

Triodos  Bank

Half-year report 2012

Sustainable banking

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

Key figures

Amounts in millions of EUR	First half-year 2012	Second half-year 2011	First half-year 2011
Financial			
(Core) Tier 1 capital	448	426	363
Equity	473	451	384
Number of depository receipt holders	22,532	21,638	18,272
Funds entrusted	4,157	3,731	3,242
Number of accounts	410,451	363,086	322,345
Loans	3,087	2,838	2,384
Number	23,444	21,900	19,842
Balance sheet total	4,772	4,291	3,737
Funds under management*	2,577	2,495	2,111
Total assets under management	7,349	6,786	5,848
Total income	73.5	70.0	58.6
Operating expenses	-47.8	-46.2	-43.6
Value adjustments to receivables	-12.4	-10.8	-5.0
Value adjustments to participating interests	0.1	-	-0.1
Operating result before taxation	13.4	13.0	9.9
Taxation on operating result	-3.5	-3.2	-2.3
Net profit	9.9	9.8	7.6
(Core) tier 1 ratio	14.3%	14.0%	13.4%
Solvency (BIS ratio)	14.6%	14.4%	14.3%
Operating expenses/total income	65%	66%	74%
Per share (in EUR)			
Net asset value at the end of the period	73	74	72
Net profit**	1.57	1.69	1.48
Dividend	1.95	-	1.95
Social			
Number of co-workers at the end of the period***	763	720	697

The figures shown in the half-year report have not been the subject of an external audit.

*Including funds under management with affiliated parties that have not been included in the consolidation.

**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.

Executive Board Report

We live in a time of uncertainty and opportunity. Despite a deepening economic crisis in some parts of the world, there is an unprecedented chance to both reinvent failing systems and build on a growing movement of sustainable initiatives. This pattern of positive change is gathering momentum. It has seen the impact of values-driven enterprises increase significantly, at the forefront of a new way of living, working and doing business.

At the same time, Europe's precarious financial position has continued to occupy the attention of politicians and press alike during the first half of the year. For most, Europe's capacity to reinvent itself is dependent on its ability to 'solve' the euro crisis. But the founders of the European Project were not, primarily, concerned with technical issues like its currency. They were committed to an idea, and to shared values that they believed united the region and would bring peace and later prosperity in the broadest sense, beyond short term wealth.

Triodos Bank does not pretend to know how to fix Europe; a company is different to a continent and Triodos Bank is far from perfect itself. But with more than 30 years experience and five growing branches in The Netherlands, Belgium, the UK, Spain and Germany, it knows something about what makes European unity in diversity work. And its success is

largely because the bank, including its country offices, has put shared values before local, short term interests.

Triodos Bank is part of a growing movement of entrepreneurs and their values-led businesses. Like Triodos Bank, most are relatively small but growing rapidly. They don't aspire to be big for its own sake but their success has meant growing influence. From local food initiatives to sophisticated green businesses, they want to have a deeper impact on their communities and the environment around them.

Within Triodos Bank itself, this focus on values has continued to drive growth across the group in the first half of the year, with the total amount of assets under management, including Triodos Bank and funds under management, up by 8%, to EUR 7.3 billion. This has been most striking in Spain where Triodos Bank now has 12 commercial offices.

In a short time the Spanish branch has grown its savings so that it now wholly finances its own lending from the deposits made by its savers. As in the other countries where Triodos Bank operates, its popularity is growing as large numbers of people choose to move their money to Triodos Bank where they can use it more consciously.

Triodos Bank believes

people should be at the heart of its activity; that production of goods should be in balance with the earth's capacity to deliver them; and entrepreneurship is crucial to improving quality of life.

Banking Activities

During the first six months of 2012, Triodos Bank's balance sheet increased by 11%, to EUR 4.8 billion. Growth during the same period in 2011 was 7%. This provides continuing evidence of Triodos Bank's steady growth.

The loan portfolio grew by 9%, compared to 12% during the same period in 2011, in line with an ambitious target for 2012. The ratio of loans to deposits decreased from 76% at the end of 2011 to 74%.

The large majority of the loan portfolio has coped well with the economic downturn, and has not resulted in significant changes to our provisions for bad debts. However, we continued to experience some problems with loans to biomass projects in the first half of the year. These issues were particularly relevant for the Dutch market. Our level of provisions to this sector increased by EUR 6.6 million in the first half of 2012.

Funds entrusted, which are composed of savings, fixed-term deposits, and sums in current accounts, increased by 11%. Growth in funds entrusted during the same period in 2011 was 7%.

Customer numbers also increased by 40,000 to 395,000 up 11% in the first half of 2012.

11%

Triodos Bank's balance sheet grew by 11%, to EUR 4.8 billion

During the first half of the year the equity increased by 5% to EUR 473 million. Growth during the same period in 2011 was 6%.

Funds under Management

Funds under management consist of two parts: funds managed by Triodos Private Banking and the total amount of money invested in funds managed by Triodos Investment Management. In the first six months of 2012 funds under management grew by 3% to EUR 2.6 billion. In the same period last year they decreased by 1%.

In the first half of 2012 funds managed by Triodos Private Banking grew by 11% to EUR 484 million, matching percentage growth in the same period in 2011.

The total amount of money invested in funds managed by Triodos Investment Management grew by 2% to EUR 2.1 billion in the first half of 2012, compared to a decline of 3% during the same period in 2011. Despite an uncertain investment climate, investors have continued to take advantage of a sector that has maintained healthy opportunities to invest.

Of twenty funds in total, three Dutch funds are subject to tax incentives. The Dutch government has agreed changes to these schemes, which will be implemented in January 2013. This means tax benefits on green investing will remain at the same level, which is positive news for Triodos Groenfond. However, the tax benefits for Triodos Cultuurfonds and Triodos Fair Share Fund will end at the beginning of next year.

Financial Results

In the first six months of 2012 Triodos Bank's profit rose by 31% compared to the same period in 2011, to EUR 9.9 million. Net profit in the first half of 2011 was EUR 7.6 million.

Capital Raising

Triodos Bank has a BIS ratio, an important indicator of its solvency, of 14.6% and a Core Tier 1 ratio of 14.3%. Triodos Bank has always had a strong capital position. To maintain it and to enable further growth of its loan portfolio, Triodos Bank continues to raise new capital, both issuing shares (depository receipts) throughout the year and through targeted campaigns. This strategy has proved successful.

Prospects

In the second half of 2012, Triodos Bank will continue with capital raising campaigns run via local branches. It expects to reach a target of EUR 60 to 80 million by the year end.

Barring unforeseen circumstances, steady growth in volumes in the second half of 2012 is expected.

Zeist, 30 August 2012

Triodos Bank Executive Board

Key figures for the first half-year of 2012 by branch and business unit

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	1,828,674	1,026,326	541,416	689,387
Number of accounts	224,626	51,290	34,734	95,603
Loans	1,062,542	648,195	563,453	624,695
Number	18,429	2,105	1,157	1,432
Balance sheet total	1,989,084	1,174,079	777,662	804,723
Funds under management				
Total assets under management	1,989,084	1,174,079	777,662	804,723
Total income	20,633	17,254	8,160	12,864
Operating expenses	-13,324	-8,080	-6,035	-7,707
Value adjustments to receivables	-7,612	-2,422	-476	-1,075
Value adjustments to participations				
Operating result	-303	6,752	1,649	4,082
Taxation on operating result	160	-1,765	-516	-1,291
Net profit	-143	4,987	1,133	2,791
Average number of co-workers on a full-time basis	125.3	86.7	82.6	139.7
Operating expenses/total income	65%	47%	74%	60%

Bank Germany	Total banking activities	Investment Management	Private Banking	Other	Elimination intercompany transactions	Total
73,885	4,159,688				-2,953	4,156,735
4,198	410,451					410,451
188,090	3,086,975				-408	3,086,567
321	23,444					23,444
211,303	4,956,851			851,769	-1,036,581	4,772,039
		2,083,321	484,373	8,973		2,576,667
211,303	4,956,851	2,083,321	484,373	860,742	-1,036,581	7,348,706
2,570	61,481	10,942	1,585	-1	-491	73,516
-3,115	-38,261	-8,969	-1,114	-1	568	-47,777
-800	-12,385					-12,385
				50		50
-1,345	10,835	1,973	471	48	77	13,404
367	-3,045	-493	-118	140	-19	-3,535
-978	7,790	1,480	353	188	58	9,869
30.8	465.1	85.2	12.7	117.6		680.6
121%	62%	82%	70%			65%

Consolidated balance sheet as at 30 June 2012

before appropriation of profit in thousands of EUR	30 Jun 2012	31 Dec 2011	30 Jun 2011
Assets			
Cash	220,572	51,631	52,933
Government paper	–	15,000	–
Banks	575,489	670,649	595,515
Loans	3,086,567	2,837,818	2,384,482
Interest-bearing securities	721,981	573,096	555,672
Shares	4	4	4
Participating interests	6,126	3,166	2,566
Intangible fixed assets	13,006	13,475	13,993
Property and equipment	38,031	36,063	32,515
Other assets	16,694	16,045	21,276
Prepayments and accrued income	93,569	73,608	77,772
Total assets	4,772,039	4,290,555	3,736,728
Liabilities and equity			
Banks	57,238	34,902	35,313
Funds entrusted	4,156,735	3,730,708	3,241,538
Other liabilities	5,391	9,302	5,623
Accruals and deferred income	64,185	48,725	46,657
Provisions	484	452	350
Subordinated liabilities	15,300	15,300	22,800
Equity	472,706	451,166	384,447
Total liabilities and equity	4,772,039	4,290,555	3,736,728
Contingent liabilities	62,987	64,542	66,228
Irrevocable facilities	606,006	700,966	763,658
	668,993	765,508	829,886

Consolidated profit and loss account

in thousands of EUR	First half-year 2012	Second half-year 2011	First half-year 2011
Income			
Interest income	78,314	69,072	58,855
Interest expense	-27,829	-23,473	-21,202
Interest	50,485	45,599	37,653
Commission income	23,174	24,655	21,085
Commission expense	-702	-657	-531
Commission	22,472	23,998	20,554
Result on financial transactions	173	205	70
Other income	386	227	355
Other income	559	432	425
Total income	73,516	70,029	58,632
Expenses			
Co-worker and other administrative expenses	44,690	43,457	40,907
Depreciation, amortisation and value of tangible and intangible fixed assets	3,087	2,790	2,723
Operating expenses	47,777	46,247	43,630
Value adjustments to receivables	12,385	10,773	5,028
Value adjustments to participating interests	-50	24	83
Total expenses	60,112	57,044	48,741
Operating result before taxation	13,404	12,985	9,891
Taxation on operating result	-3,535	-3,215	-2,337
Net profit	9,869	9,770	7,554
Amounts in EUR			
Net profit per share	1.57	1.69	1.48
Dividend per share	1.95	-	1.95

Consolidated statement of changes in the equity

in thousands of EUR	Share Capital
Equity as at 31 December 2010	249,352
Increase of share capital	12,544
Stock dividend	4,717
Revaluation of property, equipment and participation interest after taxation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 30 June 2011	266,613
Increase of share capital	39,075
Stock dividend	
Revaluation of property, equipment and participation interest after taxation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 31 December 2011	305,688
Increase of share capital	10,519
Stock dividend	5,653
Revaluation of property, equipment and participation interest after taxation	
Exchange rate results from business operations abroad after taxation	
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to statutory reserve for development costs	
Purchasing or sale of own depository receipts	
Result for financial year	
Equity as at 30 June 2012	321,860

Share premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
57,566	59	7,867	35,763	11,509	362,116
5,662					18,206
-4,717					-
					-
		-109			-109
			1,566	-1,566	-
				-9,943	-9,943
			6,623		6,623
		-312	312		-
					-
				7,554	7,554
58,511	59	7,446	44,264	7,554	384,447
17,723					56,798
					-
	-10				-10
		161			161
					-
					-
		-583	583		-
					-
				9,770	9,770
76,234	49	7,024	44,847	17,324	451,166
5,091					15,610
-5,653					-
	-47				-47
		56			56
			5,217	-5,217	-
				-12,107	-12,107
			8,158		8,158
		-275	275		-
			1		1
				9,869	9,869
75,672	2	6,805	58,498	9,869	472,706

Consolidated cash flow statement

in thousands of EUR	First half-year 2012	Second half-year 2011	First half-year 2011
Net profit	9,869	9,770	7,554
Adjustments for:			
• depreciation	3,087	2,790	2,723
• value adjustments to receivables	12,385	10,773	5,028
• value adjustments to participating interests	-50	24	83
• exchange rate differences on property and equipment	-	-42	-
• movements in provisions	32	102	32
• other movements in accrued and deferred items	-4,484	6,232	-2,032
Cashflow from business operations	20,839	29,649	13,388
Movement in government paper	15,000	-15,000	-
Movement in banks, deposits not on demand	-62,980	-27,408	-33,549
Movement in loans	-261,135	-464,109	-261,867
Movements in shares	-	-	-
Movement in banks, liabilities not on demand	22,336	-411	11,330
Movement in funds entrusted	426,027	489,170	202,862
Other movements from operating activities	-4,560	8,910	-1,151
Cashflow from operating activities	155,527	20,801	-68,987

in thousands of EUR	First half-year	Second half-year 2011	First half-year 2011
Cashflow from investment activities			
Net investments in:			
• interest-bearing securities	-148,885	-17,424	31,000
• participating interests	-2,918	-473	-135
• intangible fixed assets	-1,033	-915	-678
• property and equipment	-3,553	-4,863	-1,801
Cashflow from investment activities	-156,389	-23,675	28,386
Cashflow from financing activities			
Movement in subordinated liabilities	-	-7,500	-
Increase in equity	15,610	56,798	18,206
Payment of cash dividend	-3,949	-	-3,320
Purchases of depository receipts for own shares	1	-	-
Cashflow from financing activities	11,662	49,298	14,886
Net cashflow	10,800	46,424	-25,715
Cash and cash equivalents at beginning of the period	436,398	389,974	415,689
Cash and cash equivalents at the end of the period	447,198	436,398	389,974
On demand deposits with central banks	220,572	51,631	52,933
On demand deposits with banks	226,626	384,767	337,041
Cash and cash equivalents at the end of the period	447,198	436,398	389,974

Notes to the balance sheet and the profit and loss account

Consolidation principles

The financial data for Triodos Bank NV and group companies have been fully consolidated. The financial data for joint ventures have been 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 NV.

Statement 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, participating interest 100%, group company, fully consolidated;
- Triodos Assurantiën BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Cultuurbank BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Custody BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finanz GmbH in Frankfurt am Main, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management 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.

Principles for valuation and the determination of the result

Triodos Bank has prepared the half-year report based on a consistent use of the principles for valuation and the determination of the result. Triodos Bank has implemented the changes in the Dutch guidelines for reporting which became mandatory in 2012. As a result of the new guideline for the valuation of forward foreign currency contracts Triodos Bank has implemented cost hedge accounting. The impact of these changes on the valuation and determination of the result in relation to the comparable period of 2011 is not material.

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.

Our 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.

Our 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 that we offer 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.

Our market and core activities

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

As a sustainable service provider

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 the Bank tries to offer a collective package of banking services to promote sustainable development. The Bank's aim is to create a broad customer base – a combination of private and corporate customers who have made a conscious decision to bank with Triodos. Exactly how this

happens differs in each country; our services have developed in different ways in each of the countries where we work, depending in part on the stage of development of the branches and offices in question.

As a product innovator

A second strategic objective is to develop innovative products and sell them through Triodos Bank and third parties. These products directly reflect the mission and values at the core of the Bank's work. Product development is most advanced in The Netherlands, where Triodos Meerwaardfondsen, Triodos Groenfondsen, Triodos Fair Share Fund, Triodos Vastgoedfondsen and Triodos Cultuurfondsen are all distributed to the general public through other banks. The launch of Luxembourg-based funds has also laid the foundation for European-wide distribution. More than 50% of the growth in these funds now comes from distribution via third parties, bringing Triodos Bank products to a broader audience.

As an opinion leader

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 30 years' experience to encourage society to promote more sustainable development. The implications of this public debate extend well beyond the activities of the Bank itself. Triodos' vision and approach have given the Bank international recognition. Triodos' participation in the public debate means people can see what the 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.

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