546,153	1,208,688	1,593,189
Funds under management[1]				
Total assets under management	**2,770,420**	**1,546,153**	**1,208,688**	**1,593,189**
Total income	56,128	34,529	23,179	33,782
Operating expenses	-35,841	-24,495	-16,855	-27,891
Impairments loan portfolio	-6,527	-597	948	-2,693
Value adjustments to participations				
Operating result	13,760	9,437	7,272	3,198
Taxation on operating result	-4,144	-1,961	-1,998	-872
Net profit	**9,616**	**7,476**	**5,274**	**2,326**
Average number of co-workers on a full-time basis	138.9	104.1	107.3	228.0
Operating expenses/total income	64%	71%	73%	83%

1) Note that at the time this statement was prepared, the Annual Accounts of funds under management had not yet been finalized.

Bank Germany	Total banking activities	Investment Management	Investment Advisory Services	Private Banking	Other	Elimination intercompany transactions	Total
154,401	6,295,301					-6,473	6,288,828
10,273	628,321						628,321
181,598	4,266,597					-273	4,266,324
1,460	36,320						36,320
238,628	7,357,078				1,098,517	-1,303,191	7,152,404
		2,653,743		812,767	12,914		3,479,424
238,628	**7,357,078**	**2,653,743**		**812,767**	**1,111,431**	**-1,303,191**	**10,631,828**
5,988	153,606	30,501	570	4,455	2,742	-2,283	189,591
-8,333	-113,415	-19,929	-529	-3,584	-3,324	2,428	-138,353
-2,224	-11,093						-11,093
					181		181
-4,569	29,098	10,572	41	871	-401	145	40,326
1,320	-7,655	-2,643	-10	-212	357	-38	-10,201
-3,249	**21,443**	**7,929**	**31**	**659**	**-44**	**107**	**30,125**
38.3	616.6	98.7	1.8	15.4	155.3		887.8
139%	74%	65%	93%	80%			73%

Key figures 2013
by branch and business unit

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	2,243,447	1,274,158	789,257	1,214,035
Number of accounts	274,380	60,085	43,158	170,068
Loans	1,177,879	832,185	617,770	740,864
Number	22,467	2,179	1,176	2,772
Balance sheet total	2,760,337	1,440,200	991,595	1,383,356
Funds under management[1]				
Total assets under management	**2,760,337**	**1,440,200**	**991,595**	**1,383,356**
Total income	48,874	30,726	18,082	31,114
Operating expenses	-28,729	-18,282	-12,847	-23,086
Impairments loan portfolio	-8,264	589	-2,323	-2,687
Value adjustments to participations				
Operating result	11,881	13,033	2,912	5,341
Taxation on operating result	-2,787	-3,395	-906	-1,697
Net profit	**9,094**	**9,638**	**2,006**	**3,644**
Average number of co-workers on a full-time basis	131.3	93.9	99.2	195.5
Operating expenses/total income	59%	60%	71%	74%

1) Note that at the time this statement was prepared, the Annual Accounts of funds under management had not yet been finalized.

Bank Germany	Total banking activities	Investment Management	Private Banking	Other	Elimination intercompany transactions	Total
139,277	5,660,174				-10,071	5,650,103
8,455	556,146					556,146
176,240	3,544,938				-222	3,544,716
1,026	29,620					29,620
236,629	6,812,117			1,134,394	-1,499,858	6,446,653
		2,504,415	685,354	9,643		3,199,412
236,629	**6,812,117**	**2,504,415**	**685,354**	**1,144,037**	**-1,499,858**	**9,646,065**
5,795	134,591	24,716	3,633	1,698	-973	163,665
-7,492	-90,436	-18,493	-2,700	-2,051	1,082	-112,598
-4,376	-17,061					-17,061
				207		207
-6,073	27,094	6,223	933	-146	109	34,213
1,791	-6,994	-1,556	-227	274	-27	-8,530
-4,282	**20,100**	**4,667**	**706**	**128**	**82**	**25,683**
35.1	555.0	89.1	14.2	131.5		789.8
129%	67%	75%	74%			69%

Key figures 2014 by Country

in thousands of EUR	Netherlands	Belgium	United Kingdom
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking	Bank
Geographical location	Zeist	Brussel	Bristol
Total income	93,125	34,529	23,179
Operating expenses	-61,969	-24,495	-16,855
Imparements loan portfolio	-6,527	-597	948
Value adjustments to participations	181		
Operating result	**24,810**	**9,437**	**7,272**
Taxation on operating result	-6,641	-1,961	-1,998
Net profit	**18,169**	**7,476**	**5,274**
Public subsidies received	–	–	2
Number of co-workers on a full-time basis	434.4	106.8	110.3

Spain	Germany	France	Elimination intercompany transactions	Total
Bank	Bank	Agency for branch Belgium and market research		
Madrid	Frankfurt	Paris		
33,782	5,988	1,271	-2,283	189,591
-27,891	-8,333	-1,238	2,428	-138,353
-2,693	-2,224	–		-11,093
				181
3,198	**-4,569**	**33**	**145**	**40,326**
-872	1,320	-11	-38	-10,201
2,326	**-3,249**	**22**	**107**	**30,125**
–	–	–		2
239.4	40.2	4.0		935.1

Key figures 2013 by Country

in thousands of EUR	Netherlands	Belgium	United Kingdom
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking	Bank
Geographical location	Zeist	Brussel	Bristol
Total income	78,012	30,726	18,082
Operating expenses	-51,087	-18,282	-12,847
Impairments loan portfolio	-8,264	589	-2,323
Value adjustments to participations	207		
Operating result	**18,868**	**13,033**	**2,912**
Taxation on operating result	-4,288	-3,395	-906
Net profit	**14,580**	**9,638**	**2,006**
Public subsidies received	–	–	4
Number of co-workers on a full-time basis	371.7	100.2	102.7

Spain	Germany	France	Elimination intercompany transactions	Total
Bank	Bank	Agency for branch Belgium and market research		
Madrid	Frankfurt	Paris		
31,114	5,795	909	-973	163,665
-23,086	-7,492	-886	1,082	-112,598
-2,687	-4,376	–		-17,061
				207
5,341	**-6,073**	**23**	**109**	**34,213**
-1,697	1,791	-8	-27	-8,530
3,644	**-4,282**	**15**	**82**	**25,683**
–	–	–		4
227.7	37.0	4.0		843.2

Lending by sector in 2014 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
Environment							
Organic farming	119,570	2.8%	779	30,696	1.9%	255	3,368
Organic food	81,271	1.9%	659	24,498	1.5%	313	12,791
Renewable energy	1,195,564	28.0%	809	152,927	9.7%	87	399,746
Sustainable property	400,446	9.4%	748	222,081	14.0%	209	110,342
Environmental technology	69,114	1.6%	161	29,836	1.9%	48	21,127
	1,865,965	**43.7%**	**3,156**	**460,038**	**29.0%**	**912**	**547,374**
Social							
Retail non-food	11,634	0.3%	149	5,129	0.3%	71	1,707
Production	21,865	0.5%	144	4,962	0.3%	54	14,608
Professional services	82,616	1.9%	486	27,381	1.7%	110	9,666
Social housing	336,833	7.9%	343	29,370	1.9%	142	65,393
Healthcare	525,090	12.3%	1,070	172,371	10.9%	414	157,572
Social projects	97,128	2.3%	585	1,428	0.1%	21	13,778
Fair trade	2,748	0.1%	37	363	0.0%	6	1,263
Development cooperation	37,930	0.9%	36	28,447	1.8%	12	4,585
	1,115,844	**26.2%**	**2,850**	**269,451**	**17.0%**	**830**	**268,572**
Culture							
Education	144,951	3.4%	439	26,454	1.7%	79	44,172
Child care	12,941	0.3%	110	9,652	0.6%	85	2,370
Arts and culture	261,883	6.1%	735	182,745	11.6%	298	23,354
Philosophy of life	76,338	1.8%	275	14,615	0.9%	62	4,014
Recreation	127,283	3.0%	296	59,189	3.7%	129	8,662
	623,396	**14.6%**	**1,855**	**292,655**	**18.5%**	**653**	**82,572**
Private loans	369,163	8.7%	28,441	268,357	17.0%	23,970	99,857
Municipality loans	291,956	6.8%	18	291,956	18.5%	18	–
Total	**4,266,324**	**100.0%**	**36,320**	**1,582,457**	**100.0%**	**26,383**	**998,375**

Belgium		United Kingdom			Spain			Germany		
%	number	amount	%	number	amount	%	number	amount	%	number
0.3%	66	48,800	6.8%	270	35,692	4.6%	175	1,014	0.6%	13
1.3%	87	10,433	1.4%	55	25,832	3.3%	183	7,717	4.2%	21
40.0%	232	187,142	25.9%	139	359,313	45.9%	303	96,436	53.1%	48
11.1%	118	6,342	0.9%	18	61,681	7.9%	403	–	0.0%	–
2.1%	39	9,520	1.3%	14	8,631	1.1%	60	–	0.0%	–
54.8%	**542**	**262,237**	**36.3%**	**496**	**491,149**	**62.8%**	**1,124**	**105,167**	**57.9%**	**82**
0.2%	21	2,878	0.4%	21	1,920	0.2%	36	–	0.0%	–
1.5%	68	42	0.0%	2	2,253	0.3%	20	–	0.0%	–
1.0%	61	42,497	5.9%	74	3,038	0.4%	65	34	0.0%	176
6.5%	28	228,057	31.5%	155	21	0.0%	1	13,992	7.7%	17
15.8%	287	63,188	8.8%	87	91,868	11.7%	207	40,091	22.1%	75
1.4%	83	14,200	2.0%	84	67,722	8.7%	397	–	0.0%	–
0.1%	11	553	0.1%	9	442	0.1%	8	127	0.1%	3
0.5%	14	365	0.1%	1	4,533	0.6%	9	–	0.0%	–
27.0%	**573**	**351,780**	**48.8%**	**433**	**171,797**	**22.0%**	**743**	**54,244**	**29.9%**	**271**
4.4%	165	21,567	3.0%	48	31,747	4.1%	99	21,011	11.5%	48
0.2%	15	661	0.1%	6	258	0.0%	4	–	0.0%	–
2.3%	110	14,645	2.0%	54	41,139	5.2%	273	–	0.0%	–
0.4%	21	46,918	6.5%	152	10,132	1.3%	38	659	0.4%	2
0.9%	43	24,093	3.3%	54	34,994	4.5%	58	345	0.2%	12
8.2%	**354**	**107,884**	**14.9%**	**314**	**118,270**	**15.1%**	**472**	**22,015**	**12.1%**	**62**
10.0%	1,000	–	0.0%	–	852	0.1%	2,426	97	0.1%	1,045
0.0%	–	–	0.0%	–	–	0.0%	–	–	0.0%	–
100.0%	**2,469**	**721,901**	**100.0%**	**1,243**	**782,068**	**100.0%**	**4,765**	**181,523**	**100.0%**	**1,460**

Lending by sector in 2013 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
Environment							
Organic farming	113,515	3.2%	737	30,817	2.6%	257	4,185
Organic food	74,535	2.1%	610	22,355	1.9%	319	11,905
Renewable energy	1,168,996	33.0%	789	163,671	13.9%	85	371,904
Sustainable property	329,416	9.3%	537	192,963	16.4%	233	94,696
Environmental technology	52,109	1.5%	165	11,967	1.0%	50	23,049
	1,738,571	**49.1%**	**2,838**	**421,773**	**35.8%**	**944**	**505,739**
Social							
Retail non-food	13,508	0.4%	139	6,039	0.5%	80	1,623
Production	22,754	0.6%	137	5,475	0.5%	59	13,156
Professional services	102,408	2.9%	389	50,188	4.4%	106	10,506
Social housing	223,804	6.3%	312	17,812	1.5%	125	24,734
Healthcare	513,590	14.5%	1,043	174,495	14.8%	447	132,555
Social projects	87,841	2.5%	408	1,237	0.1%	16	12,513
Fair trade	2,397	0.1%	32	431	0.0%	7	780
Development cooperation	54,786	1.5%	36	44,135	3.8%	11	4,780
	1,021,088	**28.8%**	**2,496**	**299,812**	**25.6%**	**851**	**200,647**
Culture							
Education	111,475	3.2%	341	22,824	1.9%	75	24,568
Child care	13,937	0.4%	101	10,768	0.9%	79	2,299
Arts and culture	220,685	6.2%	687	160,488	13.6%	302	18,702
Philosophy of life	71,968	2.0%	270	13,447	1.1%	54	3,868
Recreation	104,173	2.9%	250	56,331	4.8%	126	6,964
	522,238	**14.7%**	**1,649**	**263,858**	**22.3%**	**636**	**56,401**
Private loans	253,191	7.1%	22,636	182,808	15.5%	20,035	69,398
Municipality loans	9,628	0.3%	1	9,628	0.8%	1	–
Total	**3,544,716**	**100.0%**	**29,620**	**1,177,879**	**100.0%**	**22,467**	**832,185**

Belgium		United Kingdom			Spain			Germany		
%	number	amount	%	number	amount	%	number	amount	%	number
0.5%	75	47,508	7.7%	254	29,792	4.0%	135	1,213	0.7%	16
1.4%	66	11,418	1.8%	59	19,209	2.7%	124	9,648	5.5%	42
44.7%	220	166,860	27.0%	147	381,485	51.5%	299	85,076	48.3%	38
11.4%	94	5,932	1.0%	18	35,825	4.8%	192	–	0.0%	–
2.8%	50	9,631	1.6%	15	7,462	1.0%	50	–	0.0%	–
60.8%	**505**	**241,349**	**39.1%**	**493**	**473,773**	**64.0%**	**800**	**95,937**	**54.5%**	**96**
0.2%	24	3,768	0.6%	14	2,078	0.3%	21	–	0.0%	–
1.6%	57	–	0.0%	–	4,123	0.6%	21	–	0.0%	–
1.3%	69	38,985	6.3%	49	2,700	0.4%	47	29	0.0%	118
3.0%	25	166,652	26.9%	146	–	0.0%	–	14,606	8.3%	16
15.9%	234	61,150	9.9%	99	101,787	13.7%	186	43,603	24.8%	77
1.5%	91	11,674	1.9%	66	62,417	8.4%	235	–	0.0%	–
0.1%	10	595	0.1%	8	441	0.1%	5	150	0.1%	2
0.6%	14	358	0.1%	1	5,513	0.7%	10	–	0.0%	–
24.2%	**524**	**283,182**	**45.8%**	**383**	**179,059**	**24.2%**	**525**	**58,388**	**33.2%**	**213**
2.9%	130	18,776	3.0%	44	24,586	3.3%	70	20,721	11.8%	22
0.3%	15	656	0.1%	5	214	0.0%	2	–	0.0%	–
2.2%	153	9,697	1.6%	45	31,795	4.3%	159	3	0.0%	28
0.5%	20	44,959	7.3%	163	8,980	1.2%	30	714	0.4%	3
0.8%	40	19,126	3.1%	42	21,522	2.9%	37	230	0.1%	5
6.7%	**358**	**93,214**	**15.1%**	**299**	**87,097**	**11.7%**	**298**	**21,668**	**12.3%**	**58**
8.3%	792	25	0.0%	1	935	0.1%	1,149	25	0.0%	659
0.0%	–	–	0.0%	–	–	0.0%	–	–	0.0%	–
100.0%	2,179	617,770	100.0%	1,176	740,864	100.0%	2,772	176,018	100.0%	1,026

Capital instruments main features

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

The main features are:

Ad 1. Shares

Issuer	Triodos Bank NV
Unique identifier	Not applicable. The shares have not been listed on any securities exchange
Governing law(s)	Dutch law
Regulatory treatment:	
Transitional CRR rules	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated
Instrument type	Ordinary shares
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€ 659.6. For a specification see the solvency chapter on page 106.
Nominal amount of instrument	The nominal amount per share is EUR 50. At reporting date 9,014,634 shares were issued and fully paid up so that the total nominal amount is EUR 450.7.
Issue price	The Shares will be issued continuously. The issue price of shares will be determined daily by Triodos Bank on the basis of a fixed calculation model that calculates the actual net asset value of Triodos Bank (the NAV) divided by the number of issued shares (the NAV per share). The NAV is equal to the book value of the assets of Triodos Bank minus the book value of the liabilities of Triodos Bank. The Issue Price per share will be rounded to whole euros, whereby values of 0.5 euros or more are rounded up.
Redemption price	Not applicable.
Accounting classification	Shareholders equity
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.
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	not applicable

Subsequent call dates, if applicable	not applicable
Coupons / dividends	
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	Part of the profit as reported in the adopted profit and loss account shall be used by the Executive Board to form or to add the reserves to the extent that is deemed desirable by the Executive Board. Any remaining profit shall be distributed to the shareholders, unless the General Meeting decides otherwise. The General Meeting may at any time and for any reason decide to cancel dividends. The intention of the Statutory Directors is to have a stable dividend distribution per share.
Existence of a dividend stopper	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger(s)	Not applicable
If convertible, fully or partially	Not applicable
If convertible, conversion rate	Not applicable
If convertible, mandatory or optional conversion	Not applicable
If convertible, specify instrument type convertible into	Not applicable
If convertible, specify issuer of instrument it converts into	Not applicable
Write-down features	No
If write-down, write-down trigger(s)	Not applicable
If write-down, full or partial	Not applicable
If write-down, permanent or temporary	Not applicable
If temporary write-down, description of write-up mechanism	Not applicable
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The shares are immediately subordinate to the Subordinated liability

Ad 2. Subordinated liability

Issuer	Triodos Bank NV
Unique identifier	ISIN code NL0000686491.
Governing law(s)	Dutch law
Regulatory treatment:	
Transitional CRR rules	Tier 2 capital
Post-transitional CRR rules	Tier 2 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated
Instrument type	Bond
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€ 1.6. For a specification see the solvency chapter on page 106.
Nominal amount of instrument	EUR 5.25
Issue price	99.314%
Redemption price	Not applicable.
Accounting classification	Liability - amortised cost
Original date of issuance	12-jul-06
Perpetual or dated	Dated
Original maturity date	12-jul-16
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	not applicable
Subsequent call dates, if applicable	not applicable
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	5.625%
Existence of a dividend stopper	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Cumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger(s)	Not applicable
If convertible, fully or partially	Not applicable
If convertible, conversion rate	Not applicable
If convertible, mandatory or optional conversion	Not applicable
If convertible, specify instrument type convertible into	Not applicable

If convertible, specify issuer of instrument it converts into	Not applicable
Write-down features	No
If write-down, write-down trigger(s)	Not applicable
If write-down, full or partial	Not applicable
If write-down, permanent or temporary	Not applicable
If temporary write-down, description of write-up mechanism	Not applicable
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Subordinated liability is immediate subordinated to the claims of depositors and the unsubordinated claims with respect to the repayment of borrowed money.

Solvency

in thousands of EUR

The calculation of the common equity Tier 1 ratio and the total capital ratio for 2014 is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date. The calculation of the comparative figures 2013 is in a separate section below and is based on the Basel II rules.

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

	2014	
	Amount at disclosure date	Amounts subject to pre-regulation (EU) no 575/2013 treatment or prescribed Residual amount of regulation (eu) no 575/2013
Capital instruments and the related share premium accounts		
of which: ordinary shares	568,643	
Retained earnings [1)	-	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	104,857	
Independently reviewed interim profits net of any foreseeable charge or dividend [1)	-	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**673,500**	
Intangible assets (net of related tax liability)	-12,209	0
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)	-1,274	-5,097
Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment		
Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		
Of which: filter for unrealised gain on participation interest	-390	
Total regulatory adjustments to Common equity Tier 1 (CET1)	**-13,873**	
Common Equity Tier 1 (CET1) capital	**659,627**	
Additional Tier 1 (AT1) capital	-	

Tier 1 capital (T1 = CET1 + AT1)	**659,627**
Tier 2 (T2) capital: instruments and provisions	
Capital instruments and the related share premium accounts [2)]	1,604
Tier 2 (T2) capital before regulatory adjustments	**1,604**
Tier 2 (T2) capital	**1,604**
Total capital (TC = T1 + T2)	**661,231**
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)	3,471,180
Total risk weighted assets	**3,471,180**
Capital ratios and buffers	
Common Equity Tier 1 (as a percentage of risk exposure amount) 3)	19.00%
Tier 1 (as a percentage of risk exposure amount) [4)]	19.00%
Total capital (as a percentage of risk exposure amount)	19.05%
Institution specific buffer requirement (CET1 requirement in accordance with 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)	2.50%
of which: capital conservation buffer requirement	2.50%
of which: countercyclical buffer requirement	0%
of which: systemic risk buffer requirement	0%
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	16.50%
Amounts below the thresholds for deduction (before risk weighting)	
Direct and indirect holdings of the capital 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)	3,137

Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	5,083
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	779

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) These are Subordinated liabilities which are weighted for 30.6% in the capital, due to the maturity which is shorter than 5 years.
3) The Dutch Central Bank stated that the Common Equity Tier 1 ratio must be at least 4.5% in 2014.
4) The Dutch Central Bank stated that the Tier 1 ratio must be at least 6.0% in 2014.

The risk weighted assets can be specified as follows:

	2014
Risk weighted exposure amount for credit risk	3,146,379
Risk exposure amount for market risk	–
Risk exposure amount for operational risk	315,514
Risk exposure amount for credit valuation adjustment	9,288
Total risk weighted assets	**3,471,180**

The risk weighted exposure amount for credit risk can be specified as follows:

	2014
Risk-weighted assets	2,865,853
Risk-weighted off-balance sheet items	241,496
Risk-weighted derivatives	39,030
Risk weighted exposure amount for credit risk	**3,146,379**

The Risk exposure amount for market risk exclusively concerns exchange rate risk in the case of Triodos Bank. The capital requirement is 8% of the net open foreign currency position if the net open foreign currency position is more than 2% of the actual total capital. The capital requirement is zero if the net open foreign currency position is less than 2% of the actual total capital.

	2014
Bottom line of 2% of the actual total capital	13,225
Net open foreign currency position	8,088
Capital requirement percentage	0%
Capital requirement amount for market risk (m)	–
Risk exposure amount for market risk (m/8%)	–

The capital requirement for operational risk is 15% of the average income of the previous three years.

	2014
Total income 2012	151,566
Total income 2013	163,665
Total income 2014	189,591
Average income previous three years	168,274
Capital requirement percentage	15%
Capital requirement amount for operational risk (cror)	25,241
Risk exposure amount for operational risk (cror/8%)	315,514

Risk exposure amount for credit valuation adjustment concerns an adjustment to the mid-market valuation of the OTC derivative portfolio of transactions with a counterparty.

	2014
Capital charge according the standardised method	743
Risk exposure amount for credit valuation adjustment (capital charge / 8%)	9,288

The solvency 2013 is calculated according to the Basel II guidelines as set by the Dutch Central Bank.
The tier 1 capital and own funds can be specified as follows:

	2013
Share capital	427,452
Share premium	118,162
Statutory reserve	5,116
Other reserve	77,439
Retained earnings	25,683
Minus: proposed dividend	-16,671
Minus: intangible fixed assets	-11,810
Minus: 50% of the participating interest in other credit and financial institutions amounting to more than 10% of their capital	-2,134
Tier 1 capital (a)	623,237
Revaluation reserve	180
Subordinated liabilities after deduction of discount [1)]	2,115
Minus: 50% of the participating interest in other credit and financial institutions amounting to more than 10% of their capital	-2,133
Own funds (b)	623,399
Capital requirements (c)	280,337
Surplus of own funds (b-c)	**343,062**

[1)] Subordinated liabilities are weighted for 40% in the own funds, due to the maturity which is shorter than 5 years.

Tier 1 ratio (a/c * 8%)	17.8%
BIS ratio (b/c * 8%)	17.8%

The capital requirements can be specified as follows:

	2013
Capital requirement for credit risk	258,142
Capital requirement for market risk	–
Capital requirement for operational risk	22,195
	280,337

The capital requirement for credit risk is 8% of the risk-weighted value of assets, off-balance sheet items and derivatives.

	2013
Risk-weighted assets	2,947,225
Risk-weighted off-balance sheet items	266,956
Risk-weighted derivatives	12,600
Risk weighted assets credit risk	3,226,781
Capital requirement percentage	8%
Capital requirement amount for credit risk	258,142

The capital requirement for market risk exclusively concerns exchange rate risk in the case of Triodos Bank. The capital requirement is 8% of the net open foreign currency position if the net open foreign currency position is more than 2% of the actual own funds. The capital requirement is zero if the net open foreign currency position is less than 2% of the actual own funds.

	2013
Bottom line of 2% of the actual total capital	12,468
Net open foreign currency position	5,965
Capital requirement percentage	0%
Capital requirement amount for market risk	–

The capital requirement for operational risk is 15% of the average income of the previous three years.

	2013
Total income 2011	128,661
Total income 2012	151,566
Total income 2013	163,665
Average income previous three years	147,964
Capital requirement percentage	15%
Capital requirement amount for operational risk	22,195

Leverage ratio

in thousands of EUR

The calculation of the leverage ratio for 2014 is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date. The calculation of the comparative figures 2013 is in a separate section below and is based on the Basel III rules.

Summary reconciliation of accounting assets and leverage ratio exposures

	2014
Total assets as per published financial statements	7,808,435
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	–
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure according to article 429(11) of Regulation (EU) NO, 575/2013	–
Adjustment for derivative financial instruments	16,499
Adjustment for securities financial transactions	–
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	-337,521
Other adjustments	-16,159
Leverage ratio exposure	**7,471,254**
On Balance sheet items (excluding derivates and SFTs, but including collateral)	
On Balance sheet items (excluding derivates and SFTs, but including collateral)	7,119,669
Asset amounts deducted in determining Tier 1 capital	-13,873
Total on balance sheet exposure (excluding derivates and SFTs) (d)	**7,105,796**
Derivates exposures	
Replacement cost (mark to market-method)	30,449
Add-on amount for potential future exposure (mark to market-method)	16,499
Total derivates exposure (e)	**46,948**
Off balance sheet exposures	
Off balance sheet exposures at gross notional amount	656,031
Adjustment for conversion to credit equivalent amounts	-337,521
Total off balance sheet exposure (f)	**318,510**

Tier 1 capital (c)	**659,627**
Total exposure (g) (d+e+f)	**7,471,254**
Leverage ratio ultimo year (c/g)	**8.8%**
Total on balance sheet exposures (excluding derivates and SFTs), of which:	7,120,891
Trading book exposures	–
Banking book exposures, of which:	7,120,891
Covered bonds	–
Exposures treated as sovereigns	2,814,285
Exposures to regional governments, MDB, international organisations and PSE not treated as soevereigns	59,240
Institutions	675,703
Secured by mortgages of immovable properties	1,126,228
Retail exposures	202,245
Corporate	1,959,307
Exposures in default	186,352
Other exposures (eg equity, securisations and other non-credit obligation assets)	97,531

The leverage ratio is calculated using the transitional definition of the tier 1 capital.
The leverage ratio is 8.8% using the fully phased-in definition of the tier 1 capital.

The leverage ratio for 2013 is calculated according to the Basel III guidelines.

	2013
Total assets as per published financial statements	7,118,094
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure according to article 429(11) of Regulation (EU) NO, 575/2013	-
Adjustment for derivative financial instruments	18,681
Adjustment for securities financial transactions	-
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	-
Other adjustments	-18,919
Leverage ratio exposure	**7,117,856**
On Balance sheet items (excluding derivates and SFTs, but including collateral)	
On Balance sheet items (excluding derivates and SFTs, but including collateral)	6,435,865
Asset amounts deducted in determining Tier 1 capital	-15,704
Total on balance sheet exposure (excluding derivates and SFTs) (d)	**6,420,161**
Derivates exposures	
Replacement cost (mark to market-method)	9,637
Add-on amount for potential future exposure (mark to market-method)	16,617
Total derivates exposure (e)	**26,254**
Off balance sheet exposures	
Off balance sheet exposures at gross notional amount	671,441
Adjustment for conversion to credit equivalent amounts	-
Total off balance sheet exposure (f)	**671,441**

Tier 1 capital according to Basel III guidelines (c)[1)]	**621,657**
Total exposure (g) (d+e+f)	**7,117,856**
Leverage ratio Ultimo year (c/g)	**8.7%**

[1)] The tier 1 capital can be specified as follows:

	2013
Share capital	427,452
Share premium	118,162
Statutory reserve	5,116
Other reserve	77,439
Retained earnings	25,683
Revaluation reserve	180
Minus: proposed dividend	-16,671
Tier 1 capital (a)	**637,361**
Regulatory adjustments to tier 1 capital:	
Minus: intangible fixed assets	-11,810
Associated deferred tax liability which would be extinguished if the intangible asset becomes impaired or derecognised,	1,173
Minus: deferred tax assets (excluding temporary differences only)	-5,067
Total regulatory adjustments (b)	**-15,704**
Tier 1 capital according Basel III guidelines (c) (a + b)	**621,657**

Management of excessive leverage

The risk of excessive leverage is managed inclusively in our capital management. We aim for a strong capital base, reducing this risk.
At the end of 2014 the leverage ratio is 8.8%. In 2014 the leverage ratio was mainly affected by growth of the on-balance positions and growth of equity. The effect of the implementation of the Capital Requirements Regulation had a limited effect on the leverage ratio, therefore the outcome is stable.

Risk management

in thousands of EUR

Purpose and organisation

Objective

The aim of Triodos Bank's risk management activities is to ensure the long term resilience of the business. These activities create an environment in which Triodos Bank can pursue its mission to its fullest potential in a safe way. Risk management provides the structural means to identify, prioritise and manage the risks inherent in its business activities. The intention is to embed risk management in such a way that it fits the complexity and size of the organisation and is designed to also allow future growth. In order to ensure that such an environment can exist and prosper, a Risk Governance Framework has been put in place which underpins the risk processes.

The Three Lines of Defense

Triodos Bank manages its business using a Three Lines of Defense Model. This approach ensures that each co-worker is fully aware of their responsibilities in the management of risk, irrespective of whether their role is in a commercial, policy-making or control function. The model ensures that responsibilities are properly aligned and makes clear that all co-workers have a role to play in managing risk.

First line functions are Triodos Bank's branches, business units and departments, which are responsible for managing the risks of their operations. Second line functions are located in the bank branches, business units and departments, and facilitate and ensure that risks are appropriately identified and managed. Second line functions are also established at the Head Office. They create and maintain the corporate Risk Governance Framework, and the policies and procedures which provide the boundaries for the local and consolidated business activities.

The third line of defense is the Internal Audit function providing independent and objective assurance of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. This includes the effectiveness and efficiency of the internal controls in the first and second lines of defense.

Risk organisation

In light of Triodos Bank's growth, the impact of all new regulations, and the increased attention of supervisory authorities, Triodos Bank has made an important step up in its risk management organisation in 2014. The appointment, in May 2014, of a Director Risk and Compliance taking full responsibility for all the second line risk management and compliance activities was an important part of this process. This new role reports directly to the Chief Financial Officer, and its activities are supervised by the Audit and Risk Committee of the Supervisory Board. The structure of the risk organisation has been redesigned and clear responsibilities attributed based on a revised risk overview.

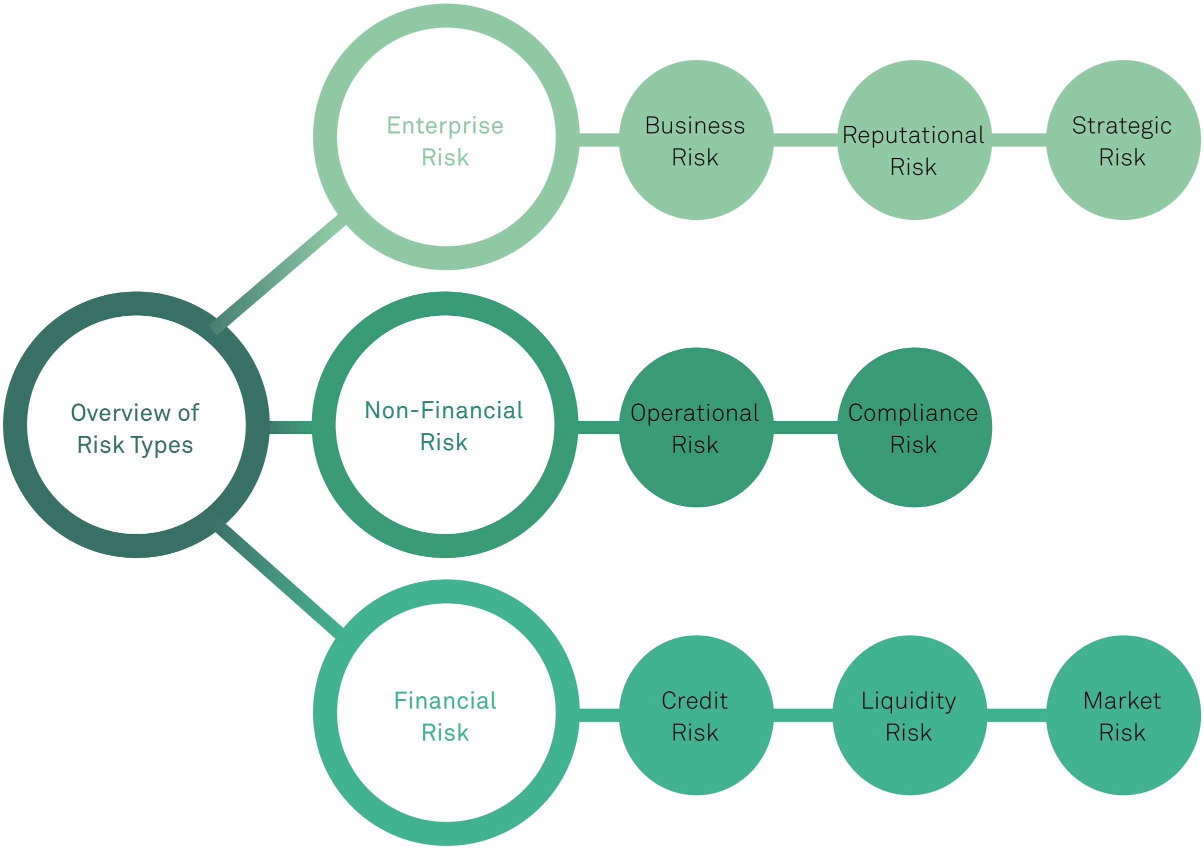
This revised risk overview meets banking industry standards and covers all relevant risks for Triodos Bank within the three following risk categories: Enterprise Risks, Financial Risks and Non-Financial Risks. Each risk type covers a number of risk categories (see diagram on the next page).

In addition, the governance structure of Triodos Bank was revised during the year. The Executive Board has delegated decision-making authority to the following risk committees at a central level:

- For Financial Risk, the Central Credit Committee has authority to take decisions on credit risks, both on an individual debtor level and on a credit portfolio level; the Asset & 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. This committee also functions as the Product Approval Committee for new products; and
- For Enterprise Risk, the Enterprise Risk Committee has authority to decide on strategic, business and reputational risk issues.

Each committee is chaired by an Executive Board member to ensure consistent decision making on material risks within Triodos Bank's wider strategy.

Branches also have a decision-making committee for their lending activities: the Local Credit Committee.



This local credit committee decides on loans under the responsibility of the local Managing Director within delegated credit approval limits. This committee also monitors the credit risks of the local credit portfolio and monitors alignment with relevant credit risk policies.

The Supervisory Board's Audit and Risk Committee supervises the activities of the Executive Board with respect to the operation and adequacy of internal risk management and control systems. The Director Risk and Compliance has a direct escalation line to the Audit and Risk Committee.

Enterprise Risk

The Enterprise Risk discipline synthesises all the risks using input from all risk areas, and performs analyses to determine at a strategic level which larger trends can potentially influence Triodos Bank's risk profile.
Triodos Bank manages Enterprise Risk through a risk management cycle: performing strategic risk assessments, determining the risk appetite, assessing capital and liquidity requirements, and monitoring the risk profile through periodic enterprise risk management reporting.

Strategic Risk

Strategic Risks are those that potentially have the most impact on an organisation's ability to execute its strategies and achieve its business objectives. Therefore Strategic Risk Assessments are performed at Executive Board level for Triodos Bank as a whole and at Managing Director level for each business unit, every three years, with an annual update. Triodos Bank considers its basic banking model to have a low risk profile. As a traditional retail bank, it earns its income from the transformation of interest and liquidity maturity of money and taking credit risks. Volume is an important factor in generating a healthy income. In addition, the following elements play an important role: the balancing of assets and liabilities, the capacity to set an adequate price for those assets and liabilities and other banking services. Cost control is also crucial to maintaining operational profit.

Strategic risks need to be carefully managed to realise integrated financial and mission-driven objectives.

The outcome of the strategic risk assessments and strategic risk management objectives are applied to determine scenarios that are used to test Triodos Bank's sensitivities in capital, liquidity, profitability and operational stability during the year.

Risk Appetite

A risk appetite process is implemented across Triodos Bank to align its risk profile with the willingness to take risk in delivering its business objectives.
The Risk Appetite Statement reflects the actual implementation of the Risk Appetite Framework. It is updated yearly and is submitted to the Supervisory Board Audit and Risk Committee. The concept of risk appetite and the link to the Strategy and Business objectives is illustrated below:

Overview of risk capacity, risk appetite, risk limits and the relationship with Triodos Bank's risk profile.

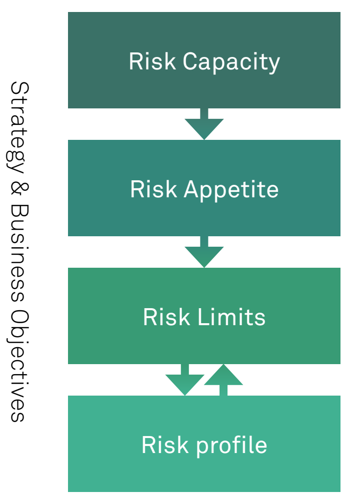
Triodos Bank uses a set of indicators and limits to measure and assess the level of risk appetite and risk profile of the organisation. The risk limits, determined at corporate level, are translated into a localised limit structure for each branch. This local limit structure, or 'cascaded' limits structure, is being developed for all risk types.
The risk appetite and capacity are based on four pillars that are the foundation for a healthy financial institution: operational stability, liquidity, capital and profitability.

Recovery

The Recovery Plan specifies measures Triodos Bank can take in order to survive a severe crisis that impacts its capital position, liquidity, profitability and operational stability. The aim of a recovery plan is to be prepared for a crisis and therefore to lower the probability of the organisation defaulting. It also aims to identify and quantify the effectiveness of corrective measures which are taken in different scenarios.

Enterprise Risk Reporting

Every risk discipline reports on a monthly basis (e.g. Non Financial Risk Report, ALM Report and Business



- 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.

Banking Loan Report) or on a quarterly basis (e.g. Compliance Report). These reports are discussed and approved in corresponding committees. On a quarterly basis, they are integrated in the Enterprise Risk Management (ERM) report which provides insights into the Triodos Bank risk profile in relation to its accepted risk appetite. The objective of the ERM report is to create a single point of reference for all risk related activities within Triodos Bank. The ERM report also provides insights into specific risk themes and provides an integrated picture of risk at business unit level. This report is discussed and approved by the Enterprise Risk Committee and shared with the Audit and Risk Committee.

Business Risk

Triodos Bank defines business risk as the risk caused by changes in external factors like competitive relationships, stakeholders, reputation and business climate. Strategic risk is caused by internal factors within the organisation. Business risk arises outside of the organisation. Given that both risks can affect the organisation's ability to achieve its overall objectives, they are managed together as described under strategic risk.

Reputational Risk

Triodos Bank defines Reputational Risk as the risk that its market position deteriorates due to a negative perception among customers, counterparties, shareholders and/or regulatory authorities. Triodos Bank safeguards reputational risk in other risk disciplines as in most cases it is a consequence of other risk events happening. It also works with a transparent and stable business model with solid ratios, mitigating this risk.
Reputational Risk has a special dimension for Triodos Bank which relates to its mission and values, and are essential to achieving its objectives. In this sense, the exposure of Triodos Bank to reputational risk depends on the ability of management and co-workers to act consciously in accordance with these mission and values. For this reason, Triodos Bank has a very proactive human resources approach aimed at safeguarding the connection of all co-workers with the mission and values. In addition, Triodos Bank actively manages its engagement with the public and its clients, for example, via an online social media policy and management of complaints.

Financial Risk

Financial risk is an umbrella term for multiple types of risk associated with financing the balance sheet. To manage this, financial risk is subdivided in three categories: credit risk, market risk and liquidity risk.

Credit Risk

Credit Risk loan book

Triodos Bank manages its Credit Risk at a client and at a portfolio level. It operates within a pre-defined set of criteria for accepting credits. Credits are extended within the target markets and lending strategy in accordance with Triodos Bank's mission and expertise. Before accepting a credit facility, Triodos Bank makes an assessment of the customer's risk profile, available collateral and the requested transaction, including an assessment of the integrity and reputation of the borrowers or counterparty. Compliance analysis with Triodos Lending Criteria is an integral part of each credit proposal.

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 from meeting Triodos Bank's lending criteria to 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 system. A thorough assessment of each obligor and the structure of their loan is made before any loan is provided. A review of approved credit is made once a year at 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. Principal collateral are for example: mortgage registrations for business or private properties, securities from public

authorities, companies or private individuals, and rights of lien on movables, such as office equipment, inventories, receivables and/or contracts for projects.

Triodos Bank has an early warning system that helps identify problem loans early, to allow for more available options and remedial measures. Once a loan is identified as being in default (e.g. 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 obligor of the Group, and the Group as a whole, are analysed on all aspects, from meeting Triodos Bank's lending criteria and to their capacity to repay the loan.

Concentration Risk loan book

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

A diversified credit risk portfolio is the result of assets spread over many debtors, sectors and geographies that are not interrelated. In order to manage concentration risks and face an economic downturn with confidence, Triodos Bank maintains a set of limits. It measures and limits the following concentration risks in its lending activities: obligor exposures; group exposures; top 20 exposures (excluding central and lower government exposures); government exposures; sector exposures; mortgage exposures; and country exposures.
Besides lending activities, Triodos Bank has established limits related to the investment portfolio concerning central banks, governments, supranational institutions and banks and financial institutions. These limits are derived from the risk appetite framework and aim to keep concentration risk at an acceptable level.

From a regulatory perspective, single exposures to a debtor or a group may never exceed 25% of the Actual Own Funds. Loans in excess of 10% of the Actual Own Funds require special reporting to the supervisory authority.

Triodos Bank has no loans to a debtor or group exceeding 10% of the Actual Own Funds.

Sector concentrations

Triodos Bank is active in well defined sectors where it has extensive expertise and which are in line with its mission. It has set limits on sectors, based on Actual Own Funds, at group and branch level. Sector studies have shown relatively low correlations of risk drivers in sectors that Triodos Bank finances in multiple countries.

At group level, Triodos Bank divides the sector concentration limits in different levels. Specific limits for each sector are set by the Executive Board within these levels, taking into account the specific risks of each sector.

Larger sectors are strategic for Triodos Bank. These are well distributed across branches (and countries) and have an overall low risk profile that justifies a higher consolidated concentration. Sector analyses are performed on an annual basis and are presented to the Central Credit Committee to be able to respond swiftly to developments that may affect the risk profile of the portfolio. Central Credit Risk can request sector updates at shorter intervals if there is a change to a sector risk profile.

Sector limits are approved on the basis of thorough annual sector analyses demonstrating an in depth knowledge of the sector and Triodos Bank's track record. Special attention was paid to the risks of the solar energy credit portfolio in Spain after a law in Spain came into force concerning a material, and retrospective, cut in the subsidies scheme for this sector. Based on an extensive analysis and stress testing of this credit portfolio Triodos Bank concluded that this new regulation does not affect the valuation of the loan book currently. If considered appropriate, such internal analysis is also provided to external specialists for further independent assessment.

EU's "20-20-20" targets have been set for increasing the share of renewables and reducing CO_2 emissions: By the year 2020, across the EU, CO_2 emissions are to be reduced by 20% of the 1990 level, energy demand is to be cut by 20%, and renewables are to cover 20% of the total consumption. Triodos Bank has a diversified renewable energy portfolio in terms of geography and technology and derives comfort as to the future of this sector in view of the ambitious EU targets.

Country concentrations

Triodos Bank is a European bank, acting under the European Banking Directive since 1993, with branches in five countries (The Netherlands, Belgium, United Kingdom, Spain and Germany) and with additional substantial exposures in France and Ireland.

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

Bad debts and loan loss provisions

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 general 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.
In 2014, the net additions to the provision for doubtful debts, as a percentage of the average loan portfolio, was 0.28% (2013: 0.49%). The total of provisions related to the outstanding credits is 1.6% (2013: 1.7%) as at the end of the year.

The credit risk in the loan portfolio is reported each month to the Central Credit Committee, and quarterly to the Audit and Risk Committee.

Bad debts and past due receivables

The following tables provide an overview of the bad debts and past due receivables per sector and country.

Bad debts are impaired loans that Triodos Bank expects will not be fully repaid, in accordance with the original loan contract. Provisions for loan losses are taken for doubtful debtors based on the difference between the total amount of the debtor's outstanding liability to Triodos Bank and future expected cash flows, discounted at the original effective interest rate of the contract. Past due receivables are loans overdue in excess of 90 days.

Movements bad debts

	2014	2013
Balance sheet value as at 1 January	152,692	130,636
Classified as bad debt during the year	59,857	41,190
Interest charged on bad loans	3,810	3,035
Release of bad loans / transfer to not impaired	-4,655	-7,382
Bad loans written off	-6,803	-6,185
Repayments	-16,123	-8,568
Exchange rate result	886	-34
Balance sheet value as at 31 December	**189,664**	**152,692**

Bad debts and past due receivables per sector

2014	Bad debts at year end	Provision for bad debts at year end	Value adjustments in the year	Past due receivables (excl. Bad debts) at year end
Basic materials	13,121	1,836	833	54
Construction and infrastructure	–	–	–	–
Consumer products (non-food)	379	154	87	–
Retail	1,342	570	140	2
Services	28,623	4,784	1,144	1,978
Healthcare and social work	40,628	8,399	678	4,468
Agriculture and fishing	21,330	10,368	5,743	9,742
Media	2,059	737	-73	2,685
Utilities	27,685	22,375	696	2,718
Private individuals	1	1	1	1
Leisure and tourism	29,575	8,071	-454	537
Transport & logistics	–	–	–	102
Real Estate	1,243	550	415	195
Food and beverages	8,674	5,203	1,513	1,609
Other sectors	15,004	4,666	370	1,001
Total	**189,664**	**67,714**	**11,093**	**25,092**

2013	Bad debts at year end	Provision for bad debts at year end	Value adjustments in the year	Past due receivables (excl. Bad debts) at year end
Basic materials	12,718	945	710	2,900
Construction and infrastructure	51	50	-	-
Consumer products (non-food)	151	66	-4	-
Retail	642	387	34	14
Services	17,056	3,151	1,221	2,491
Healthcare and social work	27,536	8,237	4,002	4,114
Agriculture and fishing	19,004	4,504	1,126	4,392
Media	1,658	828	755	1,370
Utilities	29,912	25,334	1,859	2,486
Private individuals	-	-	-	566
Leisure and tourism	20,262	8,485	3,328	652
Transport & logistics	-	-	-	-
Real Estate	261	132	-324	105
Food and beverages	8,793	4,562	2,769	4,443
Other sectors	14,648	5,368	1,585	1,140
Total	**152,692**	**62,049**	**17,061**	**24,673**

Bad debts and past due receivables per country

2014	Bad debts at year end	Provision for bad debts at year end	Value adjustments in the year	Past due receivables (excl. Bad debts) at year end
Belgium	10,355	3,686	597	485
France	-	-	-	-
Germany	12,913	7,537	2,224	949
Ireland	39	41	-	968
The Netherlands	106,030	44,362	5,910	1,399
Spain	47,258	9,028	2,693	15,378
United Kingdom	13,069	3,060	-331	5,913
Total	**189,664**	**67,714**	**11,093**	**25,092**

2013	Bad debts at year end	Provision for bad debts at year end	Value adjustments in the year	Past due receivables (excl. Bad debts) at year end
Belgium	12,470	6,754	-630	839
France	-	-	-	-
Germany	14,656	6,793	4,376	2,971
Ireland	714	370	6	992
The Netherlands	82,413	36,516	8,305	2,464
Spain	30,296	6,420	2,687	13,926
United Kingdom	12,143	5,196	2,317	3,481
Total	**152,692**	**62,049**	**17,061**	**24,673**

Credit risk investment portfolio

Liquidity not invested in loans to customers is invested in bonds or placed with other banks. Triodos Bank's policy is to invest in the country where the money is entrusted. The Executive Board may deviate from this policy, after consultation with the Asset and Liability Committee. The bond portfolio of Triodos Bank is mainly comprised of government bonds, and government guaranteed bonds. Triodos Bank also invests in a limited number of other types of high grade bonds issued by regional authorities, and financial institutions. Triodos Bank manages its liquidity position by investing in debt of or debt guaranteed by European (local) governments (in countries where Triodos Bank has a branch) and European supranational organisations (e.g. European Investment Bank).

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 supranational organisations as far as an institution has a credit risk weight of 0%. Triodos Bank has set limits to avoid concentration risk in exposures on supranational organisations.

Credit risk banks

Banks are selected on the basis of their creditworthiness and screened on their sustainability performance. Exceptions can occur, when the capacity of selected banks in a country is considered not sufficient to place Triodos Bank's liquidities using a certain maximum concentration per individual bank. In such cases, deposit notice periods will not exceed three months. All counterparty limits for banks are granted by the Executive Board after advice from the Central Credit Committee.

Branches 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 single bank at 25% of its Actual Own Funds. To avoid the interbank exposure exceeding the regulatory maximum, Triodos Bank applies a maximum exposure below the limit based on the Large Exposures Regime. The limits are furthermore adapted to the external rating of the counterparty and also deposits on banks are limited to a maximum maturity of one year.

Credit risk related to derivatives

Triodos bank has exposure to credit risk resulting from outstanding Foreign Exchange (FX) contracts (spot, forward and swap transactions). This risk occurs as a result of the international funds managed by Triodos Investment Management leading to exposures in currency other than the euro. Triodos Bank services these funds by covering the foreign exchange risk of these funds' investments. The risk is mitigated via the means of a swap portfolio as running currency risk as such is not part of the core business model of Triodos Bank.

The total exposure to credit risk resulting from outstanding FX deals per counterparty is the sum of:

• Positive market-to-market value of all contracts resulting in a claim by Triodos Bank.
The current market value is calculated per outstanding FX deal. This is done by using current spot and forward rates at an individual deal level. All the individual outcomes are added resulting in a positive or negative market value. If the market value is positive (for Triodos Bank) it results in a counterparty credit exposure

• The potential positive change of that claim in the future resulting from changes in FX rates.
At deal level Triodos Bank calculates the potential change in exposure assuming a normal distribution of FX rate changes based on historical data. The expected FX rate is the latest forward rate at maturity, obtained from Bloomberg. The standard deviation is determined per currency pair (based on historical observations)

• Minus existing collateral and netting agreements in place.

A limit is set per counterparty based on the expected amount of outstanding FX transactions and the corresponding expected exposure, as calculated by the method above. This limit is subject to the overall counterparty limit Triodos Bank has per counterparty.
Any collateral needed for FX transactions is calculated and managed daily. In the liquidity stress tests the amount of collateral needed for FX transactions is stressed in order to calculate the potential impact on Triodos Bank's liquidity position. Triodos Bank has no external credit rating, otherwise a change in its external credit rating could have an effect on the level of collateral needed for these transactions.

Wrong-way risk is the risk that the exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Triodos Bank enters into FX deals with Triodos Investment Funds and these deals are hedged by deals with a few banks. The FX deals with the Triodos Investment Funds do not cause wrong-way risk as these FX deals hedge the FX risk of the underlying assets of the Investment Funds. In addition, the wrong-way risk of transactions with banks is mitigated by only using banks with certain ratings.

Market risk

Market risk is the risk of losses arising from movements in market prices. For Triodos Bank this means changes in interest rates and foreign exchange rates in particular.

Foreign exchange risk

Foreign exchange risk is the current or prospective risk to earnings and capital that arises from adverse movements in foreign exchange rates. Triodos Bank's base currency is the euro. The UK Branch balance sheet and profit and loss account are denominated in sterling (GBP). Exchange rate differences arising sheet translating the UK Branch balance sheet to euros are accounted for as a hedge of a net investment in a foreign business unit and are taken directly to shareholders' equity in the statutory reserve for conversion differences, insofar as the hedge is effective.

Triodos Bank aims to avoid net currency positions with the exception of those arising from strategic investments. The term positions in foreign currencies mainly reflect the currency derivatives of Triodos Investment Funds which are nearly fully hedged.
The foreign exchange risk is monitored daily and discussed in the Asset and Liability Committee on a monthly basis. Limits are agreed by the Asset and Liability Committee.

Foreign currency position

The following table shows Triodos Bank's foreign currency position in thousands of EUR as at 31 December.

2014	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	980,278	979,373	–	–	905	–
USD	10,018	3,377	301,953	301,942	6,652	–
NOK	110	–	–	–	110	–
PEN	–	–	8,228	8,228	–	–
PHP	–	–	818	818	–	–
DKK	–	–	3,807	3,807	–	–
ZAR	–	–	–	–	–	–
AUD	843	–	–	472	371	–
ARS	–	–	–	–	–	–
SEK	50	–	–	–	50	–
INR	–	–	15,865	15,865	–	–
Total	**991,299**	**982,750**	**330,671**	**331,132**	**8,088**	**0**

Net open foreign currency position (total of net positions debit and credit): 8,088

2013	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	889,767	890,333	–	–	–	566
USD	5,972	397	265,440	265,428	5,587	–
NOK	120	–	–	–	120	–
PEN	–	–	8,094	8,094	–	–
PHP	–	–	818	818	–	–
ZAR	–	–	–	–	–	–
AUD	660	–	–	454	206	–
ARS	–	–	–	–	–	–
SEK	52	–	–	–	52	–
Total	**896,571**	**890,730**	**274,352**	**274,794**	**5,965**	**566**

Net open foreign currency position (total of net positions debit and credit): 6,531

Interest rate risk

Interest rate risk is the current or prospective risk that earnings and/or capital are negatively affected by interest rate changes in the financial markets. This risk is inherent to the traditional banking business and is a source of profitability. However, this does not mean that profits depend solely on successfully taking interest rate risk. Triodos Bank wants to optimise its interest rate risk and focus on its core business – lending to and investing in organisations that benefit people and the environment. The objective is a modest risk appetite which is reflected by the internal limits.

Risk monitoring

Triodos Bank uses various indicators to measure interest rate risk. The interest rate risk position is monitored by the Asset and Liability Committee on a monthly basis and reported quarterly to the Executive Board. Interest rate risk is managed with an interest rate risk model using guidelines and limits and by performing various interest rate stress scenario analyses. Limits and assumptions are decided upon by the Asset and Liability Committee taking into account Triodos Bank's risk appetite. The suitability and appropriateness of the limits are assessed on an annual basis. The Asset and Liability Committee will re-evaluate the suitability and appropriateness of the limits if Triodos Bank introduces new products that materially alter its interest rate risk exposure, or if market conditions change in ways that materially alter its exposure to interest rate risk.

Key risk indicators:
• Earnings at Risk: a short term indicator which shows the effect of an interest rate shock of plus or minus 2% (200 basis points) on Triodos Bank's interest income of. This is measured over a period of one year.
• Economic Value of Equity at Risk: a long term indicator which represents the change of the Economic Value of Equity (which is the net present value of the future cash flows of all assets and liabilities) in the event of an interest rate shock of plus or minus 2% (200 basis points).
• Outlier Criterion: the Economic Value of Equity at Risk expressed as a percentage of Actual own Funds.
• Modified Duration of Equity: an indicator that expresses the sensitivity of the Economic Value of Equity in the event of interest rate changes.

Assumptions

The interest rate risk depends on (client) behaviour for some products. Behavioural models are used to assess these products. As a result, Triodos Bank uses both expert judgement and statistical modelling to predict repricing in various interest rate scenarios.

The level of interest rate risk in savings and current accounts (or non-maturing deposits) is difficult to quantify in practice since these accounts typically have variable interest rates and no fixed maturity. Triodos Bank may decide to change rates at any point, if it is prompted to do so by changes in market interest rates. Equally, clients may also withdraw their funds at any point. In practice however, rates are not changed very frequently and clients are unlikely to withdraw all their funds instantly. Triodos Bank uses a cash flow based model to analyse interest rate risk in non-maturing deposits. The objective of this model is to forecast the future outflow of the non-maturing deposits and their sensitivities to market conditions.

For mortgages, interest rate risk also depends on client pre-payment behaviour. Until recently the mortgage portfolio volume was not material and client behaviour was not taken into account in assessing it. More recently, in the Netherlands, the mortgage portfolio has become a key strategic goal. As a result the mortgage portfolio is growing. Therefore, behavioural assumptions will be further developed in the coming year.

Risk mitigation

Triodos Bank is able to steer the volume and interest rate terms of client assets and liabilities in order to maintain the Triodos Bank's interest rate risk exposure within desired limits. However, changes in client rates and terms will not be made to the extent that they would materially impair Triodos Bank's customer service, market position, profitability, capital adequacy and reasonable customer expectations. Triodos Bank also manages the duration of liquid marketable investments to maintain its interest rate risk exposure.
If necessary, the organisation may use interest rate swap contracts in order to maintain its interest rate risk exposure, within defined limits.

Overview of interest rate risk indicators used by Triodos Bank as at the end of the year, for all currencies

Base case represents the expected results of Interest Earnings and Economic Value of Equity in an unchanged interest environment.

2014 Amounts in millions	Base case	Rising interest rate (+200bp)	in %	Decreasing interest rate (-200bp)	in %
Actual own Funds	€ 661				
Earnings at Risk 1 year	€ 147	+ € 15	+ 10.0%	- € 2	- 1.4%
Economic Value of Equity at Risk	€ 805	- € 58	- 7.2%	- € 38	- 4.7%
Outlier Criterion			8.8%		8.8%
Modified Duration of Equity	1.3	-0.2		1.8	

2013 Amounts in millions	Base case	Rising interest rate (+200bp)	in %	Decreasing interest rate (-200bp)	in %
Actual own Funds	€ 623				
Earnings at Risk 1 year	€ 135	+ € 19	+ 14.2%	- € 6	- 4.5%
Economic Value of Equity at Risk	€ 704	- € 67	- 9.5%	+ € 49	+ 6.9%
Outlier Criterion			10.8%		10.8%
Modified Duration of Equity	3.9	5.0		11.0	

The calculations for these indicators are based on interest rate maturities. However saving and current accounts have a non-defined interest maturity. A quantitative assessment of the interest rate sensitivity of Triodos Bank's saving accounts and current accounts has been executed. The outcome of this assessment is used in the calculations for interest rate risk.

The model used for the interest rate risk management of savings and current accounts predicts future volumes and interest rates 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.

Remaining interest-rate terms of financial instruments

The following table sets out the remaining contractual interest-rate term of the financial instruments held, as at 31 December.

2014	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	175,225	–	–	–	–	175,225
Government paper	–	141,439	67,343	–	–	208,782
Banks	184,452	326,791	64,500	–	–	575,743
Loans	655,379	708,973	625,270	1,224,649	1,001,885	4,216,156
Interest-bearing securities	–	311,322	394,077	634,795	407,621	1,747,815
Total	**1,015,056**	**1,488,525**	**1,151,190**	**1,859,444**	**1,409,506**	**6,923,721**
Interest-bearing liabilities						
Banks	5	1,393	10,436	16,840	25,953	54,627
Funds entrusted	16,973	1,142,720	1,697,413	2,191,872	1,224,955	6,273,933
Subordinated liabilities	–	–	–	5,241	–	5,241
Total	**16,978**	**1,144,113**	**1,707,849**	**2,213,953**	**1,250,908**	**6,333,801**

2013	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	895,755	–	–	–	–	895,755
Government paper	–	18,000	30,000	–	–	48,000
Banks	297,361	202,180	51,000	1,000	–	551,541
Loans	598,529	419,446	451,245	1,111,105	939,929	3,520,254
Interest-bearing securities	–	163,495	109,045	512,537	465,956	1,251,033
Total	**1,791,645**	**803,121**	**641,290**	**1,624,642**	**1,405,885**	**6,266,583**
Interest-bearing liabilities						
Banks	833	2,849	7,778	19,571	31,074	62,105
Funds entrusted	11,857	1,033,179	1,567,241	1,993,498	1,025,434	5,631,209
Subordinated liabilities	–	–	–	5,287	–	5,287
Total	**12,690**	**1,036,028**	**1,575,019**	**2,018,356**	**1,056,508**	**5,698,601**

Notes:
Only interest bearing assets and liabilities are reported in this table, which results in differences with the balance sheet figures.

Interest bearing securities and subordinated liabilities are valued at redemption value including bond premium and after deduction of discounts.

For funds entrusted without a fixed interest rate term, the outcome of the quantitative savings and current account model, as mentioned before, is used.

All other interest-bearing assets and liabilities are reported as floating rates or are broken down in the maturity calendar by their remaining contractual interest rate term.

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 bonds. Triodos Bank has a strong liquidity position and is funded almost entirely by 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. This is key to its strategy as a resilient, values-based bank.

Risk Assessment

"Daily liquidity management: Triodos Bank actively manages its intraday liquidity positions and risks to meet payments and settlement obligations on a timely basis under both normal and stressed conditions.
Business as usual: The key objective in respect of liquidity management is managing the balance between liquid assets and volatile funding. For this purpose, a behavioural outflow model, which is recalibrated on a yearly basis, is used to assess the retention of funding.

Scenario analysis: A liquidity event has a low probability but can have a high impact. Scenario analysis (stress testing) is the tool to quantify Triodos Bank's vulnerability to liquidity events. The Liquidity Contingency Plan and the Recovery Plan describe the main items that should be taken into account in managing the liquidity risk position of Triodos Bank in a 'stressed situation'. This includes the indicators and triggers for this stressed situation. Triodos Bank regularly assesses its liquidity position based on stress scenarios. In 2014, the results of these stress tests were satisfactory.

Internal Liquidity

The Internal Liquidity Adequacy Assessment Process assesses Triodos Bank's liquidity adequacy during normal business activities and in times of stress. This process is performed regularly and is submitted to the Dutch Central Bank as part of the Supervisory Review and Evaluation Process. The ILAAP Report is an internal document. The goal of this report is to properly evaluate the liquidity and funding risks and Triodos Bank's corresponding liquidity levels.

Risk mitigation

The liquidity buffer is the source of funds in case of liquidity needs. It consists of investments with other banks and investments in bonds. The bond investments are divided into different liquidity classes.
The optimal size and composition of the buffer is determined taking into account the risk appetite, balance sheet composition, strategic plans and short-term funding needs as determined in the scenario analyses.

Risk Monitoring

On a weekly basis, the detailed liquidity position at a branch level is reported to the Executive Board.
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.

These ratios are already used for supervisory reporting, but are still subject to change. The minimum LCR will become final in 2015. Minimum NSFR standards will be set by 2018.

Asset encumbrance

Assets can be differentiated between assets which are used to support funding or collateral needs (encumbered assets) and assets which are available for potential funding needs (unencumbered assets).

2014	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**131,750**		**7,020,654**	
Equity instruments	–	–	4	4
Debt securities	81,964	87,202	1,837,443	1,940,203
Other assets	49,786		5,183,207	

2013	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**54,055**		**6,392,598**	
Equity instruments	–	–	4	4
Debt securities	11,601	11,131	1,260,579	1,313,545
Other assets	42,454		5,132,015	

2014	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**–**	**–**
Equity instruments	–	–
Debt securities	–	–
Other collateral received	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–

2013	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**6,670**	**–**
Equity instruments	–	–
Debt securities	6,670	–
Other collateral received	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–

2014	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	90,657	–

2013	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	10,200	5,895

Liquidity coverage ratio

Amounts in millions EUR	2014 Total amount	2014 Weighted amount	2013 Total amount	2013 Weighted amount
Stock of high quality liquid assets:				
Total stock of high quality liquid assets	1,708	1,641	1,809	1,802
Total cash outflow	6,635	698	6,242	665
Total cash inflow	501	442	462	445
Cap on cash inflows		523		499
Net cash outflow		256		220
Liquidity Coverage Ratio		**642%**		**818%**

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	2014 Total amount	2014 Weighted amount	2013 Total amount	2013 Weighted amount
Total available stable funding	7,096	6,219	6,405	5,206
Total required stable funding	7,778	3,774	7,108	3,604
Net stable funding ratio		**165%**		**144%**

The Net Stable Funding Ratio must be more than 100%. This means that the available stable funding must cover the required stable funding.

Non Financial risk

Non-financials risk includes all the risks faced in Triodos Bank's regular activities and processes, that are not categorised as enterprise or financial risk. Triodos Bank has sub-divided this into operational and compliance risk. Monitoring these risks is particular important to ensure Triodos Bank can continue to offer quality financial services to its stakeholders.

Operational risk

In the course of its normal business, Triodos Bank runs operational risks. These risks relate to losses 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, reports and procedures for all business processes.

The operational risk framework uses several tools and technologies to identify, measure, mitigate and monitor risks on an operational, tactical and strategic level. During 2014 the operational risk framework was revised and brought further in line with the current scale and complexity of the organisation. Also the Product Approval Policy was revised and aligned with all new legislation and will be fully implemented in the course of 2015.

Operational Risk Management includes Information Security, Outsourcing and Business Continuity. Activities to manage risks related to these subjects are executed under the responsibility of the Chief Operating Officer in line with the operational risk framework.

The Non Financial Risk Committee (which includes the Product Approval Committee), where all non financial risks aspects are discussed including compliance and IT risk, meets on a monthly basis. Numerous control measures have been improved and implemented in IT-systems and embedded in procedures and work instructions. Co-worker training and involvement supports these improvements because, as a learning organisation, people are key to successfully managing operational risks.

Triodos Bank applies the Basic Indicator Approach for the calculation of the minimum capital requirements for operational risk.

The operational risk framework follows the principles mentioned in the Sound Practices for the Management and Supervision of Operational Risk. These sound practices provide guidelines for the qualitative implementation of operational risk management and are advised by the Bank of International Settlements. During 2014 no material losses occurred within Triodos Bank as a result of operational risk related events.

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 conducts applicable to its banking activities. Internal policies, procedures and awareness activities are in place to guarantee that co-workers in all functions comply with relevant laws and regulations.

The compliance function independently monitors and challenges the extent to which Triodos Bank complies with laws, regulations and internal policies, with an emphasis on customer due diligence, anti-money laundering, treating customers fairly, preventing and managing conflicts of interest, data protection and the integrity of co-workers. Compliance risks are identified, assessed, mitigated, monitored and reported via a compliance risk management cycle. In order to enhance its countervailing power, and as part of a wider project to improve Triodos Bank's internal governance, the Central Compliance Department has been repositioned in 2014 and is now part of the risk organisation. Compliance Officers are present in every business unit with a functional line towards the Central Compliance Department. Significant compliance risks are reported to the Non-Financial Risk Committee and to the Supervisory Board's Audit and Risk Committee on a quarterly basis. The Group Compliance Officer reports to a member of the Executive Board.

There were no significant incidents in 2014 concerning compliance and integrity. Triodos Bank was not involved in material legal proceedings or sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability during the year.

Capital management

The objective of Triodos Bank's capital strategy is to ensure its viability by:
- Maintaining sufficient capital to absorb current and future business losses, even in extreme situations ('stress');
- Adequately allocate capital to its business units; and
- Ensuring compliance to all applicable capital legislation and regulation at all times.

Capital adequacy and capital allocation

The total liability capital (equity and subordinated loan) is allocated to business units, in proportion to the economic capital, based on their risk profile.

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 the capital adequacy. The Asset and Liability Committee also assesses whether available capital is sufficient to support current and future activities on a monthly basis. During 2014 available capital has been at sufficient levels at all times. In 2014 new equity of (net) EUR 23 million was issued to finance Triodos Bank's further growth. In addition, a retained portion of the 2014 profit will be added to the bank's reserves.

Triodos Bank issued a ten year subordinated loan with an original amount of EUR 22.8 million on 12 July 2006. The contribution of subordinated debt to Triodos Bank's Tier 2 Capital is not fixed. During the last five remaining years a subordinated loan is subject to an amortization scheme. The current remaining par amount of the subordinated loan is EUR 5.3 million due to buy backs in the last couple of years.
At 31 December 2014 the contribution to Triodos Bank's Tier 2 capital is EUR 1.6 million, approx. 30% of par value.

Regulation

Triodos Bank takes fulfilling its regulatory obligations seriously. It recognises that, alongside the culture of an organisation, they can play an important role in helping to ensure banks operate appropriately.

Basel III is a worldwide standard for regulation, supervision and risk management of the banking sector, developed by the Basel Committee on Banking Supervision. Basel III has been transposed by the European Union into the Capital Requirements Regulation and the Capital Requirements Directive IV in 2013. As from 1 January 2014 these rules became into force. The Capital Requirements Regulation is directly applicable and the Capital Requirements Directive IV should have been transposed into local law by each of the members of the European Union. The Capital Requirements Regulation is directly applicable to Triodos Bank, and so is the Dutch implementation the Capital Requirements Directive IV as Triodos Bank is formally domiciled in the Netherlands.

There is no difference in the scope of consolidation for accounting and for prudential reporting purposes. There is not any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among Triodos Bank and its consolidated companies.

Internal capital

The capital strategy of Triodos Bank is captured 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 and departments. The ICAAP is regularly subjected to the Supervisory Review and Evaluation Process (SREP) of the Dutch Central Bank.

The actual capital position is stressed regularly based on a number of stress scenarios. A capital contingency process is set up for Triodos Bank in case of a (potential) shortfall in available capital, which can be a threat to its solvency. For this purpose, the Recovery Plan contains measures for restoring its solvency by reducing risks and/or increasing capital base and provides a specific government structure for these stressed conditions.

Capital requirements

Triodos Bank calculates its internal capital adequacy requirements based on regulatory minimum requirements ('pillar I'), supplemented with additional capital charges ('pillar II').

Minimum capital requirements (pillar I)

The total minimum regulatory requirement consists of capital charges for credit risk, operational risk and market risk:
• Credit Risk - Triodos Bank applies the standardized approach (SA) for calculating its minimum capital requirements for credit risk. The risk weighted asset calculations are done for exposures in the loan book and the investment book, off balance sheet items (such as loan offers, not yet accepted) and derivatives exposures;
• Operational risk - Based on the size and limited complexity of the Triodos Bank organisation, the basic indicator approach (BIA) is used for calculating the capital requirement for operational risk, which equals 15% of the average over three years of Triodos Bank's gross income (article 315 CRR); and
• Market risk - The capital charge for Triodos Bank's market risk is related to its exposure to foreign exchange risk. The requirement is calculated as the sum of the bank's overall net foreign exchange position, multiplied by 8%. Triodos Bank only accepts limited net foreign exchange positions in strategic investments and in its UK

activities in sterling (GBP). As the net position is very limited and does not exceed the regulatory threshold of 2% of its own total own funds (article 351 CRR), Triodos Bank's capital charge for market risk is, in reality, zero.

Detailed calculations of the minimum regulatory capital requirements and ratios are included in the 'Solvency' chapter on page 106.

Additional capital requirements (pillar II)

In order to determine its economic capital, besides the regulatory capital requirements, Triodos Bank also calculates additional capital requirements. These consist of charges for:
• Concentration risks in the loan book;
• Interest rate risks in the banking book (IRRBB); and
• Model risk, related to the calculation of IRRBB. Other risk categories do not depend on sophisticated modelling. The following aspects are captured in the calculations for model risk: compliance to regulation around interest rate risk modelling, statistical uncertainty and data quality.

External credit rating agencies

In addition to our own opinion, external credit ratings – if available - are used to determine the credit worthiness of the counterparties of our investment portfolio and banks, and for a few corporates. External ratings are also used for calculating the minimum capital requirement for credit risk under pillar 1.

	Credit rating agency used	
Exposure class	2014	2013
Central governments and central banks	Fitch, Moody's	Fitch, Moody's
Regional governments and local authorities	Moody's, Standard & Poors	Moody's, Standard & Poors
Public sector entities	Moody's, Standard & Poors	Moody's, Standard & Poors
Multilateral Developments Banks	Fitch	Fitch
Institutions	Fitch, Moody's	Fitch, Moody's
Corporates	Fitch	Fitch, Moody's

Risk weighted value

An overview of the credit risk position within Triodos Bank, based on risk-weighted assets, off-balance sheet items and derivatives, is given in the following tables which are divided by the following criteria: exposure class, sector and country.

Risk-weighted value per exposure class (asset class)

2014	Average net exposure value	Net exposure value ultimo year	Credit risk mitigation	Fully adjusted exposure value	Risk-weighted value
Exposure class:					
Central governments and central banks	1,595,496	1,422,658	474,108	1,896,766	–
Regional governments and local authorities	369,241	576,264	230,240	806,504	237
Public sector entities	59,225	59,240	–	59,240	11,848
Multilateral Developments Banks	88,239	131,483	–	131,483	–
Institutions	988,281	1,046,971	-361,370	685,601	137,210
Corporates	2,518,063	2,556,018	-215,590	2,340,428	2,034,554
Retail exposures	269,857	379,332	-39,753	339,579	173,706
Secured by mortgages on immovable property	1,367,425	1,356,041	-86,837	1,269,204	450,989
Exposures in default	130,194	198,155	-798	197,357	219,167
Equity	4,361	8,721	–	8,721	16,346
Other items	92,601	106,026	–	106,026	102,322
Total	**7,482,983**	**7,840,909**	–	**7,840,909**	**3,146,379**
Whereof:					
Assets	6,782,734	7,138,107	–	7,138,107	2,865,853
Off-balance sheet items	663,648	655,854	–	655,854	241,496
Derivatives	36,601	46,948	–	46,948	39,030
Total	**7,482,983**	**7,840,909**	**–**	**7,840,909**	**3,146,379**

2013	Average net exposure value	Net exposure value ultimo year	Credit risk mitigation	Fully adjusted exposure value	Risk-weighted value
Exposure class:					
Central governments and central banks	1,384,746	1,768,334	326,870	2,095,204	–
Regional governments and local authorities	220,104	162,218	138,206	300,424	373
Public sector entities	29,605	59,210	–	59,210	11,342
Multilateral Developments Banks	22,498	44,995	–	44,995	–
Institutions	883,096	929,590	-118,233	811,357	159,095
Corporates	2,425,698	2,480,108	-277,402	2,202,706	1,924,772
Retail exposures	132,773	160,383	-21,680	138,703	73,811
Secured by property	1,310,232	1,378,810	-39,071	1,339,739	908,186
Past due items	61,031	62,233	-8,690	53,543	70,027
Other items	74,907	79,175	–	79,175	79,175
Total	**6,544,690**	**7,125,056**	**–**	**7,125,056**	**3,226,781**
Whereof:					
Assets	5,849,289	6,427,361	–	6,427,361	2,947,225
Off-balance sheet items	669,631	671,441	–	671,441	266,956
Derivatives	25,770	26,254	–	26,254	12,600
Total	**6,544,690**	**7,125,056**	**–**	**7,125,056**	**3,226,781**

The net exposure value is a sum of:
• Assets excluding intangible assets, excluding discount of subordinated liabilities (included under prepayments and accrued income) and after deducting discount of bonds (included under accruals and deferred income);
• Off-balance sheet items, consisting of contingent liabilities and irrevocable facilities;
• Derivatives, valued at the credit risk equivalent, which is based on the additional costs or the lost revenues of a substitute transaction in the event that the counterparty does not fulfil its obligations.

Credit risk mitigation relates to received collaterals (guarantees and pledged funds entrusted). As a result, the credit risk shifts from the exposure class of the direct counterparty to the exposure class of the collateral provider. This results in the fully adjusted exposure value for each exposure class.

The risk-weighted value is calculated by multiplying the fully adjusted exposure value with the risk weight and the conversion factor. The Capital Requirement Regulation (CRR) (2013:Basel II guidelines) state the definition of the exposure classes, the risk weights and conversion factors.
Risk weights depend on the exposure class and the credit rating of the direct counterparty or the collateral provider. The risk weights per exposure class used by Triodos Bank are in line with CRR (2013: Basel II) rules:
• Central governments and central banks: 0%;
• Regional governments and local authorities: 0% for Dutch governments, 20% for foreign governments; the percentage depends on national legislation;
• Public sector entities: 20% for Dutch entities, foreign entities 100%;
• Institutions: 0% for exposures secured by pledged funds entrusted of Triodos Bank; 20% or 50% for exposures of or guaranteed by other banks, depending on the original term to maturity of the exposure;
• Multilateral Developments Banks: 0% for listed banks, other same as exposure class institutions;
• Corporates: 20%, 50%, 100% or 150% for exposures which a credit assesment. 100% for exposures for which a credit assesment is not available;
• Retail exposures: 75%;
• Secured by mortgages on immovable property: 35% for exposures secured by residential property, 50% or 100% for exposures secured by non residential property;
• Exposures in default: 100% for exposures secured by residential property; 100% or 150% for other exposures; the percentage depends on the amount of bad debt provisions that have been formed;
• Equity; a significant investment in a financial sector entity 250%, other 100%.
• Other items (participating interests, property and equipment and other assets without counterparties): 100%.
Conversion factors only apply to off-balance sheet items. The conversion factors used by Triodos Bank are:
• Contingent liabilities: 0.5 or 1.0, depending on the nature of the issued guarantee;
• Irrevocable facilities: 0.2 or 0.5, depending on the original term to maturity of the credit facility.

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Distribution of the exposures by industry or counterparty type

2014	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks
Banks and financial intermediation	175,225	–	–	131,483
Basic materials	–	–	–	–
Construction and infrastructure	–	–	–	–
Consumer products (non-food)	–	–	–	–
Retail	–	–	–	–
Services	–	–	–	–
Healthcare and social work	–	–	–	–
Agriculture and fishing	–	–	–	–
Media	–	–	–	–
Utilities	–	–	8,798	–
Public Administration	1,247,433	410,280	–	–
Private individuals	–	–	–	–
Technology	–	–	–	–
Leisure and tourism	–	–	–	–
Transport and logistics	–	–	–	–
Real estate	–	–	–	–
Insurance and pension funds	–	–	–	–
Food and beverages	–	–	–	–
Other sectors	–	165,984	50,442	–
Total	**1,422,658**	**576,264**	**59,240**	**131,483**

Institutions	Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	Equity exposures	Other exposures	Total exposures
1,046,971	103,290	1,444	-	4,183	8,721	–	1,471,317
–	2,134	2,456	3,121	11,266	–	–	18,977
–	158	168	774	-	–	–	1,100
–	1,437	1,527	1,094	495	–	–	4,553
–	6,783	3,355	9,253	554	–	–	19,945
–	262,334	19,979	115,097	27,627	–	–	425,037
–	162,635	39,896	250,223	25,407	–	–	478,161
–	14,113	13,231	64,520	28,467	–	–	120,331
–	31,027	11,359	1,207	10,156	–	–	53,749
–	1,254,659	13,272	6,243	32,002	–	–	1,314,974
–	-	-	-	-	–	–	1,657,713
–	1,051	153,136	325,109	816	–	–	480,112
–	-	-	-	-	–	–	-
–	49,961	9,288	32,930	32,370	–	–	124,549
–	15,519	1,148	2,172	4,052	–	–	22,891
–	436,801	26,066	330,194	922	–	–	793,983
–	501	-	-	-	–	–	501
–	16,310	17,047	33,410	9,099	–	–	75,866
–	197,305	65,960	180,694	10,739	–	106,026	777,150
1,046,971	**2,556,018**	**379,332**	**1,356,041**	**198,155**	**8,721**	**106,026**	**7,840,909**

Risk-weighted value per sector

2014	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Banks and financial intermediation	1,471,317	19	220,785	7	15
Basic materials	18,977	–	17,336	1	91
Construction and infrastructure	1,100	–	451	–	41
Consumer products (non-food)	4,553	–	3,082	–	68
Retail	19,945	–	9,606	–	48
Services	425,037	5	296,707	10	70
Healthcare and social work	478,161	6	260,692	8	55
Agriculture and fishing	120,331	2	74,041	2	62
Media	53,749	1	35,319	1	66
Utilities	1,314,974	17	1,148,549	37	87
Public Administration	1,657,713	21	–	–	–
Private individuals	480,112	6	154,980	5	32
Technology	–	–	–	–	–
Leisure and tourism	124,549	2	93,500	3	75
Transport and logistics	22,891	–	7,479	–	33
Real estate	793,983	10	444,398	14	56
Insurance and pension funds	501	–	501	–	100
Food and beverages	75,866	1	44,184	1	58
Other sectors	777,150	10	334,769	11	43
Total	**7,840,909**	**100**	**3,146,379**	**100**	**40**

2013	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Banks and financial intermediation	1,966,272	28	205,358	6	10
Basic materials	15,064	–	15,303	1	102
Construction and infrastructure	1,368	–	826	–	60
Consumer products (non-food)	5,961	–	3,921	–	66
Retail	19,183	–	14,808	1	77
Services	440,439	6	360,316	11	82
Healthcare and social work	540,153	7	389,825	12	72
Agriculture and fishing	119,535	2	107,830	3	90
Media	43,844	1	29,125	1	66
Utilities	1,253,077	17	1,090,764	34	87
Public Administration	913,908	13	–	–	–
Private individuals	330,156	5	117,142	4	35
Technology	444	–	404	–	91
Leisure and tourism	111,481	2	103,787	3	93
Transport and logistics	8,333	–	7,306	–	88
Real estate	707,667	10	421,503	13	60
Insurance and pension funds	502	–	501	–	100
Food and beverages	64,787	1	55,991	2	86
Other sectors	582,882	8	302,071	9	52
Total	**7,125,056**	**100**	**3,226,781**	**100**	**45**

These are the formal sectors as used in in supervisory reporting. Risk-weighted value is attributed to the sector of the direct counterparty.

Geographic distribution of the exposures

2014	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks
Australia	–	–	–	–
Belgium	368,657	56,789	–	–
Denmark	–	–	–	–
Finland	–	–	–	40,004
France	52	–	–	–
Germany	1,424	11,713	–	–
Ireland	–	–	–	–
Italy	–	–	–	–
Luxembourg	–	–	–	91,479
The Netherlands	441,163	468,769	59,240	–
Norway	–	–	–	–
Spain	465,073	38,993	–	–
Sweden	–	–	–	–
Switzerland	–	–	–	–
United Kingdom	146,289	–	–	–
United States	–	–	–	–
Other countries	–	–	–	–
Total	**1,422,658**	**576,264**	**59,240**	**131,483**

Institutions	Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	Equity exposures	Other exposures	Total exposures
–	457	–	–	–	386	–	843
88,280	713,385	64,462	147,345	11,027	–	2,317	1,452,262
2,053	872	–	527	2,192	1,125	–	6,769
–	–	–	–	–	–	–	40,004
302	245,098	35	3,872	272	113	698	250,442
132,972	133,998	2,201	80,656	6,147	50	5,829	374,990
165	36,378	982	1,305	10,423	–	–	49,253
–	2,534	2	–	–	130	–	2,666
–	14,443	5	–	–	–	–	105,927
527,138	615,396	207,129	434,102	51,813	1,672	74,320	2,880,742
–	–	6	–	–	110	–	116
107,293	508,790	75,210	221,686	69,380	–	18,151	1,504,576
–	–	9	–	–	51	–	60
–	–	2	114	–	–	–	116
188,768	284,170	29,233	466,381	46,901	–	4,711	1,166,453
–	–	8	–	–	5,084	–	5,092
–	497	48	53	–	–	–	598
1,046,971	**2,556,018**	**379,332**	**1,356,041**	**198,155**	**8,721**	**106,026**	**7,840,909**

Risk-weighted value per country

2014	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Australia	843	–	843	–	100
Belgium	1,452,262	18	597,083	18	41
Denmark	6,769	–	5,335	–	79
Finland	40,004	1	–	–	–
France	250,442	3	217,251	7	87
Germany	374,990	5	176,968	6	47
Ireland	49,253	1	49,403	2	100
Italy	2,666	–	2,665	–	100
Luxembourg	105,927	1	14,443	–	14
The Netherlands	2,880,742	37	901,117	29	31
Norway	116	–	113	–	97
Spain	1,504,576	19	668,824	21	44
Sweden	60	–	54	–	90
United Kingdom	1,166,453	15	499,235	16	43
United States	5,092	–	12,712	–	250
Other countries	714	–	333	–	47
Total	**7,840,909**	**100**	**3,146,379**	**100**	**40**

2013	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Australia	660	–	660	–	100
Belgium	1,290,105	18	547,982	17	42
Denmark	5,333	–	4,305	–	81
France	240,825	3	202,317	6	84
Germany	300,334	4	151,375	5	50
Ireland	53,681	1	52,142	2	97
Italy	2,909	–	2,908	–	100
Luxembourg	49,337	1	4,341	–	9
The Netherlands	3,048,747	43	1,026,916	32	34
Norway	125	–	122	–	97
Spain	1,169,267	16	711,615	22	61
Sweden	58	–	55	–	94
United Kingdom	963,658	14	522,034	16	54
United States	4	–	1	–	38
Other countries	13	–	8	–	62
Total	**7,125,056**	**100**	**3,226,781**	**100**	**45**

Risk-weighted value is attributed to the country of the direct counterparty.

Maturity per exposure class (asset class)

The following tables provide an overview of the remaining maturity of the assets per exposure class. The payable on demand and indefinite maturities include accrued interest and fees, doubtful debt provisions and balance sheet items with no, or unknown, maturity.

2014	Payable on demand and indefinite	2 days or more and shorter than 3 months	More than 3 months and shorter than 1 year	More than 1 year and shorter than 5 years	More than 5 years	Total assets
Central governments and central banks	191,005	251,478	295,708	386,408	298,059	1,422,658
Regional governments and local authorities	3,299	244,499	89,320	87,846	151,300	576,264
Public sector entities	490	–	–	27,750	31,000	59,240
Multilateral Developments Banks	186	–	–	131,297	–	131,483
Banks	188,442	351,874	167,182	272,282	57,294	1,037,074
Corporates	129,359	81,071	141,622	712,595	1,091,670	2,156,317
Retail exposures	22,170	1,787	8,731	34,267	174,741	241,696
Secured by mortgages on immovable property	45,900	26,657	40,162	228,733	870,028	1,211,480
Past due items	161,299	3,231	2,164	10,090	10,364	187,148
Equity	8,721	–	–	–	–	8,721
Other items	106,026	–	–	–	–	106,026
Total	**856,897**	**960,597**	**744,889**	**1,891,268**	**2,684,456**	**7,138,107**

2013	Payable on demand and indefinite	2 days or more and shorter than 3 months	More than 3 months and shorter than 1 year	More than 1 year and shorter than 5 years	More than 5 years	Total assets
Central governments and central banks	914,226	60,155	90,843	357,722	345,388	1,768,334
Regional governments and local authorities	2,670	13,000	1,000	31,121	114,365	162,156
Public sector entities	460	–	–	750	53,000	54,210
Multilateral Developments Banks	81	–	–	–	44,914	44,995
Banks	304,425	230,654	50,000	220,930	107,334	913,343
Corporates	92,154	60,873	163,702	653,178	995,275	1,965,182
Retail exposures	4,126	769	3,480	10,170	62,929	81,474
Secured by property	45,007	15,665	40,536	264,788	930,263	1,296,259
Past due items	32,121	652	1,602	9,920	17,938	62,233
Other items	79,175	–	–	–	–	79,175
Total	**1,474,445**	**381,768**	**351,163**	**1,548,579**	**2,671,406**	**6,427,361**

Company balance sheet as at 31 December 2014
Before appropriation of profit

in thousands of EUR	Reference*	31.12.2014	31.12.2013
Assets			
Cash		175,225	895,755
Government paper		208,782	48,000
Banks	32	572,874	549,355
Loans		4,266,523	3,544,716
Interest-bearing securities		1,710,625	1,224,180
Shares	33	4	4
Participating interests	34	26,177	29,083
Intangible fixed assets	35	9,912	8,736
Property and equipment	36	20,858	20,556
Other assets		31,069	34,746
Prepayments and accrued income		133,614	98,477
Total assets		**7,155,663**	**6,453,608**
Liabilities			
Banks		54,627	62,105
Funds entrusted	37	6,295,269	5,660,149
Other liabilities		18,609	21,162
Accruals and deferred income		77,702	50,505
Provisions	38	581	355
		6,446,788	5,794,276
Subordinated liabilities		**5,250**	**5,300**
Capital	39	450,732	427,452
Share premium reserve	40	117,911	118,162
Revaluation reserve	41	390	180
Statutory reserve	42	5,510	5,116
Other reserves	43	98,957	77,439
Retained earnings		30,125	25,683
Equity		**703,625**	**654,032**
Total equity and liabilities		**7,155,663**	**6,453,608**

	31.12.2014	31.12.2013
Contingent liabilities	62,260	43,656
Irrevocable facilities	593,771	627,785
	656,031	**671,441**

*References relate to the notes starting on page 158. These form an integral part of the consolidated annual accounts.

Company profit and loss account for 2014

in thousands of EUR	2014	2013
Result on participating interests after taxation	8,047	5,077
Other result after taxation	22,078	20,606
Net profit	**30,125**	**25,683**

Company statement of changes in the equity for 2014

in thousands of EUR
Equity as at 1 January 2013
Increase of share capital
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
Reverted dividend
Transfer to statutory reserve for development costs
Purchasing or sale of own depository receipts
Result for financial year
Equity as at 31 December 2013
Increase of share capital
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
Reverted dividend
Transfer to statutory reserve for development costs
Purchasing or sale of own depository receipts
Result for financial year
Equity as at 31 December 2014

	Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
	375,881	**101,656**	**8**	**6,031**	**59,067**	**22,626**	**565,269**
	44,822	23,255					68,077
	6,749	-6,749					–
			170				170
			2		-2		–
				-241			-241
					7,709	-7,709	–
						-14,917	-14,917
					10,003		10,003
					–		–
				-674	674		–
					-12		-12
						25,683	25,683
	427,452	**118,162**	**180**	**5,116**	**77,439**	**25,683**	**654,032**
	14,950	8,079					23,029
	8,330	-8,330					–
			200				200
			10		-10		–
				590			590
					8,667	-8,667	–
						-17,016	-17,016
					12,662		12,662
					–		–
				-196	196		–
					3		3
						30,125	30,125
	450,732	**117,911**	**390**	**5,510**	**98,957**	**30,125**	**703,625**

Notes to the company's financial statements
in thousands of EUR

General

The accounting principles for valuation and determination of results are the same as those for the consolidated Annual Accounts.

In accordance with Section 2:402 of The Netherlands Civil Code, the company profit and loss account only contains a breakdown of the net result into the result on participating interests and the Other result.

For those items not included in these Notes, please see the Notes to the consolidated Annual Accounts.

Assets

32. Banks

	2014	2013
On demand deposits with banks	181,583	295,175
Deposits with banks	391,291	254,180
	572,874	**549,355**

The on demand deposits can be freely disposed of.

33. Shares

	2014	2013
S.W.I.F.T. SCRL	3	3
SEPA Biogasanlage Hattingen GmbH	1	1
	4	**4**

The movement in shares is as follows:

	2014	2013
Balance sheet value as at 1 January	4	4
Purchase	–	–
Sales	–	–
Balance sheet value as at 31 December	**4**	**4**

34. Participating interests

	2014	2013
Participating interests in group companies	16,456	20,097
Other participating interests	9,721	8,986
	26,177	**29,083**

This relates to equity participations that are held long-term for business operation purposes. The statement of equity participations in accordance with Section 2:379 of The Netherlands Civil Code is included under the accounting principles for consolidation in the Notes to the consolidated Annual Accounts.

The movement in this item is as follows:

	2014	2013
Balance sheet value as at 1 January	29,083	28,607
Acquisitions	113	–
Incorporations	19	19
Increase of capital	10	213
Result on participating interests	8,047	5,077
Transfer from or to provision for negative equity of participating interests	–	-133
Dividend paid	-5,260	-4,520
Revaluation	377	63
Repayment of capital	-6,802	-3
Sale	–	–
Exchange rate result on foreign currency	590	-240
Balance sheet value as at 31 December	**26,177**	**29,083**

35. Intangible fixed assets

	2014	2013
Goodwill paid	–	84
Development costs for information systems	7,974	7,116
Computer software	1,938	1,536
	9,912	**8,736**

Goodwill paid
Goodwill paid relates to the goodwill that Triodos Bank paid to Triodos Investments España in 2004, 2005 and 2009 to buy off the rights to the future profit made by the Spanish branch.

The movement in goodwill paid is as follows:

	2014	2013
Purchase value as of 1 January	788	788
Cumulative amortisation as at 1 January	-704	-605
Balance sheet value as at 1 January	84	183
Purchase	–	–
Amortisation	-84	-99
Balance sheet value as at 31 December	**0**	**84**

Development costs for information systems
The development costs for information systems relate to the development costs for the banking system.

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

	2014	2013
Purchase value as at 1 January	20,045	21,507
Cumulative amortisation as at 1 January	-12,929	-13,145
Balance sheet value as at 1 January	7,116	8,362
Capitalised expenses	2,253	540
Amortisation	-1,197	-1,604
Impairments	-198	-182
Balance sheet value as at 31 December	**7,974**	**7,116**

36. Property and equipment

	2014	2013
Property for own use	6,281	6,406
Equipment	14,577	14,150
	20,858	20,556

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

	2014	2013
Purchase value as at 1 January	9,045	9,045
Cumulative revaluation as at 1 January	-2,302	–
Cumulative depreciation as at 1 January	-337	-260
Balance sheet value as at 1 January	6,406	8,785
Purchase	–	–
Depreciation	-125	-77
Revaluation	–	-2,302
Balance sheet value as at 31 December	**6,281**	**6,406**

The movement in equipment is as follows:

	2014	2013
Purchase value as at 1 January	26,101	21,054
Cumulative depreciation as at 1 January	-11,951	-9,361
Balance sheet value as at 1 January	14,150	11,693
Purchase	3,909	5,452
Sale *	-99	-53
Depreciation *	-3,589	-2,876
Exchange rate differences	206	-66
Balance sheet value as at 31 December	**14,577**	**14,150**

* excluding disposal in the amount of EUR 1.9 million (2013: EUR 0.3 million).

Liabilities

37. Funds entrusted

	2014	2013
Savings accounts	4,392,823	4,007,295
Other funds entrusted	1,902,446	1,652,854
	6,295,269	**5,660,149**

The Other funds entrusted item includes an amount of EUR 6.5 million (2013: EUR 10.1 million) for deposits from consolidated participating interests.

38. Provisions

	2014	2013
Provision for negative equity of participating interests	–	–
Other provisions	581	355
	581	**355**

The movement of the provisions is as follows:

	2014	2013
Balance sheet value as at 1 January	355	297
Allocation	200	191
Withdrawal	–	–
Release	–	-134
Exchange rate differences	26	1
Balance sheet value as at 31 December	**581**	**355**

39. Capital

The authorised capital totals EUR 1 billion and is divided into 20 million shares, each with a nominal value of EUR 50. At year-end, there were 9,014,634 shares (2013: 8,549,035 shares), each of EUR 50, issued to and fully paid up by Stichting Administratiekantoor Aandelen Triodos Bank. As at the same date, Stichting Administratiekantoor Aandelen Triodos Bank had also issued 9,014,634 depository receipts (2013: 8,549,035 depository receipts), each of EUR 50.

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

The movement in the number of shares is as follows:

	2014	2013
Number of shares as at 1 January	8,549,035	7,517,630
Increase of share capital	298,994	896,418
Stock dividend	166,605	134,987
Number of shares as at 31 December	**9,014,634**	**8,549,035**

40. Share premium reserve

This item includes the share premium reserve, which is composed of deposits that exceed the nominal capital, after deduction of capital transfer tax. The full balance of the share premium reserve has been recognised as such for tax purposes.

41. Revaluation reserve

The revaluation reserve relates to the unrealised value adjustments in respect of the acquisition price for participating interests and property for own use.

42. Statutory reserve

	2014	2013
Development costs	8,455	8,651
Conversion differences	-2,945	-3,535
	5,510	**5,116**

Development costs

The movement in the statutory reserve for development costs is as follows:

	2014	2013
Balance sheet value as at 1 January	8,651	9,325
Transfer of other reserve	-196	-674
Balance sheet value as at 31 December	**8,455**	**8,651**

Conversion differences

The movement in the statutory reserve for conversion differences is as follows:

	2014	2013
Balance sheet value as at 1 January	-3,535	-3,294
Exchange results on participating interests	590	-241
Balance sheet value as at 31 December	**-2,945**	**-3,535**

43. Other reserves

The movement in other reserves includes purchasing of own depository receipts. At year-end 2014, Triodos Bank hadn't purchased own depository receipts (2013: nil).

Zeist, 27 February 2015

Supervisory Board
Ernst-Jan Boers
David Carrington
Aart Jan de Geus, Chair
Marcos Eguiguren Huerta
Mathieu van den Hoogenband
Margot Scheltema, Vice-Chair
Carla van der Weerdt

Executive Board
Pierre Aeby*
Peter Blom*, Chair
Jellie Banga*

* Statutory director

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Other information

Profit appropriation

As set out in the Articles of Association, the appropriation of profit is as follows:

Part of the profit as reported in the adopted profit and loss account shall be used by the Executive Board to form or add to the reserves to the extent that this is deemed desirable. The remaining profit shall be distributed to the shareholders, unless the General Meeting decides otherwise.

All depository receipts issued up to and including 22 May 2015 are entitled to the final dividend for the financial year 2014. The results of Triodos Bank N.V. are taken into consideration in the issue price.

The proposed appropriation of profit is based on the number of depository receipts issued as at 31 December 2014, minus the number of depository receipts purchased by Triodos Bank. The final proposal will be submitted at the Annual General Meeting of Depository Receipt Holders.

The proposed appropriation of profit (in thousands of EUR) is as follows:

Net profit	30,125
Addition to the other reserves	-12,546
Dividend (EUR 1,95 per depository receipt)	17,579

Subsequent event

There are no subsequent events.

Branches

In addition to its head office in The Netherlands, Triodos Bank has branches in The Netherlands, Belgium, the United Kingdom, Spain and Germany.

Combined independent auditor’s and assurance report

To: The annual general meeting of depository receipt holders of Triodos Bank N.V.

Introduction

We have reviewed (limited assurance) the Executive Board Report and audited (reasonable assurance) the financial statements 2014 of Triodos Bank N.V. (‘Triodos Bank’, ‘the Company’), based in Zeist. The financial statements include the consolidated financial statements and the company financial statements.

AUDITOR’S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion and conclusion

Our opinion on the financial statements

In our opinion the financial statements give a true and fair view of the financial position of Triodos Bank N.V. as at December 31, 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:
• the consolidated balance sheet as at 31 December 2014;
• the following consolidated statements for 2014: the profit and loss account, the statements of comprehensive income, changes in equity and the cash flow statement; and
• the notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:
• the company balance sheet as at 31 December 2014;
• the company profit and loss account for 2014; and
• the notes comprising a summary of the significant accounting policies and other explanatory information.

ASSURANCE REPORT ON THE REVIEW OF THE EXECUTIVE BOARD REPORT

Our conclusion on the Executive Board Report

Based on our review, nothing has come to our attention to indicate that the Executive Board Report is not presented, in all material respects, in accordance with the reporting criteria as included in article 391 Part 9 of Book 2 of the Netherlands Civil Code.

Basis for our opinion and conclusion

We conducted our audit and our review in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3000: ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ respectively.

Our responsibilities under those standards are further described in the section ‘Our responsibility for the audit of the financial statements and review of the Executive Board Report. We are independent of Triodos Bank in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten (ViO)’ and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants (VGBA)’.

Audit procedures focus on obtaining reasonable assurance, substantiated by sufficient and appropriate audit evidence. Review procedures focus on obtaining limited assurance which do not require exhaustive gathering of evidence, therefore providing less assurance than audit procedures.

We believe that the audit and assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion and conclusion respectively.

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit and review procedures and the evaluation of the effect of identified misstatements on our opinion and conclusion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 2.1 million. The materiality is based on 5% of profit before tax, which we considered the most appropriate benchmark for the Company's financial performance. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Audits of group entities and branches were performed to materiality levels, which were based on the relevant local audit materiality or at a maximum of EUR 1.45 million by our judgement, having regard to the materiality for the financial statements for the Company as a whole and the reporting structure within the Company. We agreed with the Supervisory Board that all unadjusted misstatements in excess of EUR 0.11 million, which are identified during the audit, would be reported to the Supervisory Board, as well as smaller misstatements that in our view must be reported on qualitative grounds.

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Scope of the group financial statements audit

Triodos Bank operates five branches in five different European countries and is the parent company of a group of legal entities. Together they form the group of which the financial information is included in the financial statements of Triodos Bank.

Given that we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities and branches. Decisive were the size and / or the risk profile of the group entities or branches. On this basis, we selected group entities for which an audit had to be carried out on the complete set of financial information.

Our group audit mainly focused on significant branches and group entities where significant should be interpreted as significant in size and financial impact as well as significant from a qualitative perspective or audit risk perspective, for example due to specific compliance and regulations, valuation matters or governance aspects. We have:

- Performed audit procedures ourselves at Triodos Bank Head Office and the Triodos Bank Dutch branch.
- We used the work of other auditors when auditing Triodos Bank Spanish, United Kingdom, Belgian and German branches and Triodos Investment Management B.V. We provided these auditors detailed instructions, that included significant audit areas including the relevant risks of material misstatement, the procedures to be performed, and the information required to be reported back to us. We performed site visits to the Spanish, Belgian and German branches and held audit update conference calls with local auditors throughout the audit. We also performed audit file reviews for all full scope audit branches and entities.
- performed analytical review procedures at other group entities.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence to provide an opinion on the financial statements.

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Key audit and review matters

Key audit and review matters are those matters that, in our professional judgement, were of the most significance to our audit of the financial statements and our review of the Executive Board Report. We have communicated the key audit and review matters to the Supervisory Board and its Audit and Risk Committee representation. The key audit and review matters are not a comprehensive reflection of all matters discussed.

These review matters were addressed in the context of our audit and review of the financial statements and the Executive Board Report as a whole respectively and in forming our conclusion thereon, and we do not provide a separate opinion and conclusion on these matters.

The valuation of the loan portfolio

The risk – Triodos Bank's consolidated balance sheet consists for a considerable part of commercial loans and mortgages (loans). Loans are accounted for at amortised cost less any impairment charges.
The valuation of a loan is depending on the credit risk related to that loan. When there is objective evidence that a loan might not be recovered in full or in accordance with the contractual terms, for example when there is significant doubt or evidence on breaches of interest payments or repayment of principal, the credit risk and the valuation of that loan is specifically assessed. This assessment requires management judgement and is subject to estimation uncertainty and can lead to the recognition of an impairment loss on the loan.

Our response –We performed specific audit procedures on the valuation of the Bank's loan portfolio in all branches of Triodos Bank. These audit procedures consisted of understanding and testing the controls designed and implemented by the Company to provide management assurance over the commercial and mortgage lending processes as well as understanding and testing the controls designed and applied by the Company for its credit risk management and impairment process of its commercial and mortgage loans. These credit risk management and impairment processes include but are not limited to periodic revision of loans including applying policies and guidance around ongoing credit risk monitoring of loans and subsequently the evaluation and valuation assessments of these loans. We also inspected individual loan files.

Assessing the material aspects for the Executive Board Report

The risk – Article 391 Part 9 of Book 2 of the Dutch Civil Code sets the legal requirements for the items to be included in the Executive Board Report. Management of Triodos Bank decides on the aspects they consider material based on stakeholder expectations, which is subject to significant management judgment.

Our response – We reviewed the process that Triodos Bank executed during 2014 to identify and prioritise the items to be reported to inform stakeholder impact for the company. We also conducted a media search and a peer review to assess potential material other aspects to be included and compared these with the Company's materiality analysis.

The results were assessed by us against the topics as included in the Executive Board Report, also taking into account the guidance as included in Dutch Accounting Standard 400.

These procedures included amongst other procedures, selecting 220 individual loan files taking into consideration sector concentration risk such as for example the solar portfolio in Spain and focusing on those loans with a higher credit risk profile and/or an actual event of default in the year under investigation. We challenged the appropriateness of management's key assumptions in the impairment testing (including valuation reports of collateral, scenario analysis, loan restructuring measures and collateral valuation haircuts) and performed procedures with regards to the accuracy of management's calculation of the recoverable amount of the individual loans.

Our observations – Through the respective audit procedures performed we found the loan portfolio valuation to be mildly cautious. We also found that the Bank's loan documentation showed further enhanced quality and to be up to standard however can further improve in consistency.

Information Technology Environment

The risk - In its day-to-day operations Triodos Bank heavily depends on an effective and efficient information technology environment (IT environment). Having a solid general IT control framework in place is most critical to the operations of the Company since this support the banking and investment management service offerings which to a large extent are being offered through the internet channel. It is therefore of importance that safeguards exist regarding the reliability and continuity of the electronic data processing.

Our response - We performed audit work regarding the IT environment in all branches and for relevant applications and platforms for the purpose of the financial statements audit. This included applications and platforms supporting the Company's business operations as well as those driving the financial accounting, including the enabling infrastructure and service providers. As part of our audit we engaged IT auditors and

Our observations – We found the process that Triodos Bank executed during 2014 to be sufficiently solid to identify relevant material topics for inclusion in the Executive Board Report. We also observed that the material topics as identified in the related process have been properly reflected in the Executive Board Report in context of the purpose of the report.

Reviewing methodology and reporting for impact

The risk – The company reports on its impact along six indicators. The data for these indicators are inherently subject to assumptions and judgment. In conjunction with the related explanations this might lead to misinterpretation of the impact reported.

Our response – We reviewed the definitions and methodology set by Triodos Bank and held interviews with management and key individuals in all branches to understand their application of these definitions and methodology. We requested underlying evidence for the impact figures reported on a sample basis and we compared the reported projects with the Company's underlying information. We also conducted a data analysis on the data reported defined a specific IT audit plan that outlines IT audit procedures to be performed in each branch. In our audit plan we distinguish between general IT audit procedures and IT application audit procedures. Our plan is also tailored towards the fact that the Company operates both an in-house developed IT system in some of its locations as well as using external IT service providers in others.

Our observations – Our test procedures on the design and operating effectiveness of IT control measures taken, did not result in significant findings on the reliability and continuity of the electronic data processing for the purpose of the audit of the financial statements. The formalisation of documentation and processes such as for change management, vendor management and access control improved in 2014 compared to 2013. The general IT control framework is subject to continuous improvements and further enhancements to respond to relevant technical developments.

Valuation of the deferred tax asset

The risk – As described in note 11 of the financial statements page 71 Triodos Bank recognised a deferred tax asset (DTA) for the amount of EUR 6.4 million for tax losses carried forward in respect of net operating losses incurred by the German branch. The DTA represents management's assessment of the amount of net operating losses incurred by the German branch in the past that can be offset with future German taxable profits. The Company's German branch has not yet been able to achieve a break-even point and reported a loss for 2014. This resulted in further increase of the DTA balance in 2014. Given the fact that the DTA balance is dependent on management's estimation on future profitability it is considered as a material estimation uncertainty in our audit.

Our response – We investigated the available documentation supporting the DTA as at 31 December 2014 and we observed that this documentation was also reviewed by the Company's Supervisory Board. We also inquired with Group and local management on the business outlook of the German branch and

to identify any potential material anomalies. Finally we reviewed the presentation of the information on impact in the Executive Board Report to assess whether it prevents from misinterpretation.

Our observations – We found that the 2014 information provided in the Executive Board Report is sufficiently supported by underlying information. We also found that the impact information as presented as a whole including assumptions made, provides a balanced overview of the impact as estimated by Triodos Bank.

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we challenged management's assumptions underpinning it. Moreover, we challenged other relevant matters in relation to the calculation and management's assessment and conclusions, such as: the local business environment, market size, relevant competition and business continuity. In performing our procedures and reaching our conclusion we also considered the fact that German tax law allows for indefinite recovery of net operating losses through future taxable income.

Our observations – we found the DTA to be appropriately supported with underlying documentation and calculations, which have been derived from the updated business outlook for Triodos Bank Germany.

Responsibilities of the Executive Board and the Supervisory Board for the Executive Board report and the financial statements

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Executive Board Report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the Executive Board Report that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process as well as the process for preparing the Executive Board Report.

Our responsibility for the audit of the financial statements and the review of the Executive Board report

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included for example:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The objective of our review is to provide limited assurance on whether the information in the Executive Board Report is, in all material respects, prepared in accordance with section 2:391 of the Dutch Civil Code based on the Dutch Standard on Assurance engagements 3000. We do not provide any assurance on the achievability of the objectives, targets and expectations of Triodos Bank.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

The following procedures were performed:

- A risk analysis, including a media search, to identify potential material other aspects for the company in the reporting period to include in the Executive Board Report;
- Evaluating the design and implementation of systems and processes for the collection, processing and control of the information in the Executive Board Report, including the consolidation of the data for the report;
- Interviewing management and key individuals at group and branch level responsible for strategy, policies, management, internal controls and reporting;
- Interviews with key individuals at group and branch level responsible for providing the information in the Executive Board Report;

Our responsibility for the audit of the financial statements and the review of the Executive Board report

Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

• Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
• Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
• Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
• Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

• From the matters communicated with the Supervisory Board, we determine those matters that were of most significance to the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

• Evaluating internal and external documentation, based on sampling, to determine the adequacy of the information in the Executive Board Report.
• An analytical review of the data and trend explanations submitted by all branches for consolidation at group level.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Report on the Executive Board Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Executive Board Report and other information),:

- We have no deficiencies to report as a result of our examination whether the Executive Board Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by article 392-1 b-h Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Executive Board Report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed prior to 2008 for the first time as auditor of Triodos Bank N.V. and operated as auditor since then. In this role we perform both the financial statements audit as well as the other assurance engagement over the Executive Board Report. As required by law we will no longer act as audit firm of Triodos Bank N.V. as of financial year 2016. Our conclusion on the Executive Board Report is not modified in respect of these matters.

Amstelveen, 27 February 2015
KPMG ACCOUNTANTS N.V.
P.A.M. de Wit RA

Report by the Foundation for the Administration of Triodos Bank Shares (SAAT)

The share capital of Triodos Bank has been entrusted to the independent Foundation for the Administration of Triodos Bank Shares (Stichting Administratiekantoor Aandelen Triodos Bank (SAAT)). To finance the shares, SAAT issues depository receipts. Depository receipt holders benefit from the economic rights associated with these shares, such as the right to dividends, but do not exercise any control related to them. Control rights are vested in the SAAT. A more detailed description of the corporate governance structure of Triodos Bank, and in particular the rights and responsibilities of SAAT and the depository receipt holders, can be found in the chapter on corporate governance, on page 34 of this annual report.

For an overview of the shares taken in trust and the issued depository receipts of Triodos Bank, as at 31 December 2014, please refer to page 34 of this annual report.

In exercising its voting right at the General Meeting of Triodos Bank ("General Meeting"), the Board of SAAT upholds the following principles:
• safeguarding Triodos Bank's mission;
• safeguarding Triodos Bank's independence;
• safeguarding the economic interests of the depository receipt holders, which relates to Triodos Bank's continuity and profitability, dividends, and the development of the value of depository receipts. The Board of SAAT aims to align the economic interests of its depository receipt holders and Triodos Bank's mission, for their mutual benefit. This is reflected by the following stipulations in SAAT's administrative conditions:

Article 6
The foundation shall independently exercise the voting rights attached to the shares owned by it. In doing so, it shall be guided by the interests of the depository receipt holders and the interests of the bank, as well as by the principles expressed in the objectives of the bank.

The voting policy of SAAT is guided by article 6 of the administrative conditions and the principles as stated above.

SAAT discharges its stewardship responsibilities by monitoring and engaging with Triodos Bank in line with the principles described above. It also voluntarily complies with the relevant principles and best practices of the Dutch Corporate Governance Code, and other well-regarded stewardship regulations.

The Board of SAAT pays particular attention to the mid and long term performance of Triodos Bank. It monitors internal and external developments to assess and anticipate any impact they might have on Triodos Bank's essence, the mission and the values. The Board of SAAT's monitoring and engagement activities include:
• full meetings with Triodos Bank's Executive Board, and between the Chair of the Board of SAAT and the Chairs of the Executive and Supervisory Boards, separately and together;
• participating in depository receipt holder meetings, client days and other meetings by invitation, in countries with Triodos Bank branches;
• attending Triodos Bank theme days and long term perspective meetings;
• attending meetings regarding developments in shareholding, corporate governance, and the sectors where Triodos Bank is active.

Discussions and meetings take place on a confidential basis, as appropriate. Should the Board of SAAT feel Triodos Bank has not responded appropriately to questions it raises, it has a clear policy to escalate its stewardship activities.

General Meeting 2014

The Board of SAAT is Triodos Bank's sole shareholder. As such, at the General Meeting in Zeist on 23 May 2014, it voted on the items below and explained why it had made the decisions it did. For details of approved proposals visit www.triodos.com/agm.

The Board of SAAT approved the following proposals:
• adoption of the 2013 financial Annual Accounts and the proposed profit appropriation;
• discharge of the Statutory Directors of responsibility for their management during 2013;
• discharge the Supervisory Board of responsibility for its supervision during the financial year 2013;
• reappointment of Margot Scheltema as a member of the Supervisory Board for one year;
• reappointment of Carla van der Weerdt as a member of the Supervisory Board;
• appointment of Aart de Geus as a new member of the Supervisory Board;
• appointment of Ernst-Jan Boers as a new member of the Supervisory Board;
• granting a power of attorney to the Statutory Directors in order to obtain depository receipts in Triodos Bank and to issue shares.

The voting declaration of the Board of SAAT on the proposals explained:
• relevant topics from the Annual Accounts were discussed with the Executive Board from the perspective of the individual branches and business units as well as Triodos Bank as a whole. These topics included growth, impact, innovation, lending sectors, human capital, and the autonomy of the Triodos Bank branches, the synergies between them and how this translates in to a unified institution
• the reasons to (re)appoint the candidates referred in general to the Board of SAAT's participation in the selection process and interviews with the candidates.

A webcast from the General Meeting is available at www.triodos.com/agm.

Annual Meeting of depository receipt holders

The Annual Meeting of depository receipt holders was held on 23 May 2014 at Triodos Bank's head office.

The Board of SAAT described the rationale behind its voting decisions during the meeting. It referred to the input of depository receipt holders at the informal Depository Receipt Holders´ meetings in Spain, Brussels and Bristol and to their questions at the General Meeting. The Board of SAAT informed investors about the Board of SAAT's discussions with the Executive Board which focused on Triodos Bank in general and on the Annual Report and Annual Accounts in particular.

The results of the annual survey of depository receipt holders, which was completed by over 5,000 respondents, compared to almost 3,000 in 2013, was also presented at the meeting. The Board of SAAT uses the results to enrich its perspective on the investor group whose interests guide its voting, and to help determine depository receipt holders' level of satisfaction about the financial return and the delivery of Triodos Bank's mission. According to the survey's participants, over 90% of investors think Triodos Bank aligns its mission and financial returns effectively; a similar level to 2013. Excerpts from the results can be found at www.triodos.com/corporateinformation.

The Annual Meeting of depository receipt holders approved the appointment of Mike Nawas as a new member of the Board of SAAT.

Meetings and decisions of the Board of SAAT

During 2014, the Board of SAAT convened ten times, four times in person and six times by telephone. The Board of SAAT also had four meetings with members of Triodos Bank's Executive Board.

Among a breadth of topics discussed during the year, the Board of SAAT paid particular attention to issues that are of material interest to Triodos Bank's depository receipt holders, as key stakeholders. These included:

• Triodos Bank's mission-driven strategy. How the mission is applied in the strategy in practice is of key importance to the Board of SAAT. During the year this meant discussions on the essence of Triodos Bank and how this translates into an appropriate balance between impact, return on investment and risk. Impact was discussed specifically as a business driver, in line with the Board of SAAT's priorities. This overview of the essence or "dealing consciously with money", was viewed from the perspectives of the mission and the values, the founding and history of Triodos Bank, its development and the emerging future as it relates to developments in society
• This topic was also relevant for the development of Triodos 2025, Triodos Bank's ten year perspective. The Board of SAAT Chair played an active role individually, supported by the Board collectively, in the development of this work throughout 2014 with a focus on how the evolving future might provide opportunities and challenges for Triodos Bank to deliver its mission and maintain its independence, as well as its importance for the development of Triodos Bank's people, or human capital.
• A strengthened risk management and internal governance structure was discussed during the year because of their implications for Triodos Bank's long-term independence.
• In addition, the 2013 annual report (and later the 2014 half-year report), was discussed in order to carefully consider the votes to be cast at Triodos Bank's General Meeting. The report has been assessed and discussed from the perspective of the Board of SAAT's mandate to safeguard Triodos Bank's mission, independence and the economic interests of the depository receipt holders.

Activities of the Board of SAAT

The Board of SAAT carried out the following activities, in addition to the meetings above:
• meetings with the local management of all Triodos Bank's branches and the management of Triodos Investment Management;
• attending international theme days, client and depository receipt holders and informal discussions with depository receipt holders in the UK, Belgium, Spain and The Netherlands;
• attending annual shareholder meetings of investment funds managed by Triodos Investment Management;
• involvement in the selection and reappointment process of members of the Supervisory Board. A key focus in this respect is the commitment of the candidates to Triodos Bank's mission;
• the Chair of the Board of SAAT consulted regularly individually and in tripartite meetings with the Chairs of Triodos Bank's Executive and Supervisory Boards.
• the Board of SAAT focused its activity on the essence and mission of Triodos Bank. This resulted in a Board of SAAT document "Circular approach from vision to impact, embedding the Essence of Triodos"
• selection of new members to the Board of SAAT were also prepared and discussed with the Chair of the Executive Board
• The Chair of the Board of SAAT met with the external auditors.

The Board of SAAT did not seek any external advice, in order to carry out its responsibilities, during 2014.

Composition of the Board of SAAT and independence of its members

Given the responsibility of the Board of SAAT to protect the identity and mission of Triodos Bank, it is essential that the members of the Board are independent. For this reason, Statutory Directors or members of the Supervisory Board may not be members of the Board of SAAT.

SAAT's articles of association stipulate that the Board shall consist of three or more members. At present, it has five members: two Dutch and a British, Belgian and Spanish representative. The composition of the Board changed in 2014. Mike Nawas was appointed as a Board member. Jan Nijenhof retired as a member of the Board and previous Chair during the depository receipt holders' meeting of 23 May. He has been a committed and effective servant to the investors for almost 10 years and we are extremely grateful for his contribution.

For information about the remuneration of the members of the Board of SAAT, please refer to the Triodos Bank annual accounts on page 86.

The Board of SAAT expects that it will again be able to deepen its role as a committed shareholder in 2015. Maintaining and intensifying a dialogue between Triodos Bank, the Board of SAAT and the depository receipt holders is an essential part of this effort. It will undertake this work not only during the international Annual Meeting of depository receipt holders in The Netherlands, but also in Belgium, the UK, Spain, Germany, and at a separate meeting in The Netherlands, where informal meetings for depository receipt holders will take place.

This report is available in full, including additional context for the Board of SAAT's work, online at www.annual-report-triodos.com.

Zeist, 27 February 2015

On behalf of the Board of SAAT,
Josephine de Zwaan, Chair
Marjatta van Boeschoten
Sandra Castañeda Elena
Frans de Clerck
Mike Nawas

SAAT's registered office is Nieuweroordweg 1, 3704 EC, Zeist, The Netherlands.

Statement of the shares

Statement of the shares taken in trust and the issued depository receipts of Triodos Bank N.V. as at 31 December 2014.

in thousands of EUR	31.12.2014	31.12.2013
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	450,732	427,452
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	450,732	427,452

Zeist, 27 February 2015

Board of Trustees
Marjatta van Boeschoten
Sandra Castaneda Elena
Frans de Clerck
Mike Nawas
Jan Nijenhof
Josephine de Zwaan, Chair

Independent auditor's report

Introduction

We have audited the above statement that shows the position as at 31 December 2014 in respect of the shares placed in trust and the depository receipts of Triodos Bank NV shares issued by Stichting Administratiekantoor aandelen Triodos Bank, Zeist. This statement is the responsibility of the Foundation's management.

Our responsibility is to express an opinion on this statement, based on our audit.

Scope

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and we believe that out audit provides a reasonable basis for our opinion.

Opinion

In our opinion, this statement provides a true and fair view of the Triodos Bank NV shares placed in trust and the issued depository receipts of Triodos Bank NV shares as at 31 December 2014.

Amstelveen, 27 February 2015

KPMG ACCOUNTANTS N.V.
P.A.M. de Wit RA

Biographies

Josephine de Zwaan (1963), Chair

Josephine de Zwaan is also a Member and Chair of the Supervisory Board of Stichting Triodos Holding. She was a lawyer for more than thirteen years, specialising in major real estate projects. During the last five years of that period, she was a member of the partnership (CMS) Derks Star Busmann, where she was in charge of a team of real estate lawyers. Although no longer acting as a lawyer, she is still involved in this firm as an advisor to the board. Since 2000 she has acted in administrative and supervisory roles in education, health care and culture in particular (Weleda, Dutch Association of Waldorf Schools, Bureau Promotie Podiumkunsten, Iona Stichting; nowadays she is acting for Hogeschool Leiden, Stichting Vilans, Raphaelstichting and Academy for Liberal Arts). In 2009 Josephine de Zwaan was appointed Arbitrator for the Arbitration Tribunal Foundation for Health Care and Member of the Governance Committee of the Arbitration Board for Health Care. In 2013 she was also appointed as a Member of the Supervisory Board of Stichting Cito, since 2015 she is chairing this board, and vice chairing the board of Cito B.V. Josephine de Zwaan was first appointed in 2010 and her present term expires in 2016. She is of Dutch nationality and does not own any Triodos Bank depository receipts.

Marjatta van Boeschoten (1946)

Marjatta van Boeschoten was a member of Triodos Bank Supervisory Board from 2001 to 2009. She was a lawyer of the Supreme Court in England for seven years before becoming a management development consultant. She is Director of Phoenix Consultancy and has worked with large organisations in the public and private sectors in the UK and internationally. She is on the Advisory Board of Neuguss Verwaltungsgesellschaft and is General Secretary of the Anthroposophical Society in Great Britain. Marjatta van Boeschoten was first appointed to the SAAT Board in 2009 and her present term expires in 2015. Her nationality is British and she owns 1 Triodos Bank depository receipt.

Sandra Castañeda Elena (1974)

Sandra Castañeda Elena is currently Senior Advisor Sustainability at Inditex S.A. (owner of Zara). She has helped integrate environmental and social criteria into the business strategies of companies and academic institutions, in different positions since 2005. She is a Member of the Supervisory Board of Stichting Triodos Holding since 2014. Previously, she was part of the core team setting up Triodos Bank in Spain. Sandra Castañeda Elena was first appointed in 2013 and her present term expires in 2016. She is of Spanish nationality and owns 49 Triodos Bank depository receipts.

Frans de Clerck (1945)

Frans de Clerck is a co-founder of Triodos Bank Belgium (1993) and a former Member of the Executive Board of Triodos Bank NV. He is a Member of the Supervisory Board of Stichting Triodos Holding, and a Member of the Supervisory Board of Boss Paints NV and of the Hélène De Beir Foundation. Frans de Clerck was first appointed in 2010 and his present term expires in 2016. He is of Belgian nationality and owns 211 Triodos Bank depository receipts.

Mike Nawas (1964)

Mike Nawas (1964) is co-founder of Bishopsfield Capital Partners Ltd (BCP), a financial consultancy based in London. He has been affiliated with Nyenrode Business University in The Netherlands as Associate Professor Financial Markets since 2011. Prior to that he worked at ABN AMRO Bank for twenty years in various positions, including from 2005 as group director worldwide responsible for helping clients access the credit markets via loans, bonds or structured finance. Since 2013 he has been Chair of the Academy for Liberal Arts, an organisation focused on philosophical development and ethical involvement of experienced professionals in The Netherlands. Mike Nawas was first appointed in 2014 and his present term expires in 2017. He is of Dutch and US nationality and does not own any Triodos Bank depository receipts.

About this report

Additional information can be found online at www.annual-report-triodos.com. The 2014 Annual Report is an integrated annual and sustainability report covering the activities of Triodos Bank NV in The Netherlands, Belgium, the UK, Spain and Germany, as presented in the Triodos Group Structure. The report covers the period from 1 January to 31 December 2014. Triodos Bank's previous integrated annual and sustainability report was published in April 2014 and covered the 2013 calendar year.

The reporting in the 2014 financial year is based on the same principles as the 2013 report. Any changes in the methods of calculation used are explained in the text. When preparing the Triodos Bank Annual Report, a working group examines how the most recent reporting guidelines and best practices can be used to improve the report in the future. This year, for the first time, we have requested limited assurance on the Executive Board chapter, which includes 2014 impact data. Please note that the 2013 impact data has not been subject to assurance. However, some adjustments have been made to the 2013 figures to align it with the 2014 data. KPMG Accountants N.V. audit the Financial statements.

Transparency and reporting

Triodos Bank has used the guidelines of the Global Reporting Initiative (GRI) since 2001.

GRI was established in 1997 by the United Nations and the Coalition for Environmentally Responsible Economics (CERES). GRI wants to organise reporting on sustainability in a consistent manner and, in this way, make performance objective and comparison easier. Triodos Bank is an organisational stakeholder of GRI.

During 2013, GRI launched new G4 guidelines designed to make reporting both more relevant to the sustainability impact of the institution and more meaningful for its stakeholders. The main way this happens is by focusing on the issues that we and our stakeholders think are most important, or most 'material' to our work. We took this approach for the first time in 2013 and have developed it further, adopting the G4 guidelines in full in this report in combination with our online report. You can find more at www.annual-report-triodos.com.

Our approach to reporting is developed on the basis of internal and external input. This year's report has been developed with the benefit of conversations with a number of external parties, including stakeholders who participated in a special engagement session, the International Integrated Reporting Council (IIRC), EY, GRI and members of the Global Alliance for Banking on Values in particular. We are grateful for their contributions and insights.

Disclosure requirements

Disclosures are required in the annual report both to meet Dutch law and to comply with other regulation, in particular the Capital Requirements Regulation and the Capital Requirements Directive. Capital Requirements Regulation is direct regulation from the European Union. The Capital Requirements Directive has been translated by the Dutch Government into various laws and regulations that apply to Triodos Bank.

The main part of these disclosures appears in this annual report. Additional required disclosures are published on our websites locally and on the corporate website: www.triodos.com and www.annual-report-triodos.com.

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Triodos Bank

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Contact
If you have comments or questions about this report, please contact your local office of Triodos Bank. Addresses are provided on page 184.

This document can be downloaded from
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Sustainable banking

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