

**Triodos  Bank**

Annual Report 2015



Triodos Bank produces a printed, audited version of the Annual Report. We do this because some of our stakeholders want to read the report in this format and because we are legally required to provide the Annual Report as a discrete, single document.

However, we have chosen to put more energy into producing the Annual Report online. The online Annual Report includes content that is not in this document; from films highlighting the extraordinary work of the sustainable enterprises we finance and an interview with our CEO, to an extended chapter about Triodos Bank's impact.

We believe the online Annual Report provides a more complete picture of our performance and our aspirations for the future, and many more people choose to view it than read the report in print. It has also allowed us to reduce the number of printed copies of the report we produce each year.

However you choose to read or view the Annual Report, we hope it provides you with a rich picture of Triodos Bank's values-based mission, strategy and impact in the wider world. We appreciate your feedback, so please contact us via the 'tell us what you think' button on the homepage of the website.

[www.annual-report-triodos.com](http://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](http://www.gabv.org)

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

Annual general meeting of shareholders	20 May 2016
Ex-dividend date	24 May 2016
Dividend payment date	27 May 2016

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## Key Figures

Amounts in millions of EUR	2015	2014	2013	2012	2011
<b>Financial</b>					
Equity	781	704	654	565	451
Number of depository receipt holders	35,735	32,591	31,304	26,876	21,638
Funds entrusted	7,283	6,289	5,650	4,594	3,731
Number of accounts	707,057	628,321	556,146	454,927	363,086
Loans	5,216	4,266	3,545	3,285	2,838
Number	44,418	36,320	29,620	24,082	21,900
Balance sheet total	8,211	7,152	6,447	5,291	4,291
Funds under management*	4,087	3,480	3,199	2,754	2,495
<b>Total assets under management</b>	<b>12,298</b>	<b>10,632</b>	<b>9,646</b>	<b>8,045</b>	<b>6,786</b>
Total income	211.6	189.6	163.7	151.6	128.7
Operating expenses	-150.2	-138.4	-112.6	-100.1	-89.9
Impairments loan portfolio	-7.6	-11.1	-17.1	-20.9	-15.8
Value adjustments to participating interests	0.2	0.2	0.2	0.2	-0.1
Operating result before taxation	54.0	40.3	34.2	30.8	22.9
Taxation on operating result	-13.3	-10.2	-8.5	-8.2	-5.6
<b>Net profit</b>	<b>40.7</b>	<b>30.1</b>	<b>25.7</b>	<b>22.6</b>	<b>17.3</b>
(Common) equity tier 1 ratio**	19.0%	19.0%	17.8%	15.9%	14.0%
Total Capital ratio**	19.0%	19.0%	17.8%	16.0%	14.4%
Leverage ratio***	8.4%	8.8%	8.7%	9.0%	8.4%
Operating expenses/total income	71%	73%	69%	66%	70%
Return on equity in %	5.5%	4.4%	4.3%	4.5%	4.3%
Return on assets in %	0.5%	0.4%	0.4%	0.4%	0.4%
Per share (in EUR)					
Net asset value at year end	81	78	77	75	74
Net profit****	4.40	3.41	3.23	3.37	3.18
Dividend	1.95	1.95	1.95	1.95	1.95

	2015	2014	2013	2012	2011
<b>Social</b>					
Number of co-workers at year end*****	1,121	1,017	911	788	720
Co-worker turnover	14%	10%	7%	10%	9%
Women as percentage of management team	38%	40%	40%	42%	37%
Training costs per co-worker in EUR	1,692	1,856	2,055	1,731	2,020
Ratio of the highest full-time salary to the median full-time salary*****	5.7	5.6			
<b>Environment</b>					
Emission of CO <sub>2</sub> (1,000 kg)	3,041	3,084	2,906	2,986	2,885
CO <sub>2</sub> 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 2015 and 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 calculation of the leverage ratio for 2015 and 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.

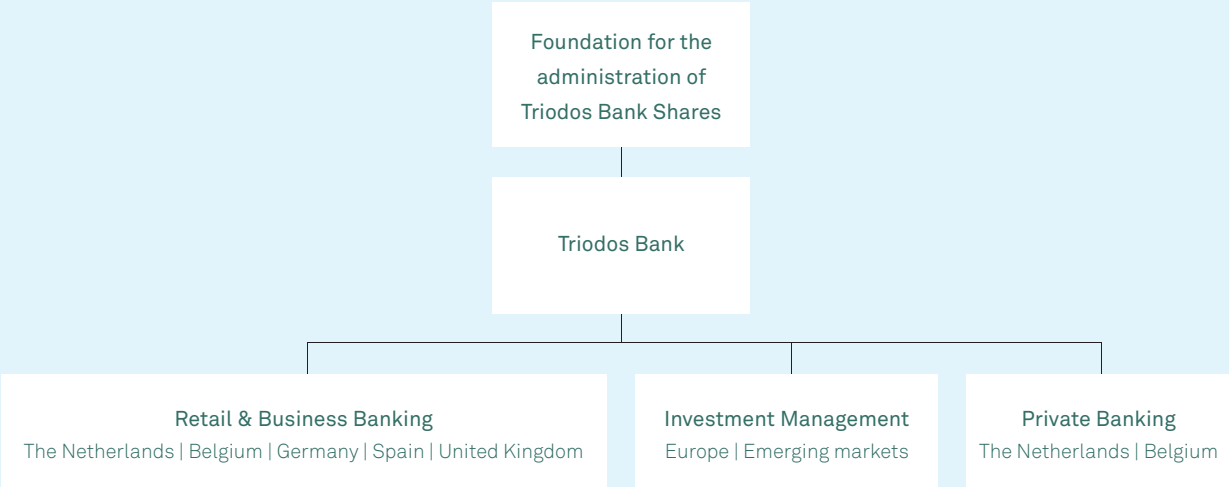
\*\*\*\* The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.

\*\*\*\*\* Concerns all co-workers employed by Triodos Bank NV, excluding co-workers employed by the joint venture Triodos MeesPierson.

\*\*\*\*\* As of 2015 instead of the ratio between the lowest and highest salary, we report the ratio of highest full-time salary to median full-time salary (the median is defined excluding the maximum full-time salary in order to be transparent about the difference between the highest paid co-worker and the rest of the co-worker group), based on the GRI criteria. This ratio, available as of 2014, is considered best practice and provides a more meaningful indication of the ratio between salaries.

# Triodos Bank Group Structure 2015

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**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 18 active funds are grouped in business lines based on the themes they invest in:

- Energie & 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

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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

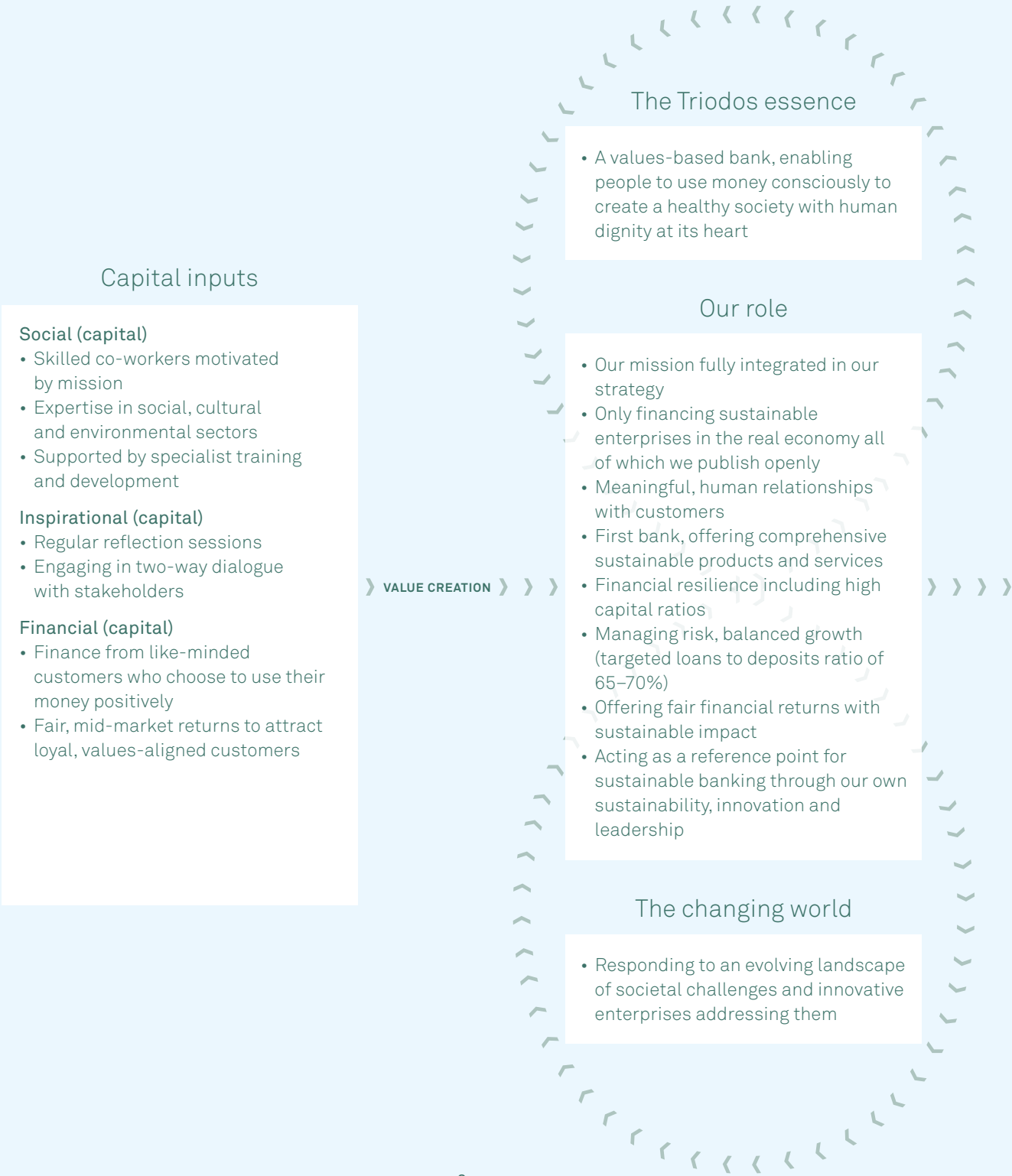
Bank customers not only want sustainable products and services, but also competitive prices and a professional service. Triodos Bank believes that these key customer values cannot be seen in isolation. So it tries to offer a collective package of banking services to promote sustainable development. And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



## 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

### Planet

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

### Prosperity

- Fair Return on Equity (target of 3-5% in 2016)
- 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 Report

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## 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 2015 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](mailto:arfeedback@triodos.nl).

## Feedback loops for good

We live in a connected world whose links can be both a force for good and for ill. For example, climate change feedback loops can exacerbate changes in the climate in a vicious, negative cycle. One of the best-known relates to melting ice. Ice and snow are light-coloured and reflective, so a large proportion of the sunlight that hits it bounces back to space, which limits the amount of warming it causes. As the world gets hotter, ice melts, revealing the darker-coloured land or water below. The result is that more of the sun's energy is absorbed, leading to more warming, which in turn leads to more ice melting – and so on.

Similarly, the risks associated with a financial system that was dedicated to unfettered growth and wealth resulted in a deep-seated crisis. This, in part, led to governments choosing austerity measures which have

had serious consequences for wider society. Reduced welfare budgets, job losses and less lending to businesses have together made economic recovery a slower and more painful process.

But feedback loops can also deliver positive change. Triodos Bank depositors, for instance, discover more about issues such as climate change and social inequality as they hear more about the projects their savings help to finance. This in turn can influence choices about what they buy as well as what they save. Exposure to new businesses and ideas can even affect decisions about health, education and well-being.

Our lives, and the 'big issues' we increasingly face as individuals and communities, are connected in eco-systems; whether they are in the natural environment or in business. As a result we believe solutions to our greatest challenges have to be joined up, and holistic, too. In effect, we need to create more, and more impactful, positive feedback loops. Triodos Bank's strategic goals, which we describe in more depth later in this chapter, reflect this conviction.

## The tragedy of the horizon

This perspective is not only ours. In speeches during 2015, leading regulators made the link between the financial system and a number of other major issues in 2015 citing the profound long-term effects of climate change on poverty, migration, political stability and food and water security. One described the short term planning that's linked to short business and political cycles and the mandate of central banks, as creating a 'Tragedy of the Horizon'.

Another Central Banker went as far as to state that "we are at a crossroads" and that "sustainable development is key to securing the well-being and welfare of this generation and many that will follow". The need to address these issues is no longer urgent; it has become critical. The challenges predicted by organisations like the Club of Rome in 1972, who highlighted the problems of exponential economic and population growth in a world of finite resources, are here today.

During the year we witnessed a massive movement of people fleeing war in Syria, among other places, to Europe. Research from the Met Office, the UK's national weather service, showed temperatures are already up by one degree, halfway to a dangerous threshold, and the COP21 climate conference in Paris at the end of the year was considered by some to offer a 'make or break' chance to prevent catastrophic climate change. Around the same time terrorist attacks struck Europe, North Africa and the Middle East. These events came on the heels of a financial crisis which continues to occupy the attention of regulators, politicians and citizens alike.

Together these crises may feel overwhelming but there has been a strong positive and holistic response to them; from the extraordinary dignity of individuals directly affected by the terrorist attacks, to shifts in the thinking of central banks, to major technological and practical developments in the renewable energy sector and the embracing of refugee communities right across Europe. Increasingly, people recognise that we are systemically connected and dealing with one issue is not sufficient if we're to improve people's quality of life overall.

### How Triodos Bank responds to an uncertain future

Triodos Bank is part of this changing world and developed a 10 year perspective during 2014 to better equip itself to deliver its sustainable mission. We learned from others, developed scenarios and shared them in last year's annual report. This, in turn, led to the development of four new, key strategic directions, described below, and which will be at the heart of our business plan over the coming three years.

These hypothetical futures enable Triodos Bank to view the actual future from a broader perspective. They enable us to assess and respond to developing events, like the ones above, in context and from a systems perspective. This can help avoid short-term responses to apparently alarming new developments. And they act as inspiration to develop concrete plans, such as 'broadening our scope', to help meet the challenge of society's converging questions; a core goal in the coming period.

We recognise, for instance, that the major global agreement to limit carbon emissions that came out of the COP 21 climate conference in Paris in 2015 may encourage investors to avoid resources that may become stranded assets in fossil fuel industries and seek impact-based assets instead. This in turn should encourage investors to see their finances in a broader context, taking account of the impact of their finance as well as its likely returns and risks. The 10 year perspective helps us to view the agreement through a wider lens. For us it is an important and positive stepping stone provided it can be translated into a profound shift towards impact-based finance that delivers clear benefits for society as well as financial returns.

We understand impact finance to be transformational and define it as directing money so that it benefits people and the environment over the long-term. Impact comes first, and it should also provide fair financial and non-financial returns. This is crucial to understanding how Triodos Bank approaches the future and has delivered its mission in the past. It also differentiates Triodos from almost all other banks.

Triodos Bank's 10 year perspective, including engaging with stakeholders from a number of companies with an interest in sustainability, has led directly to the definition of four key strategic areas that we believe will help us to continue to increase Triodos Bank's sustainable impact in the future. All four appear early on in the strategic objectives table that follows this section of the report. Importantly they are all areas which our stakeholders recognise and value, as our materiality analysis below shows.

- **Broaden our scope:** We intend to broaden our scope, both by extending our own products and services to become a first bank for our customers in all the countries where we work, and by developing our activities beyond standard banking. This work has already started. In 2015, for example, we launched a project in Spain which links customer spending decisions with gift money. The Spanish branch has created a responsible consumption service. Sustainable businesses that are Triodos Bank customers are located on a map so private customers can find and shop in them. Purchases in some of these businesses automatically generate a donation from the

business (instead of a conventional introduction fee) to the Triodos Foundation.

- Innovating new ventures and partnerships: We will innovate more. We created LEAF Lab – a collaborative initiative across Triodos Bank’s Dutch business units that’s focused on developing new innovations that meet the needs of our stakeholders – during the year. We also launched the Triodos Multi Impact Fund in The Netherlands. This ‘fund-of-funds’ offers Dutch retail investors an opportunity to make their money work in multiple sectors that are all key in the transition to a more equitable and sustainable world. The Fund brings a number of separate funds together in one place from a variety of sustainable areas, creating more liquidity so it’s easier to buy and sell shares, and making impact investing available to a broader group of ‘ordinary’ investors.

- Again, our stakeholders tell us they value sustainable investments highly; it’s the single most important issue for them in the materiality analysis below and the bank’s second highest priority. Funds, like the Triodos Multi Impact Fund, help meet this demand. In Spain, Fundación Triodos has launched the first crowdfunding platform for organic gardens in Spanish schools. The platform is integrated into a collaborative website, Huertoseducativos.org, where schools can share experiences about the educational benefits of an organic garden. Projects in two schools were funded before the year end and the initiative has won a prize as one of the 50 best digital ideas in the market from a national economic newspaper.

- Becoming more of a learning organisation: During the year we articulated the ‘essence of Triodos’. This text has been the basis for discussions about the essence with co-workers across all our branches to build a closer relationship to the values and Triodos Bank’s threefold approach; always asking three questions if we are approached to finance a project or a business: Is there a thriving, deep rooted idea behind the business, that motivates the people in it? Is there a developing community or entrepreneurial spirit that shares a strong culture? Does the business make economic sense and address a real need? In 2016 we will also roll out Engage, an online collaboration and learning tool for all of Triodos Bank, providing a tangible way to help learn, share and retain knowledge. Learning from our stakeholders is crucial for Triodos

Bank to continue to develop. This includes participating in social networks to identify the financial needs of the future, and the projects and people that will change the economy and make it more sustainable and social.

- Deepen our relationship approach: We will work with customers in particular, leveraging communities and networks in our sectors, sharing knowledge and insights. And we will harness fast-changing technology to support rather than diminish relationships. In 2015 we hosted hundreds of meetings, bringing co-workers, savers and investors together with borrowers in countries across Europe. We also strengthened existing partnerships with banks, like those in the Global Alliance for Banking on Values (GABV), exchanging knowledge and expertise in a number of areas from impact reporting to bringing Board members together to discuss shared issues. We also established and participated in new alliances like the B Corporation, a certification body for companies who want to benefit society as well as investors. We hosted a special event at Triodos Bank to launch B Corporation in Europe, for example.

## Impact, Risk and Return – an Integrated Business

These strategic focus areas will help us to build on the achievements of the past, and develop further positive, sustainable impact in the future. We will increasingly use *impact*, *risk* and *return* to understand and assess this progress and performance in a holistic way.

Traditionally banks have focused on risk and return, primarily to avoid negative outcomes, and to enable investors to understand the performance of a particular institution. Risk and return tend to be seen in a short-term context, particularly when an institution sees its main goal as maximising returns to shareholders. It’s a perspective that sees a company through the narrow lens of its financial performance only; and it neglects a company’s wider relationship with – and impact on – society and the environment.

So Triodos Bank uses impact, risk and return to understand its overall development and place in the world around it. This necessarily means it has a positive, long-term perspective. Because if you are focused on

delivering sustainable social, environmental and cultural impact as well as risk and return – as Triodos Bank is – your horizon is inherently longer-term and has a positive, holistic outlook.

## Impact

Triodos Bank wants to deliver sustainable impact. When we talk about 'Impact' we are concerned with what our actions, in particular financing and facilitating investments, mean concretely to people. Impact means delivering positive outcomes, not only on a transactional level but also on a social, ecological system level.

Increasingly many banks and businesses talk about sustainability and their efforts to make sustainable impact happen. This approach can be more limited in scope focusing, for instance, on reducing CO<sub>2</sub> emissions or divesting from financing industries that use fossil fuels. These are laudable aims. Indeed Triodos Bank joined other financial institutions in The Netherlands to sign a Dutch Carbon Pledge during the COP21 conference in Paris in a commitment to experiment with annual carbon foot printing, disclosure and target setting for investments. But impact goes much further. We want to use finance as a catalyst to make new, sustainable ideas a reality in the real economy.

As well as delivering impact, we also want to understand and communicate our impact better. During 2015 this included providing more meaningful information about the qualitative impact of Triodos Bank's finance, auditing the impact data we provide and developing a manual to provide co-workers with everything they need to know about our impact and how to implement our reporting. In our view while providing impact data is helpful, its role is in support of, not ahead of, qualitative evidence of impact. We took steps in 2015 to share how we approach impact with external audiences, and learn from the work others are doing. We intend to develop this further in the next three years in a shift from a focus purely on reporting impact to how we manage impact more effectively in the business itself. The latter is best understood through storytelling, as Triodos Bank tries to do in its impact chapter in its online annual report – [www.annual-report-triodos.com](http://www.annual-report-triodos.com).

We also played an active role co-developing the Global Alliance for Banking on Values scorecard so stakeholders can better understand the sustainability of different banks. We once again published the scorecard in full in our annual report. Other GABV members banks have also agreed to publish their scorecards together, on a special website in 2016.

## Risk

Because our starting point is to deliver greater impact over the long term, it is essential that we are financially resilient and that, as an outcome, we have consistently been focussing on a high quality loan portfolio. Triodos Bank's modest risk appetite is an important building block towards this resilience.

Historically we have delivered a high quality loan book, which means relatively few borrowing customers were unable to repay the loans we made.

The banking industry, at least in its core functions, tends to reduce risk. However, some risk is required to deliver change and development. We have been asked by stakeholders to reconsider our risk approach to achieve more impact, and we will. However, it's important to understand that increased impact does not necessarily mean greater risk and lower returns. In fact, because of impact's inherently long-term perspective, increased impact in our view can mean lower risks and better returns over time.

## Return

Triodos Bank has been able to deliver stable, fair returns over a sustained period. Nevertheless in 2015 Triodos Bank faced stiff competition from conventional banks with a growing interest in sustainability as a market opportunity. For this reason we experienced increasing competition for strong sustainable businesses looking for finance. In addition entrepreneurs continue to feel uncertain about the future, in terms of markets and government policy affecting their sectors and are reluctant to invest and to borrow money. And while interest rates continue to be extremely low, bank's business models, including Triodos Bank's, can be adversely affected; this is particularly true when liquidity surpluses need

to be invested at negative interest rates. Despite this we were able to continue to grow our sustainable loan portfolio, by 13% in 2015. The total loan portfolio, including short term lending to municipalities, increased by 22%.

Triodos Bank has a balanced business overall which also benefits from a successful Impact Investment arm, Triodos Investment Management, whose assets under management grew by 19% in 2015.

### A resilient institution with impact at its heart

Combining Impact with Risk and Return reflects Triodos Bank's values based approach. It exists to benefit people, the environment and culture and is a business that integrates non-financial impact and financial performance. But, for Triodos Bank, financial performance is important because being a resilient financial institution is essential to delivering lasting, sustainable change.

Our stakeholders understand this, as the materiality analysis below shows. Maintaining a resilient bank is also reflected in the strategic objectives that follow. These objectives describe how we deliver positive impact and how we plan to in the future. They are also a reflection of the views of our stakeholders and Triodos Bank itself.

To maintain our position as a robust financial institution we maintained a strong capital position (CET1 ratio of 19%) and managed growth in lending, deposits and investments during the year. These collective efforts meant Triodos Bank's total assets under management were EUR 12.3 billion by the year end.

Maintaining a healthy balance between lending and the strong influx of deposits, while continuing to diversify our loan portfolio, continues to be a challenge. Sustainable mortgages continued to grow and contribute to this effort. Our mortgages incentivise home-owners to live in more environmentally friendly properties. This part of the business grew by 52% during the year, helping to deliver a ratio between sustainable loans and deposits of 62%.

We are also required to fulfil increasing regulatory obligations. This meant we continued to put significant

effort and resources into this work during the year, and benefited from strengthened risk management teams and more robust internal governance structures. Ultimately regulation should not limit our ability to engage with customers. Regulation should not undermine dialogue with customers when, for example, it becomes an exchange of protocols. We put effort into constructive conversations with regulators and the wider public in 2015 to make this case to help make sure regulation is both proportional for smaller and medium sized banks, and effective.

### Our Stakeholders and why they Matter So Much

Triodos Bank's resilience is also bolstered by engaging proactively with our stakeholders. We have benefited from open discussions with our stakeholders for many years and in varied ways from client days connecting hundreds of customers in all the countries where we work, to depository receipt holder meetings and surveys. But while some organisations ask their stakeholders what they think they should do, and then do it, Triodos Bank takes a different approach.

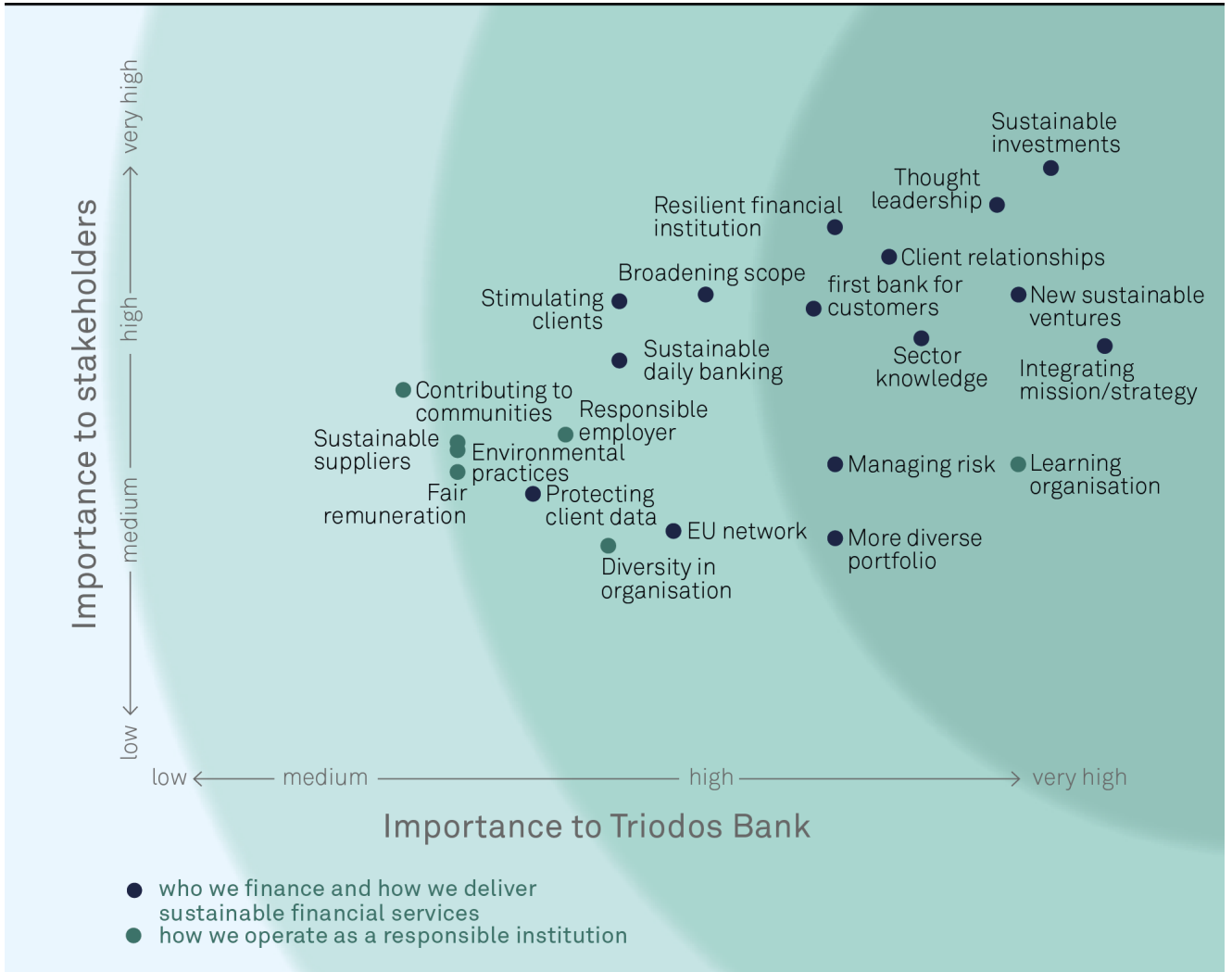
Our starting point, for everything we do, is our essence. It is about who we are and is, therefore, one of our stakeholders. And it is key to our conversations with our stakeholders.

In this context, and in addition to numerous interactions with stakeholders during the year, we follow a formal process considered to be best practice by a large number of companies to create an analysis of the issues that are most important both to our stakeholders, and ourselves. This approach follows the Global Reporting Initiative's G4 guidelines.

Increasingly companies are encouraged to focus their sustainability reporting in this way, rather than reporting on a wide range of issues, some of which will be relatively unimportant to an institution's overall impact. We welcome this focus on what is most material, rather than a broad check-list of more and less relevant factors. These issues are highlighted in a materiality analysis below following structured discussions with our stakeholders.



Materiality Matrix



From our engagement activity it became clear that our stakeholders and Triodos Bank find many of the same issues important. As a result we could not identify any issues that were of very high importance to one party, and very low importance to another. This leads us to conclude that the bank and our stakeholder's areas of interest are aligned. At the same time, among our stakeholders there is consistently more interest in what we 'do' as an organisation than how we behave in a responsible way as an institution.

Triodos Bank's three stakeholder groups are defined as the following:

- Those that engage in an economic relationship 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, the media and the communities who benefit from our finance) 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.

This year's materiality analysis is more international than last, including the results of a survey distributed in all the countries where we work. We also undertook five qualitative and professionally moderated individual interviews with stakeholders in Belgium as well as a stakeholder meeting with representatives from Triodos Bank's three stakeholder groups, and individual interviews, hosted at Triodos Bank's Head Office.

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), and delivering sustainable financial services, continue to be considered to be very important both by Triodos Bank and its stakeholders. We share some of our stakeholders' interest in adapting our approach to risk, where appropriate, to increase our impact overall. Our focus on innovation is, in part, a response to this shared goal.

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 because this can amplify our impact, by influencing the debate about how to improve the banking system for example. 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](http://www.annual-report-triodos.com).

It is notable that being a pan-European bank was a relatively low priority for our stakeholders in the survey. However, when tested in an in-person meeting stakeholders attached considerable importance to Triodos Bank's European presence. A high proportion of respondents couldn't, or didn't, answer this question in the survey, suggesting it may not have been well understood. As a result its importance to stakeholders may be underestimated on the analysis in the graphic here.

Unlike larger mainstream banks, remuneration was once again a relatively low priority for our stakeholders and the bank. This may reflect satisfaction with 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](http://www.annual-report-triodos.com).

We will use the results of this stakeholder engagement activity, as well as the examples detailed here, directly in the development of our strategic objectives. The results will also inform our work more generally throughout the year, as a reference for new ideas and the development of existing activity. In particular, longer-term we intend to deepen our stakeholder engagement activity in general, and will use this work as a basis from which to progress this work.

## Strategic Objectives

The table that follows provides the key strategic objectives for Triodos Bank for 2015 and our progress against them. We have divided this section between an update on strategic objectives to date, plus a separate section describing the key new objectives of the three year plan from 2016-2018.

### Triodos Bank

#### Our key strategic objectives

To continue to ensure that what we do reflects who we are; integrating our mission and strategy.

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.

This reflects three year plans that have been written as a result of the strategic goals that were developed following the 10 year strategic perspective work described above.

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.

#### How we did in 2015

Strategy plans for the three key business pillars designed and implemented to clearly represent how we will meet our mission.

Finalised Triodos 2025, our long-term strategic perspective, used as the context for our strategy development process for the 2016-2018 business plan. We will publish the findings of this 10 year perspective work externally in 2016.

Continued to play a strong role (as Chair) in the GABV and a pro-active role in the Sustainable Finance Lab and other key bodies.

Continued to be Member of the Board of the NVB (the Dutch Banking Association).

Co-chaired the European Task Force on Banking and Member of the UNEP FI Steering Committee, and launched major report to promote positive impact within the financial sector at Paris COP21 conference.

New membership of the B Corporation – providing certification for companies aimed at benefiting society and not just shareholders, hosting the organisation's European launch.

Engaging with clients and stakeholders.

Stakeholder engagement process internationalised via a survey delivered in all countries, and qualitative interviews and a stakeholder event in Belgium and The Netherlands respectively.

Client and depository receipt holder meetings delivered in all countries, with more consistent approach across all branches.

Depository receipt holder survey undertaken and results published, with 4,500 participants (out of 32,500).

Theme day on sustainable real estate hosted with co-workers, management, Supervisory Board, Board of SAAT and external parties.

To grow our impact by maintaining a clear focus on financing sustainable business.

Loans to deposits ratio (when calculated to only include our impact lending) decreased from 63% in 2014 to 62% in 2015.

Diversified our loan portfolio including the development of new subsectors, for example providing finance for our first power storage project on Corsica.

We launched the Multi Impact Fund, making impact investing more accessible to retail investors (NL) and continued our efforts to broaden participation in Impact Investing for retail audiences across Europe by responding to the EU consultation on Capital Markets Union.

Continued to only finance loans with customer's savings, and not through money market facilities from other banks.

To become the 'bank of preference' for our customers.

In order to become the first bank for our customers, the development of the current account in the UK market for launch in 2016 is under way. The full account launch date is now likely to be in early 2017.

To strengthen and continue to develop a Pan-European base.

In Spain the development of a new ICT platform was underway with final implementation carried forward to 2016.

The creation of a full branch in France continues to be investigated.

A Vision Renewal Programme was developed to support the Theme Day on Sustainable Real Estate to strengthen this area across all branches in 2015; similar development programmes are planned for 2016-2018.

New, public-facing office opened in Gent, Belgium.

German profitability improved however the German branch has still not reached break-even point.

Group-wide Internal Governance changes developed in 2014 were fully implemented in 2015.

Central Directors of Business Banking, Marketing, Retail Banking and Operations appointed to strengthen Pan-European approach.

Two new commercial offices opened in Spain, against plans of four to six.

To focus on long-term resilience over short-term profit, and offer a fair return on equity.

Delivered a return on equity (RoE) of 5.5%. Triodos Bank maintains a relatively high equity base and has a substantial liquidity surplus which results in a lower RoE.

Leverage ratio of 8.4% delivered, compared to a minimum of 3% required in Europe.

To deliver a stable balance sheet, by increasing the diversity in our loan portfolio.

Sustainable mortgage lending was responsible for 40% of the total increase of the sustainable loans portfolio in 2015 (2014: 18%). In 2015 this meant an increase from EUR 404m to EUR 616m.

To encourage co-workers to actively engage in a learning organisation.

Cross-bank collaboration and engagement platform developed during the year but carried forward for roll-out in 2017.

Cross-bank theme day on sustainable property delivered, sharing knowledge from mature branches with newer ones.

Values and Essence study group meetings were piloted for new co-workers.

Average training days per co-worker increased from 4.3 to 4.6 in 2015.

A more international head office delivered with the appointment of multiple international appointments at different levels in the organisation, as well as long-term secondments from head office to the branches.

Values seminars delivered three times in 2015 for co-workers with 1-3 years service.

Multiple learning opportunities, including a Leadership Conference (NL) and co-worker conference (UK) delivered during the year.

## Triodos Investment Management

### Our key strategic objectives

Triodos Investment Management will deepen and extend its impact, further building on its position as the experienced and professional impact investment partner of preference.

Triodos Investment Management will continue to develop new impact investment solutions.

### How we did in 2015

Total Assets under Management amounted to EUR 3.14 billion from solid inflows in most funds.

See [www.annual-report-triodos.com](http://www.annual-report-triodos.com) for details of Triodos Investment Management's impact.

On 1 December 2015 Triodos Investment Management launched Triodos Multi Impact Fund, a fund-of-impact-funds for private investors in The Netherlands.

Despite challenging developments on the stock markets, the Triodos SRI funds were able to grow significantly and the development of the methodologies of these funds has progressed further during 2015.

## Triodos Bank Private Banking

### Our key strategic objectives

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.

### How we did in 2015

Investable assets for this client group grew in line with total growth of Triodos Bank Private Banking in 2015.

We organised an interactive meeting with our private customers to discuss the future of our food production, attended by more than 100 clients.

As described above, Triodos Bank has developed a forward looking plan and strategic objectives for the next three years, built on a ten year perspective developed during 2014 and 2015 and designed to continue to enable it to deliver its mission in the future. Key elements of this plan follow below. We plan to report on our progress against these objectives from next year onwards:

### Strategic Objectives within the 2016-2018 Business Plan

#### Finance for Impact

We want to have delivered more finance – by way of loans, investments and gift money – to achieve a positive Impact:

- Diversify our loan sectors to extend impact and spread risk
- Clearly communicate our vision on how we help sectors make step changes in their sustainability and our objectives, and progress to deliver positive impact
- Grow our investment funds significantly
- Significantly increase our capacity to support innovative initiatives with gift money.

### Goals for 2016-2018

Focus on loan growth – with a target of 15 to 20% net growth in lending.

Develop new sectors and sub-sectors in order to diversify our portfolio and remain relevant to the needs of society.

Deliver initiatives including Sustainable Funding and Service Network to help provide alternative financial solutions for clients and Heart-Head impulse sessions (NL) to create learning communities for entrepreneurs.

Communicate our vision for the development of specific sectors, providing a framework for the contribution to impact we are seeking to make.

Triodos Investment Management aims to grow its assets under management to EUR 3.6 billion in 2016. It aims to build a more balanced portfolio of impact investment funds realising impact in key areas related to the UN Sustainable Development Goals, with a focus on human dignity and development and responsibility and care for the earth.

Private Banking will investigate connecting individual Private Banking clients with social entrepreneurs in need of finance.

Private Banking will also evaluate investment services with the aim of offering clients an online investment guiding application. The application should combine an easy to use portfolio management tool with relevant information on the impact of Triodos funds on sustainable development. Introduction is planned for 2017.

Expand Triodos Foundation activity in several countries through crowd funding and other activities related to Gift Money.



### **Broaden our Scope**

We want to broaden the scope of our products and service offering: complementing our existing services so that we can respond flexibly to a wide spectrum of customer needs within a relationship-based approach.

In the UK a personal current account will be further developed for launch in 2017, together with developments in the product range of other branches.

A decision about whether to open a full branch in France will be taken in 2016.

Four new commercial offices to be opened in Spain.

Theme days to continue in 2016 to cover our services to entrepreneurs beyond property-secured lending.

Triodos Investment Management aims to expand its international distribution network and have a resilient and diversified investor base. It aims to expand within existing funds and create new values-based investment solutions.

Triodos Investment Management will proceed with further exploring the development of its SRI funds. And by 2018, it aims to offer an impact investment portfolio with all asset classes being represented via both direct and publicly traded investments.

Expand Triodos Foundation activity in several countries through crowd funding and other activities related to Gift Money.

### **Deepening our Relationship Approach**

We want to have transitioned to a point where what we offer is driven more by our customers' needs rather than our products.

We want to build interconnected stakeholder communities where we make connections and are the catalyst for productive discussions between our customers.

Deliver broader client relationship initiatives, to help provide alternative financial solutions for clients and create learning communities for entrepreneurs.

Enhance our client and stakeholder relationships with a full review of Triodos Bank's online presence, and development of a marketing intelligence project in order to deepen our understanding of our clients and their needs.

Extend stakeholder engagement process, deliver combined client and depository receipt holder meetings and Group-wide survey.

### **Innovating: new ventures and partnerships**

We want Innovation to become core to the business within each business unit, with a clear innovation process in place and secure allocation of resources.

New ventures should be launched within identified "innovation focus areas".

Develop new initiatives which go beyond the bank with a focus on innovating new ventures and partnerships, co-developed with clients and stakeholders. Such ventures to form part of a balanced portfolio as part of the bank's future business model.

### Resilient and effective business operations

In 2018 we want to have further strengthened the resilience and effectiveness of our (business) operations in order to meet the expectations of customers and society and in order to be demonstrably in control at acceptable cost levels.

### Becoming a Learning Organisation

By 2018 we want the mission and essence of Triodos Bank to be better understood, and engaged with, across the co-worker community.

We want co-workers to benefit from an open, collaborative culture “inside and out” with a flexible organisational structure that enables learning, exchange and the development of talent.

Internal processes within business units and internal functions will be reviewed to optimise efficient work practices.

We will develop our online presence and align our processes to customer needs to make things as smooth as possible for customers – to meet rapidly evolving customer experience expectations.

Implement a new internal online platform across the bank to improve collaboration on joint topics.

Stimulate and support exchanges between departments and international offices, and with member banks of the GABV, creating a more dynamic working environment, by improving the practical arrangements around these efforts.

Extend the Triodos Academy covering all aspects of management development across the Group and the Values Education Programme to support the embedding of values and our essence in our daily work.

Improve our approach to talent development, identifying and supporting co-workers throughout the organisation.

### Initiating dialogue with society on positive change

We want to create conversations, at multiple levels, about the role of money and finance in creating a positive impact in the world. And we want to share our vision of how people can make a difference through the conscious use of money.

Continue key, established partnerships and deepen and extend the impact of Corporate Partnerships, including links with academic institutions and become more active in targeted European bodies to further the sustainable finance agenda.

Learn from and collaborate with external stakeholders in new development and innovation programmes.

### Balanced Portfolio of Impact-Risk-Return

We want to see each Business Unit managing a balanced portfolio of activities, managing our Impact-Risk-Return profile so that we extend our impact within an acceptable risk/return framework.

We want to maintain the stability of the Group's RoE.

Improve loans to deposit ratio to between 65 and 70%.

Develop a system to categorise impacts in a consistent way across the group. We will build on our existing impact reporting to drive positive impact through our management processes.

## Results

In addition to a summary of key figures at the start of this report, the following are the main results achieved in 2015 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. They are designed to provide you with an insight into what our mission and strategic objectives have translated into in practice.

### Triodos Bank

In 2015, Triodos Bank's income grew by a satisfactory 12% to EUR 212 million (2014: EUR 190 million). Triodos Investment Management and Investment Advisory Services contributed EUR 31 million to this figure (2014: EUR 31 million). In 2015, commission income amounted to 32% (2014: 33%) 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 1.7 billion, or 16%, to EUR 12.3 billion, above expectations.

Triodos Bank's balance sheet total grew by 15% to EUR 8.2 billion thanks to a steady growth of the funds entrusted and new capital raised during the year, in all branches. This represents a very positive outcome given growth of 5 to 15% was expected.

Triodos Bank's total number of customers increased by 15%, against expected growth of between 10 to 15%, and now numbers 607,000 customers.

Last year we refined the definition of a customer so that this data is reported more consistently and accurately across all branches. We will continue to report the number of accounts in the annual report's Key Figures section.

Continuing growth in deposits 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.

Operational expenses increased by 9% during the year. Without taking into account various net contributions made in 2014 and 2015 to the rescue of banks (including a special tax to rescue the Dutch SNS Bank in 2014), the increase of expenses would have been 15%. Operational expenses were in line with expectations. Growth has resulted from the growth of activities and meeting regulatory requirements.

The ratio of operating expenses against income was 71% (2014: 73%). Profit before tax and impairments for the loan portfolio increased to EUR 61.4 million (2014: EUR 51.2 million). The impairments for the loan portfolio decreased from EUR 11.1 million in 2014, to EUR 7.6 million.

The net profit is EUR 40.7 million, up by 35% (2014: EUR 30.1 million).

Impairments for the loan portfolio decreased to 0.16% of the average loan book, compared to 0.28% in 2014, reflecting a high quality loan portfolio in all branches. This continues to be favourable and in line with our historical track record which is relatively low.

Triodos Bank delivered a Return on Equity of 5.5% in 2015 (2014: 4.4%). So far the medium-term objective has been to grow the return on equity to 7% of Triodos Bank's equity in normal economic conditions. In that respect the 2015 return is satisfactory. This target should be seen as a realistic, long-term average for the type of banking activity that Triodos Bank engages in. However, we recognise that market conditions have changed. If the current trend of very low interest rates and increasing regulatory costs and capital requirements continues, a lower Return on Equity will be a much more likely outcome. In this context Triodos Bank will aim for a Return on Equity of between 3% and 5% in 2016.

In the current market, while Triodos Bank will continue to work on improving its profitability, it does not expect to outperform easily this target over the next three years; not least because investments will be made in the development of Socially Responsible Investment (SRI), the launch of a current account in the UK and the possible opening of a fully fledged French office in the

coming years in particular. As capital and liquidity requirements may increase even further, we prefer to continue to maintain a relatively high equity base and a substantial liquidity surplus which puts downward pressure on the Return on Equity.

Earnings per share, calculated using the average number of outstanding shares during the financial year, were EUR 4.40 (2014: EUR 3.41), a 29% increase. The profit is placed at the disposal of the shareholders.

Triodos Bank proposes a dividend of EUR 1.95 per share (2014: EUR 1.95). This means that the pay-out ratio (the percentage of total profit distributed as dividends) will be 44% (2014: 57%). Our policy is to have a pay-out ratio of between 50% and 70% to deliver stability. Although 2015 has been an unusually good year, we have maintained the dividend at EUR 1.95 per share, even if that brings this year's pay-out slightly below the 50% ratio of the policy.

Triodos Bank increased its share capital by EUR 40 million, or 7%, thanks to depository receipt issues targeting retail investors in particular, which ran throughout the year in The Netherlands, Belgium, the United Kingdom, Spain and Germany.

The number of individual depository receipt holders continued to increase in 2015 at the same time as some institutions, mainly pension funds, sold their participation. Overall growth has been satisfactory and sufficient to meet capital requirements. The number of depository receipt holders increased from 32,591 to 35,735. Equity increased by 11% from EUR 704 million to EUR 781 million. This increase includes net new capital and retained net profit. In 2015, Triodos Bank's platform for trading in depository receipts continued to operate effectively. At the end of 2015, the net asset value for each depository receipt was EUR 81 (2014: EUR 78).

At the end of 2015 the total capital ratio was 19.0% (2014: 19.0%). Triodos Bank aims for a solvency ratio of 16%. The Core Tier 1 ratio was 19.0% (2014: 19.0%). The solvency ratio remains strong.

## Our Impact

Triodos Bank wants to report on the wider social, cultural and environmental impact of its finance. We aim to be a leader in impact-driven reporting in the financial industry.

As part of that effort we have further developed the impact chapter, including new impact data, and have for the second time included 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.

The impact data, which is reported by all branches and Triodos Investment Management where possible, is based on a number of assumptions explained in detail in the online annual report ([www.annual-report-triodos.com](http://www.annual-report-triodos.com)). In general the full impact of a project is counted when Triodos Bank has financed it, either wholly or in part. When there is some uncertainty about an impact figure relating to a project, we exclude it.

In 2015 we also co-created a detailed impact reporting manual within the organisation to standardise and introduce further rigour into how and what impact data we report, as a matter of continuous improvement. These improvements have led, in some cases, to revisions of impact data definitions and more comprehensive reporting of data. This has had a substantial influence on some measures, effecting the data in 2015 and, in some cases, requiring restatements of 2014 data. Where this has happened we have marked these figures as "restated".

The impact data, which is reported by all our branches, is based on a number of assumptions which we explain in detail in our online annual report. In general, we take a conservative approach to the data and exclude projects when we are uncertain about the impact figures relating to them.

This data serves as an indication of Triodos Bank's non-financial impact. While numbers alone can only tell a limited story, they do provide quantitative details of the impact of Triodos Bank's mission in practice.

Please visit [www.annual-report-triodos.com](http://www.annual-report-triodos.com) to view the impact chapter providing more detail on the impact of Triodos Bank and its finance, including the methodology used to produce the impact data recorded here.

## Environment

### Renewable energy

Triodos Bank and its investment funds, offered via Triodos Investment Management, finances enterprises that augment the use of renewable resources in particular and supports projects that reduce the demand for energy and promote energy efficiency. By the end of 2015, Triodos Bank and its climate and energy investment funds were financing 358 projects across Europe (2014: 362, restated figure), contributing to a generating capacity of 2,100 MW of energy (2014: 2,100 MW). During the year these projects contributed to 1.5 million tonnes of CO<sub>2</sub> reduction while generating green energy equivalent to the electricity needs of 1 million European households (2014: 0.9 million, restated figure).

### Organic farming and nature development

The organically managed land on the farms which Triodos Bank and Triodos Investment Management financed in 2015 could produce the equivalent of 33.6 million meals in 2015, or enough food to provide a sustainable diet for approximately 30,700 people (2014: 27,700, restated figure because of an updated conversion factor). Together they financed approximately 36,500 hectares of organic farmland across Europe. This means one football-pitch sized piece of farmland for every 10 customers, each one producing enough for 550 meals per year.

We also finance 24,000 hectares of nature and conservation land. That is around 400m<sup>2</sup> of nature and conservation land for every customer.

### Sustainable property and private sustainable mortgages

As well as offering green mortgages that incentives households to reduce their carbon footprint, Triodos Bank and Triodos Investment Management finances

new building developments and refurbishment projects for properties to reach the highest sustainability standards.

In 2015 Triodos Bank and Triodos Investment Management financed directly, and via sustainable property, approximately 4,500 homes and apartments and about 310 commercial properties comprising approximately 280,000m<sup>2</sup> of office and other commercial space.

## Social

### Health care

As a result of its lending across Europe around 25,000 individuals (2014: 20,000) used facilities offered at 341 elderly care homes financed by Triodos Bank and Triodos Investment Management in 2015; that means the equivalent of 15 days of care were financed for each Triodos Bank customer.

### Community projects and social housing

In 2015 Triodos Bank and Triodos Investment Management financed 316 community projects, and 169 social housing projects, which directly and indirectly provide accommodation for approximately 12,400 people.

### Microfinance

Triodos Investment Management's specialised microfinance funds provided finance to 100 microfinance institutions (2014: 102) in 45 countries (2014: 44). These organisations reached approximately 10.2 million savers (2014: 8.2 million) and 15.5 million borrowing clients in 2015 (2014: 11 million).

## Culture

### Arts and culture

During 2015 Triodos Bank and Triodos Investment Management finance helped make it possible for 14.3 million visitors (2014: 7.2 million, restated) to enjoy cultural events including cinema, theatres and museums across Europe, as a result of its lending and investments activity to cultural institutions. This

means that there were the equivalent of 23 cultural experiences for each Triodos Bank customer. This marked increase was largely due to some significant new loans in Spain.

Triodos Bank and Triodos Investment Management finance helped approximately 3,000 artists and people active in the cultural sector as well as financing a number of organisations providing spaces for cultural activities such as workshops and music courses.

### Education

Approximately 986,000 individuals benefited from the work of educational establishments financed by Triodos Bank in 2015 (2014: 822,000). So for every Triodos Bank customer, the equivalent of 1.6 people benefited from education provided by an establishment we financed.

### Prospects

Triodos Bank will develop its work on the basis of a new three year plan which begins in 2016. The plan will focus on exploring opportunities beyond its traditional core banking, developing more innovative approaches to sustainable finance, deepening its relationship approach and becoming more of a learning organisation.

Excluding unforeseen circumstances, Triodos Bank expects a lower operational profit in 2016 mainly due to the sector-wide introduction of a contribution to the Dutch Deposit Guarantee Scheme, lower interest margins and substantial investments in the business. Triodos Bank 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. We recognise that the economic downturn that has resulted from the financial crisis, and a slow recovery in some countries, will continue in 2016 and may have an additional impact on Triodos Bank's results. Because of these factors, Triodos Bank expects to deliver a lower net profit in 2016 compared to 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 an organisation in development. 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 2015, 253 new co-workers were employed (2014: 199). The total number of co-workers at Triodos Bank increased by 10.2% in 2015, from 1,017 to 1,121, partly because of growth and partly because of a step-up in control and risk management.

The balance of men and women, the age of the co-worker group and levels of sickness is similar to previous years and remains at a reasonable level in the view of the management. In 2015 Triodos Bank employed 589 women (52%) and 532 men (48%). The share of women in management positions is 37.5%. The average age is 40.4 years (2014: 39.6) and the average period of service continued to be 4.8 years at the year end. Absenteeism through sickness was 2.7% in 2015, below a target of 3%.

The attrition rate increased to 14% in 2015 (2014: 9.5%). The attrition rate for co-workers in their first year of employment increased from 11.6% in 2014 to 15.8% in 2015. This was, in part, due to a changing labour market and a strong local competition for jobs in some countries, particularly in Spain and the UK. Nevertheless the increase is a matter of concern and will be addressed.

Triodos Bank depends on skilled and motivated people who integrate the bank's mission in their everyday work.

The organisation therefore 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. 88 co-workers (2014: 118) participated in the Academy's programmes in 2015.

Special meetings were introduced during the year to create a more in-depth understanding of Triodos Bank's roots and its values, and to support new co-workers to reflect on societal issues and their relevance for Triodos Bank. In 2015 three co-workers also participated in a new leadership programme from the Global Alliance for Banking on Values. In addition, the 2015 annual Co-Worker Conference took place in Bristol with a theme of "Greening Capital", and was attended by 115 co-workers.

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, and wider society. In The Netherlands, which is home to the Executive Board, the head office and the Dutch branch, the ratio between the lowest and highest paid in 2015 was 9.8 (2014: 9.6). To provide a more comprehensive view of remuneration at Triodos Bank this year we have also reported the ratio of the highest full-time salary to the median full-time salary, in the Key Figures section at the start of this report.

Emphasis was put on the culture and integrity of bankers during the year, with the implementation of a 'Banker's oath', made by all co-workers in The Netherlands. Although the oath and corresponding disciplinary ruling is new, the principles and ideas behind it are fully in line with Triodos Bank's Business Principles, which are endorsed by all its co-workers.

### Prospects

Triodos Bank will continue to strengthen the organisation in 2016 and beyond. The following priorities have been set in this context:

- New capabilities will be developed and the essence and values of the bank more deeply embedded as part of efforts to support the implementation of the business plan 2016-2018 in daily working life
- Co-workers will be encouraged to actively engage in a learning organisation by creating learning and exchange opportunities both within the organisation, between countries and with external partners

- A new collaboration platform ('Engage') will be implemented to improve the facilities for working together and co-creation
- Triodos Bank's positioning as an employer will be strengthened and its approach to talent development deepened to allow for further growth of the organisation and to meet future challenges.

## Environmental Report

In addition to the positive impact of financing sustainable enterprises that safeguard the environment, and actively engaging in developing industry-wide improvements to how carbon is measured and reported as highlighted earlier in the report through the Dutch Carbon Pledge, Triodos Bank also continuously aims to reduce its impact on the environment as an institution itself. This scope goes beyond its own activities to include its choice of suppliers, products and services.

### 2015's environmental figures in a nutshell

The overall CO<sub>2</sub> footprint per FTE decreased by 12% (2014: 8%) in 2015. Business travel by air was responsible for 37% of Triodos Bank's overall footprint and decreased by 8% per FTE, building on a 20% reduction per FTE in 2014. Triodos Bank co-workers travel by air to partner institutions in developing countries, and for essential in-person meetings and training between business units. Not all these events can be replaced by videoconferencing so, ultimately, a lower limit (per FTE) to flight reductions will be reached. The use of videoconferencing continued to increase during the year and was up by 13%.

The use of office paper per FTE increased by 26%. Printed paper, which accounts for 86% of all paper used (in marketing materials, for example) decreased by 22% per customer, while the number of customers grew by 15%. Triodos Bank's key environmental key performance data can be found in the appendix on page 191.

Triodos Bank offsets any unavoidable CO<sub>2</sub> emissions and is a climate-neutral organisation.

## Understanding our CO<sub>2</sub> footprint

In 2015, a group-wide three year plan began to improve the measuring, reporting and verification of Triodos Bank's environmental data. The CO<sub>2</sub> management system was rolled out across the group and will provide more timely and detailed feedback on the impact of CO<sub>2</sub> improvement initiatives during 2016.

An independent CO<sub>2</sub> benchmark (executed during 2015, so based on 2014 data) also showed that Triodos Bank performed better than its peer group on the use of electricity, both per m<sup>2</sup> (down 26%) per FTE (down 3%) and travel by car per FTE (down 4%). Areas identified for further reductions include business travel by air, paper usage and using available office space more efficiently.

## Sustainable Property

Triodos Bank's office buildings influence its environmental impact. Many of them have been assessed using BREEAM methodology and rated as 'very good' in three key areas; sustainable management, the building itself and use of the building. Current good practice will be written into formal policies as an outcome of this work. BREEAM assessment of the remaining buildings will take place in 2016.

## Engaging the supplier community

Triodos Bank's approach to sustainable procurement is to maintain a dialogue with suppliers to further reduce the use of resources and energy throughout the value chain by, for example, minimising transport by using packaging or products that are by design easy to repair, repurpose, reuse or to biodegrade.

## Prospects

- Use insights into the drivers of our CO<sub>2</sub> footprint to identify additional CO<sub>2</sub> reduction initiatives
- Execute the BREEAM assessment of the remaining buildings in 2016
- Share results and joint successes with suppliers to further reduce Triodos Bank's impact on the environment.

## Triodos Bank Divisions and Results

Triodos Bank's activity is split between three core divisions. The following chapter provides an overview of our work in 2015 in each of these divisions, including a short description of each, key sub-sectors and how they performed during the year, as well as prospects for the future:

- Retail and Business Banking, delivered through a diversified network of European branches, responsible for around 84% of Triodos Bank's net profit in 2015;
- Triodos Investment Management and Investment Advisory Services, which makes up 15% of Triodos Bank's overall net profit;
- 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 2015 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.

Triodos Bank's 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 994 million, or 16%, against expected growth of 10%. We are satisfied with the controlled growth of the funds entrusted given the growth of savings and liquidity in markets and with our (potential) customers.

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.

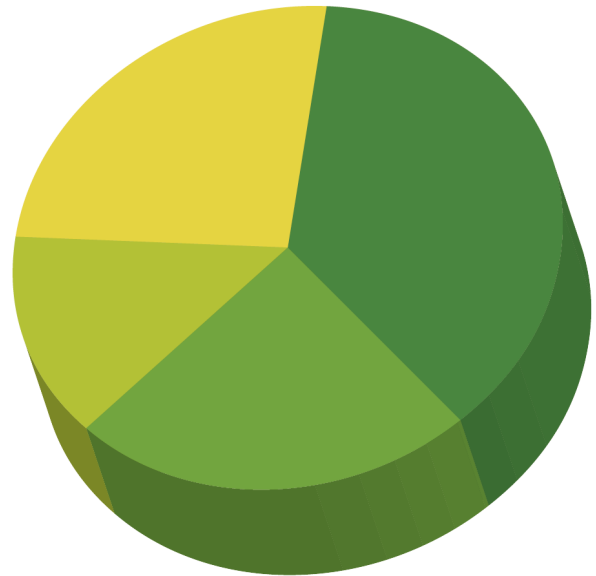
By offering our savers, in some countries, the opportunity to donate part of the interest they receive to a charity, many social organisations receive support every year. In 2015, 389 organisations (2014: 403) received total donations of EUR 0.2 million (2014: EUR 0.3 million) in this way. The low interest rate climate and low interest rates on savings accounts that result from it discouraged some customers to donate part of the interest they receive.

## 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).

## Outstanding loans per sector in 2015

**ENVIRONMENT 37 %**  
**SOCIAL 24 %**  
**CULTURE 14 %**  
**RESIDENTIAL SUSTAINABLE MORTGAGES,  
MUNICIPALITIES AND PRIVATE LOANS 25 %**



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 [www.triodos.com](http://www.triodos.com).

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 (37%, 2014: 43%)

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.

#### Social (24%, 2014: 26%)

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%, 2014: 15%)

This sector covers loans to organisations working in education, retreat centres, religious groups, cultural centres and organisations, and artists.

#### Residential sustainable mortgages, municipalities and private loans (25%, 2014: 16%)

The remaining proportion of the loan book is primarily comprised of residential sustainable mortgages, plus some limited short-term loans including overdrafts on current accounts.

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 72% in 2015 (2014:

68%). 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 decreased to 62% (2014: 63%).

The quality of the loan book remained satisfactory overall, particularly in the light of the declining quality of lending in many European banks, and 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 of the impairments for the loan portfolio to 0.16% of the average loan book (2014: 0.28%). This is lower than the Triodos Bank's long-term internal benchmark for impairments of 0.25%. These impairments are taken in case potential losses resulting from defaults by borrowers become a reality.

Growth of the loan portfolio amounted to EUR 949 million or 22%. Expected growth was between 5% and 15%. An important part of this growth is a substantial increase in larger loans to Dutch, Belgian and German municipalities, primarily because of liquidity management.

These investment-type loans in the public sector are included in the loan portfolio in accordance with regulations related to financial reporting. Without this the loan portfolio would have grown by approximately 13%, mainly because of the increase of the mortgage portfolio by 52%. The increase in business loans was

# 30,700

Organic land on farms financed by Triodos Bank and Triodos Investment Management produced enough food to feed approximately 30,700 people in 2015.

limited to 9%. The distribution of growth over the sectors has been deliberate to achieve more diversification and to lower the risk profile of the portfolio.

Competition between banks in the lending market has revived after a period of restructuring and recapitalisation. Banks regard sustainability as an emerging market and have continued to make inroads into it competing aggressively to take advantage of available lending opportunities.

### Prospects

Triodos Bank's balance sheet total is expected to grow more modestly. Growth of approximately 10% is expected in 2016.

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 continue in the UK in 2016. The number of customers is expected to grow in 2016 by between 10 and 15% across the Group.

We want to realise a loans to deposits ratio of between 65 and 70%, excluding investment-type loans in the public sector.

The loan portfolio and funds entrusted are expected to increase by approximately 10% respectively. Triodos Bank's ambitions are to focus primarily on the quality and diversification of its loan portfolio while realising modest growth. In that context 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.

### Triodos Investment Management

Investments take place through investment funds or investment institutions bearing the Triodos name and are managed by Triodos Investment Management, which consists of Triodos Investment Management BV and Triodos Investment & Advisory Services BV, both wholly owned subsidiaries of Triodos Bank NV. Triodos Investment & Advisory Services BV has been incorporated, in July 2014, resulting from the

implementation of the Alternative Investment Fund Managers Directive (AIFMD).

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 18 funds, for both individual and institutional investors, totalling EUR 3.1 billion assets under management. In 2015 Triodos Investment Management introduced a new investment fund: Triodos Multi Impact Fund. This 'fund-of-funds' meets a strong demand from Dutch retail investors to make their money work in multiple sectors that are all key in the transition to a fairer and more sustainable world. The total growth of the investment funds was EUR 500 million, up 19% (2014: 6%) reflecting a favourable investment climate.

The continuing increase in total funds entrusted to Triodos Investment Management also reflects investors' appetite for sustainable and impact investments. Worldwide, investors are increasingly opting for meaningful and measurable impact in addition to financial results. This development is of great 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, although at a more moderate level than in 2014, with an increase of 26%, 17% and 32% respectively (2014: 53%, 26% and 40%).

### Prospects

Triodos Investment Management is confident that its funds will continue to attract investors, building on over 20 years experience in bringing together values, vision, and financial returns on investment. With an

increasing demand across Europe from investors in impact investment looking for an experienced, reliable and professional impact investment partner, it will broaden its international distribution strategy by adding new markets to its distribution network. To strengthen its reputation as an innovative investment manager Triodos Investment Management will continue to seek development and growth, both through expansion within existing funds and through the creation of new values-based investment solutions, including further exploring the development of its SRI Funds. Overall, Triodos Investment Management is well positioned for further growth.

Triodos Investment Management's strategic focus will continue to be on third party distribution to retail investors (other banks and Triodos Bank) and professional investors that cater for impact investment solutions for individual investors, and will further develop its international distribution network and institutional investor base.

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 approximately EUR 3.6 billion in 2016.

### Triodos Bank 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. Asset growth is a secondary objective. This dialogue sends a clear message to investees that a strong and energetic movement is driving larger, publicly financed companies to adopt sustainable policies. Private Banking increased its funds under management by 12% to EUR 1,381 million slightly below a target of 15 to 20% mainly due to a lower growth in the foundation and charity portfolio. EUR 461 million of these funds are managed by Triodos Private Banking and accounted for on the balance sheet of the Dutch branch.

### Prospects

Triodos Private Banking expects interest in its sustainable investment offering in The Netherlands and Belgium to continue to be substantial and expects long term growth to be between 10 and 15%.

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](http://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

# 1,381 million

Private Banking increased its funds under management by 12% to EUR 1,381 million.

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 results 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. The results of these assessments are part of the business plan cycle.

The strategic risk assessment outcomes form the starting point and foundation for determining the risk appetite, the assessment of the capital and liquidity requirements in relation to the risk appetite and recovery plan in case of deviation. In addition, the local risk sensitivities were reviewed to determine scenarios that were used to stress test Triodos Bank's solvency, liquidity and profitability during 2015. 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 is an important monitoring tool for Triodos Bank's risk profile, gives insights on specific risk themes, and provides an integrated picture of risk at business unit level. This report is produced quarterly and discussed with the Supervisory Board's Audit and Risk Committee.

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

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

The assessment of credit risk is as close as possible to the client, and therefore primarily the responsibility of local branches, who are responsible for daily operations. 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 already complies with the capital and liquidity requirements that will be fully implemented 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 introduces new measures to strengthen the capital base of all the banks as a consequence of the financial crisis. Triodos Bank aims for a regulatory solvency ratio of at least at least 16%, well above its own internal economic capital adequacy models 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 common equity. Economic capital is calculated periodically and supports Triodos Bank's own view of capital adequacy for the purpose of the yearly Internal Capital Adequacy Assessment Process, which is reviewed by the Dutch Central Bank.

In 2015, Triodos Bank successfully raised capital from its customers of over EUR 39.6 million. This has helped it to maintain a regulatory solvency ratio of

19.0%, at the end of 2015, well above both external and its own internal requirements.

Triodos Bank's liquidity position remained very strong during 2015. Its policy is to invest excess liquidities in highly liquid assets and/ or inflow generating assets in the country where it has branches. In The Netherlands Triodos Bank has invested its liquidities mainly in (green) bonds of the Dutch government, agencies, and banks, cash loans to municipalities, deposits with commercial banks and the Dutch Central Bank. In Belgium most of its liquidity has been invested in (local) Belgian government bonds. In Spain the liquidity surplus is invested in bonds of the Kingdom of Spain, Spanish regions and agencies and deposited with the Spanish Central Bank. In the UK the excess liquidity is invested in UK government bonds and placed on deposits with commercial banks. In Germany, the surplus liquidities are placed with local governments and with commercial 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 114.

### **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 an internal statement providing positive assurance in the coming years.

The Executive Board has no indication that the risk management and control systems have not functioned adequately and effectively in 2015.

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. In addition, 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 appointed in every branch. The Director of Risk and Compliance reports to the Executive Board and has an escalation line to the Chair of the Audit and Risk Committee, that supports the independence of the Risk Control Function as a countervailing power to the business.

There were no significant incidents in 2015 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](http://www.triodos.com/businessprinciples).

Zeist, 25 February 2016

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

## Biographies

### **Pierre Aeby (1956), CFO**

Pierre Aeby has been statutory Member of the Executive Board of Triodos Bank N.V. since 2000. 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 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 and Member of the Board of Vlaams Cultuurhuis De Brakke Grond. He is of Belgian nationality and owns 21 Triodos Bank depository receipts.

### **Jellie Banga (1974), COO**

Jellie Banga has been statutory Member of the Executive Board of Triodos Bank N.V. since September 2014. She is Chief Operating Officer and was first appointed to the Executive Board as a non-statutory Member in 2013. Jellie Banga is a Member of the Board of Stichting Triodos Sustainable Finance Foundation and a Member of the Advisory Board of Stichting Lichter. She is of Dutch nationality and does not own any Triodos Bank depository receipts.

### **Peter Blom (1956), CEO**

Peter Blom has been statutory Member of the Executive Board of Triodos Bank N.V. since 1989 and is Chair of this 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 and a Board member of Triodos Invest CVBA. 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](http://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 also has a representative office in France (Paris). The head office and statutory seat 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 object and mission, its business interests, and the interests of the depository receipt holders. Triodos Bank depository receipts are not listed on any stock exchange. Instead, Triodos Bank maintains its own platform for trading in depository

### Number of statement of depository receipts per holder

Issued capital in millions of EUR	Depository receipt holders		Issued capital	
	2015	2014	2015	2014
1 – 50	13,523	12,981	20.6	19.1
51 – 500	18,535	16,557	265.6	225.7
501 – 1,000	2,405	1,994	132.3	106.2
1,001 and more	1,272	1,059	362.0	352.6
<b>Total</b>	<b>35,735</b>	<b>32,591</b>	<b>780.5</b>	<b>703.6</b>

### Number of depository receipts per country

	Depository receipts × 1,000		Depository receipt holders	
	2015	2014	2015	2014
The Netherlands	5,607	5,328	19,199	17,019
Belgium	1,901	1,785	6,217	5,917
United Kingdom	245	245	2,014	1,982
Spain	1,842	1,613	7,925	7,508
Germany	92	44	380	165
<b>Total</b>	<b>9,687</b>	<b>9,015</b>	<b>35,735</b>	<b>32,591</b>

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

as a percentage	2015	2014
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	5.6	5.8
Delta Lloyd Levensverzekering NV	3.9	4.1
Stichting Grafische Bedrijfspensioenfondsen	0.0	3.0

The above institutions are the largest of the total of 3 (2014: 5) institutions that have a participating interest of at least 1%. Their total participating interest is 10.5% (2014: 16.8%).

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 Executive Board 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 the Executive Board, to benefit its business interests. Members of the Supervisory Board are appointed and reappointed by the General Meeting of Triodos Bank, based on recommendations from the Supervisory Board.

### Triodos Bank's Executive Board

The members of the Executive Board have a shared overall responsibility for the management of Triodos Bank. The Executive Board members have a leadership role in strategic development, alignment and ensuring the delivery of the organisation's goals. They are accountable to the Supervisory Board who appoints them.

### 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 members of the Executive Board 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 co-workers and one member of the Executive Board 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 companies whose shares are listed on a regulated market. Even though Triodos Bank's depository receipts are not listed on any regulated market 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](http://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 and appointments. 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 and former Executive Board or Supervisory Board members of the bank can be appointed as members of the Board of SAAT.

The second instance relates to the term of office of Executive Board members. 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 in the Code that states that a person may be appointed to the Supervisory Board for a maximum of three, four-year terms. Its articles of association allow the General Meeting to re-appoint a member of the Supervisory Board, in exceptional circumstances, after his or her maximum number of terms has been completed. This creates extra time and space for the Supervisory Board to fill vacancies with high quality people.

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 holds 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. Instead, it 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 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 and has been revised in 2014. The Banking Code is part of a package of new developments for the banking industry called 'Future Oriented Banking' introduced by the Dutch Bankers' Association (NVB). The package includes, besides the revised Banking Code, a Social Charter and rules of conduct associated with the Dutch bankers' oath.

The revised Banking Code came into effect on 1 January 2015. 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 the banks' culture. 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](http://www.triodos.com/governance).

## Bankers' Oath and rules of conduct

The Dutch Bankers' Oath was introduced on 1 April 2015. All co-workers of Dutch banks are required to

take this oath. A co-worker hereby declares that he or she will comply with the rules of conduct set by the NVB. The rules of conduct have been drawn up in line with Triodos Bank's own, existing Business Principles. By taking the oath Triodos Bank makes more explicit what the bank already does.

## Corporate Governance Statement

The Executive Board of Triodos Bank has drafted a Corporate Governance 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). This statement forms part of the 2015 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](http://www.triodos.com/statements). The statement can be found in the online annual report and at [www.triodos.com/statements](http://www.triodos.com/statements).

# Supervisory Board Report

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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, conversations and visits. These are scheduled so that all substantive areas of Triodos Bank are covered within a two-year time frame.

## Triodos Bank in a changing banking landscape

The Supervisory Board is pleased that Triodos Bank 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.

Social, technological, regulatory and market developments affected and changed the banking landscape in 2015. These changes influence banking business models including Triodos Bank's and have directly impacted on its plans for the next three years. The Supervisory Board welcomes its response, and particularly its plans for the coming three years. The organisation is an effective, integrated values based bank that is well aware of its strengths and its opportunities in the market. During 2015 comprehensive discussions across the bank led to a strategic focus and a concrete solid business plan for the next three years to generate more impact, maintain a resilient financial foundation and deliver a fair return.

The Supervisory Board 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.

## Activities of the Supervisory Board

### The Triodos Essence and strategy development

In 2015, the Supervisory Board contributed to the development of the Triodos 2025 strategy process and its translation into the 2016-2018 business plan. The Supervisory Board sees that the issues that are important to the bank's stakeholders are reflected in

Triodos Bank's strategic approach. The Supervisory Board specifically discussed the Essence of Triodos Bank to ensure full alignment on the values and the role they play in the business.

### Impact, Risk, Return

2015 was marked by managed growth, increased impact and robust financial performance. However, the ratio of funds entrusted to loans continued to be an issue 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 improve the balance.

Because of changing capital requirements, the Supervisory Board monitors the financial health of Triodos Bank, its financial ratios, its capital position and the impact of stricter regulatory capital requirements. In 2015, an internal project to make an important step-up in governance and risk management was formally closed. Triodos Bank is a midsize bank that is able to comply with the new regulations and well-established for further growth.

### Other topics

During 2015, topics discussed at the Supervisory Board's meetings and contacts with the Executive Board included:

- Strategy: the Triodos 2025 process and the business plan 2016-2018, developments in different countries and at Triodos Investment Management, the main strategic risks of the business, and a quarterly analysis of Triodos Bank's overall performance and health.
- Finance: Triodos Bank's financial and economic developments and their possible impact. More specifically, the bank's capital position, the financial results 2014, the management letter, the 2014 annual report and the Executive Board report and the half-year report.
- Risk and Audit: the design and effectiveness of the internal risk management framework and control systems, the 'risk appetite' and the actual risk profile, the audit findings, the auditor's reports, quarterly reports and loan reports, the readiness for, and implementation of, new capital and other regulatory requirements.

- Human resource management: senior management development and talent management, organisational changes and the company culture, the annual revision of the international remuneration and nomination 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).
- Business Units: Meetings were held with the management of local branches and Triodos Investment Management by individual Supervisory Board members, together with a representative of the Board of SAAT and the Executive Board. Presentations were given by local branch management and Triodos Investment Management. The Supervisory Board closely followed developments in the branches in Spain, Belgium and the United Kingdom, particularly due to changes in senior management, and Germany because the branch has not yet reached break-even. The Supervisory Board was not only timely informed about changes in senior management but also fully endorsed the decisions of the Executive Board.
- Contacts with the Dutch Central Bank: The Chair, the Vice Chair and the Chair of the Audit & Risk Committee met twice with the Dutch Central Bank. 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 in advance of 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 six. At Triodos Bank's General Meeting in May 2015, Margot Scheltema and Marcos Eguiguren retired from the Supervisory Board. Udo Philipp was appointed as a Supervisory Board member for his supervisory experience and familiarity with the European financial markets, and Germany in particular. Mathieu

van den Hoogenband was also reappointed for a period of two years. The composition of the Supervisory Board was carefully considered during this process in the light of the required competences.

### 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. From May 2015, there were five male and one female Supervisory Board members. With respect to future appointments and reappointments, the Supervisory Board will strive to meet the gender target set by Dutch law, in line with its diversity policy, while safeguarding the required continuity of the collective tasks and responsibilities of the Supervisory Board.

## Committees 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

- Carla van der Weerd (Chair)
- Ernst-Jan Boers
- David Carrington (from 22 May 2015)

### Nomination and Compensation Committee

- Mathieu van den Hoogenband (Chair)
- Aart Jan de Geus
- Udo Philipp (from 22 May 2015)

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

## Activities of the Audit and Risk Committee

The Audit and Risk Committee (ARC) met five times during 2015. Triodos Bank's Chief Financial Officer, the Head of Internal Audit, the Director Risk and the external auditors were present at all meetings. Three of the five ARC meetings concentrated on risk, with audit and other matters included as less prominent agenda items. Financial results and audit matters were the main topics in the other two 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.

Carla van der Weerd has been a member of the ARC for 5 years and was appointed as Chair of the ARC in May, to succeed Margot Scheltema, because of her extensive experience with Triodos Bank and banking more broadly.

David Carrington joined the ARC in May, for his experience and the role he played in discussions about the oversight of the risk management of Triodos Bank, and to ensure a balanced distribution of competences across the committees. With his appointment, the Chair and Vice Chair of the Supervisory Board are divided over both committees. In its regular review of the (semi-) annual results, the ARC satisfied itself that the numbers 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 financial results and the outlook of the individual branches were discussed in the ARC before discussed in the full Supervisory Board.

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 and the added value of the audit department, as measured by a number of KPIs, has been improved and will continue to be in 2016. The ARC will monitor this closely.

As part of its regular agenda, the ARC reviewed and discussed the yearly update of the risk appetite framework and statement, as well as 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 the Director Risk. The regular review of Triodos Bank's concentration risk has led to further diversification measures, which will reduce the concentration in 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 and discussed in 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 external auditor starting with the 2016 financial year. A carefully managed tender process has been carried out and the proposal has been approved 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. Udo Philipp joined the NCC in May as a new member.

One of the NCC's primary roles is to advise the Supervisory Board about the remuneration and nomination policy of Triodos Bank in general and to set the remuneration packages of the members of the Executive Board. It also advises the Supervisory Board on the appropriateness of the general conditions of the remuneration packages of Managing Directors

reporting directly to the Executive Board. Triodos Bank’s international remuneration and nomination policy is in line with European and Dutch regulation regarding remuneration of financial institutions. For more information on the international remuneration and nomination policy please refer to page 84 of the annual accounts.

The nomination issues in 2015 included the composition of the Supervisory Board and the nomination for appointment of a Board of SAAT member. The Chair of the NCC together with the Supervisory Board Chair reviewed the performance of the members of the Executive Board in personal interviews, setting priorities for 2016. The NCC was also involved in a management exit interview.

The NCC organised a two day session as part of a permanent education programme for the Supervisory Board and the Executive Board. In 2015, the programme focused on board dynamics, European regulation relating to among others banking, financial products and corporate governance, and Triodos Bank’s business model.

### 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 Supervisory Board, each individual is required to have at least 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 Supervisory 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.

Name (nationality)	Year of birth	Gender	Sustainability and other expertise particularly relevant to Triodos	Key areas of expertise			
				Banking and Finance	Audit and Risk	Governance and Management	HR and Organisational Development
Aart Jan de Geus (Dutch) (chair)	1955	M	•			•	•
David Carrington (British)	1946	M	•		•	•	
Ernst-Jan Boers (Dutch)	1966	M		•	•	•	
Mathieu van den Hoogenband (Dutch)	1944	M	•			•	•
Udo Philipp (German)	1964	M	•	•	•		
Carla van der Weerdt (Dutch)	1964	F		•	•	•	



## Meetings of the Supervisory Board

All meetings of the Supervisory Board are held jointly with the Executive Board. Every meeting in 2015 (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 members of the Executive Board.

Since 2012, at least one Supervisory Board meeting per year has been held in a country with a branch office. In 2015 this meeting took place in Triodos

Bank's Netherlands branch. A series of presentations and discussions were held with senior management, developing and deepening insights into Triodos Bank's Dutch 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 2015

Supervisory Board members in 2015	Supervisory Board meeting (6)	Audit and Risk Committee meeting (5)	Nomination and Compensation Committee meeting (6)
Aart Jan de Geus	6/6		6/6
David Carrington***	6/6	3/3	3/3
Ernst-Jan Boers	6/6	5/5	
Marcos Eguiguren Huerta*	3/3	2/2	
Mathieu van den Hoogenband	6/6		6/6
Udo Philipp**	2/3		2/3
Margot Scheltema*	3/3	2/2	
Carla van der Weerd	6/6	4/5	

\* Margot Scheltema and Marcos Eguiguren Huerta retired on 22 May 2015.

\*\* as from 22 May 2015

\*\*\* On 22 May, David Carrington stepped down from the Nomination and Compensation Committee to become a member of the Audit and Risk Committee.

## Independence and Self-evaluation

### Independence

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. The Supervisory Board complies with the independence criteria of the Dutch Corporate Governance Code. Aart Jan de Geus deviates from one of the independence criteria (article III.2.2) of the Dutch Corporate Governance Code because a family member is a co-worker.

### 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 2015.

### Education

As part of the Supervisory 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 2014 self-evaluation were discussed by the Supervisory Board, and recommendations have been 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 in the last quarter of 2015 by two external facilitators. They facilitated a session with the Supervisory Board and the Executive Board on board dynamics, followed by interviews with each Supervisory Board member. The

results of the evaluation are being discussed by the Supervisory Board in February 2016.

The Executive Board members shared their personal key priorities for 2016 with the Chairs of the Supervisory Board and the Nomination and Compensation Committee. This is being evaluated by the Supervisory Board early 2016.

## Conclusion

The Supervisory Board is of the opinion that the Annual Accounts and the Executive Board Report provide a true and fair view of Triodos Bank's position. The Supervisory Board proposes that the shareholders adopt the Annual Accounts of 2015 and discharge the members of the Executive Board for their management of Triodos Bank during 2015 and the members of the Supervisory Board for their 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 2016 and will continue to act as a reference point for the banking industry.

Zeist, 25 February 2016

Supervisory Board,  
Aart Jan de Geus, Chair  
David Carrington, Vice-Chair  
Ernst Jan Boers  
Mathieu van den Hoogenband  
Udo Philipp  
Carla van der Weerd

## Biographies

### Aart Jan de Geus (1955), Chair

Aart Jan de Geus is Chair of the bank's Supervisory Board and a Member of Triodos Bank's Nomination and Compensation Committee. He is Chair and CEO of the Bertelsmann Stiftung, a German think-tank. Before, 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 Vakcentrale CNV. 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.

### 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, a financial Member of the Board of Coöperatie Medische Staf Gelre U.A. and a Member of the Supervisory Board of Coöperatie Univé U.A.. 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 Vice-Chair of Triodos Bank's Supervisory Board and a Member of Triodos Bank's Audit and Risk 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. 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 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 in Business, Life Stages, and International Marketing Management at the SRH Business School Berlin and Alanus Hochschule in Bonn-Alfter. Mathieu van den Hoogenband was first appointed in 2007 and his present term expires in 2017. He is of Dutch nationality and owns 978 Triodos Bank depository receipts.

### Udo Philipp (1964)

Udo Philipp is a Member of Triodos Bank's Nomination and Compensation Committee. He is an advisor to Sven Giegold, Member of the European Parliament in Brussels, and Dr. Gerhard Schick, Member of the Bundestag in Berlin (both German Green Party). He was Managing Director and Founding Partner of the German subsidiary of EQT Partners based in Munich and held various senior positions at EQT. Prior to this Udo Philipp was CFO of Bertelsmann Professional Information, Munich and CEO of its medical publishing division, Private Secretary to the Federal Minister of Economics and consultant. He started his career in corporate banking with Dresdner Bank. Udo Philipp was first appointed in 2015 and his present term expires in 2019. He is of German nationality and does not own any Triodos Bank depository receipts.

### Carla van der Weerd (1964)

Carla van der Weerd is Chair 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 Weerd is a Member of the Supervisory Board and Chair of the Audit Committee of BinckBank N.V. and a member of the Supervisory Board of DSW Zorgverzekeraar U.A. Carla van der Weerd 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 2015

## Triodos Bank NV

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## Consolidated Balance Sheet as at 31 December 2015

Before appropriation of profit in thousands of EUR	Reference*	31.12.2015	31.12.2014
<b>Assets</b>			
Cash	1	285,819	175,225
Government paper	2	213,233	208,782
Banks	3	545,152	575,743
Loans	4	5,215,692	4,266,324
Interest-bearing securities	5	1,689,968	1,710,625
Shares	6	65	4
Participating interests	7	13,803	8,720
Intangible fixed assets	8	18,589	13,364
Property and equipment	9	58,392	39,821
Other assets	10	18,154	13,215
Prepayments and accrued income	11	152,284	140,581
<b>Total assets</b>		<b>8,211,151</b>	<b>7,152,404</b>
<b>Liabilities</b>			
Banks	12	39,798	54,627
Funds entrusted	13	7,282,564	6,288,828
Other liabilities	14	20,744	19,208
Accruals and deferred income	15	78,840	79,489
Provisions	16	3,438	1,377
Subordinated liabilities	17	5,250	5,250
Equity	18	780,517	703,625
<b>Total equity and liabilities</b>		<b>8,211,151</b>	<b>7,152,404</b>
Contingent liabilities	19	63,060	62,260
Irrevocable facilities	20	717,672	593,771
		<b>780,732</b>	<b>656,031</b>

\* References relate to the notes to the financial statements starting on page 59. These form an integral part of the consolidated annual accounts.

## Consolidated Profit and Loss Account for 2015

in thousands of EUR	Reference*	2015	2014
<b>Income</b>			
Interest income	21	182,752	173,654
Interest expense	22	-39,855	-47,404
<b>Interest</b>		<b>142,897</b>	<b>126,250</b>
Income from other participations	23	101	109
<b>Investment income</b>		<b>101</b>	<b>109</b>
Commission income	24	71,071	65,025
Commission expense	25	-3,396	-2,841
<b>Commission</b>		<b>67,675</b>	<b>62,184</b>
Result on financial transactions	26	774	551
Other income	27	142	497
<b>Other income</b>		<b>916</b>	<b>1,048</b>
<b>Total income</b>		<b>211,589</b>	<b>189,591</b>
<b>Expenses</b>			
Co-worker and other administrative expenses	28	142,387	131,191
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	29	7,833	7,162
<b>Operating expenses</b>		<b>150,220</b>	<b>138,353</b>
Impairments loan portfolio	30	7,579	11,093
Value adjustments to participating interests		-210	-181
<b>Total expenses</b>		<b>157,589</b>	<b>149,265</b>
Operating result before taxation		54,000	40,326
Taxation on operating result	31	-13,273	-10,201
<b>Net profit</b>		<b>40,727</b>	<b>30,125</b>
<b>Amounts in EUR</b>			
Net profit per share		4.40	3.41
Dividend per share		1.95	1.95

## Consolidated Statement of Comprehensive Income for 2015

in thousands of EUR	2015	2014
<b>Net result</b>	<b>40,727</b>	<b>30,125</b>
Revaluation of property, equipment and participating interest after taxation	104	200
Exchange rate results from business operations abroad after taxation	563	590
<b>Total amount recognised directly in equity</b>	<b>667</b>	<b>790</b>
<b>Total comprehensive income</b>	<b>41,394</b>	<b>30,915</b>



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## Consolidated Statement of Changes in the Equity for 2015

in thousands of EUR

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### Equity as at 1 January 2014

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

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### Equity as at 31 December 2014

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

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### Equity as at 31 December 2015

	Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
	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
	24,858	14,763					39,621
	8,739	-8,739					-
			104				104
			9		-9		-
				563			563
					12,375	-12,375	-
						-17,750	-17,750
					13,633		13,633
					-		-
				5,213	-5,213		-
					-6		-6
						40,727	40,727
	484,329	123,935	503	11,286	119,737	40,727	780,517

## Consolidated Cashflow Statement for 2015

in thousands of EUR	2015	2014
<b>Cashflow from operating activities</b>		
Net profit	40,727	30,125
Adjustments for:		
• depreciation	7,823	7,160
• value adjustments to receivables	7,579	11,093
• value adjustments to participating interests	-210	-181
• exchange rate differences on property and equipment	180	-196
• movements in provisions	2,061	367
• other movements in accrued and deferred items	-12,352	-7,253
<b>Cashflow from business operations</b>	<b>45,808</b>	<b>41,115</b>
Movement in government paper	-4,451	-160,782
Movement in banks, deposits not on demand	144,882	-137,111
Movement in loans	-956,947	-732,701
Movements in shares	-61	-
Movement in banks, liabilities not on demand	-14,829	-7,478
Movement in funds entrusted	993,736	638,725
Other movements from operating activities	-3,410	1,984
<b>Cashflow from operating activities</b>	<b>204,728</b>	<b>-356,248</b>
<b>Cashflow from investment activities</b>		
Investment in interest-bearing securities	-1,041,277	-1,066,526
Desinvestment in interest-bearing securities	1,061,934	580,081
Investment in participating interests	-4,208	-123
Desinvestment in participating interests	-	-
Net investments in:		
• intangible fixed assets	-8,598	-4,231
• property and equipment	-23,192	-5,020
<b>Cashflow from investment activities</b>	<b>-15,341</b>	<b>-495,819</b>
<b>Cashflow from financing activities</b>		
Redemption in subordinated liabilities	-	-50
Increase in equity	39,621	23,029
Payment of cash dividend	-4,117	-4,354
Purchases of depository receipts for own shares	-6	3
<b>Cashflow from financing activities</b>	<b>35,498</b>	<b>18,628</b>
<b>Net cashflow</b>	<b>224,885</b>	<b>-833,439</b>
Cash and cash equivalents at beginning of the year	359,677	1,193,116
<b>Cash and cash equivalents at the end of the year</b>	<b>584,562</b>	<b>359,677</b>
On demand deposits with central banks	285,819	175,225
On demand deposits with banks	298,743	184,452
<b>Cash and cash equivalents at the end of the year</b>	<b>584,562</b>	<b>359,677</b>
Supplementary disclosure of the cashflow from operating activities		
Interest paid	-41,225	-48,347
Interest received	185,448	168,765
Tax on profit paid	-15,054	-9,365
Dividend received from investments	101	109

# 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-fifth 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 recognised 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 in 2014 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 eleven 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.

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

Triodos Bank has documented its hedging strategy and how it relates to the objective of risk management. Triodos Bank has documented its assessment of whether the derivatives that are used in hedging transactions are effective in offsetting:



- currency results of the hedged items using generic documentation;
- interest rate results of the hedged items using documentation per hedged item.

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

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

### 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:

	2015	2014
On demand deposit Dutch Central Bank	157,282	71,829
On demand deposit Belgian Central Bank	12,376	11,663
On demand deposit German Central Bank	1,798	1,424
On demand deposit Spanish Central Bank	97,367	78,470
Cash in ATM's	16,996	11,839
<b>Balance sheet value as at 31 December</b>	<b>285,819</b>	<b>175,225</b>

### 2. Government Paper

	2015	2014
Dutch treasury bonds	–	90,000
Spanish treasury bonds	140,000	75,000
United Kingdom treasury bonds	73,233	43,782
	<b>213,233</b>	<b>208,782</b>

The movement in the Government paper is as follows:

	2015	2014
Balance sheet value as at 1 January	208,782	48,000
Purchase	382,397	278,782
Repayments	–380,268	–118,000
Sale	–	–
Exchange rate results on foreign currencies	2,322	–
<b>Balance sheet value as at 31 December</b>	<b>213,233</b>	<b>208,782</b>

### 3. Banks

	2015	2014
On demand deposits with banks	298,743	184,452
Deposits with banks	246,409	391,291
	<b>545,152</b>	<b>575,743</b>

The on demand deposits can be freely disposed of.

Banks classified by residual maturity:

	2015	2014
On demand	298,743	184,452
1 to 3 months	245,409	326,791
3 months to 1 year	–	62,500
1 to 5 years	1,000	1,000
Longer than 5 years	–	1,000
	<b>545,152</b>	<b>575,743</b>

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

	2015	2014
ABN Amro	119,930	135,709
Banco Cooperativo	26,436	29,750
Barclays	55,919	46,336
Belfius Bank	3	40,003
Coventry	40,680	38,631
DZ Bank	27,819	4,609
Frankfurter Volksbank	16	29,549
ING Bank	55,285	42,574
Van Lanschot Bank	1,384	2,051
Nationwide Building Society	40,680	38,631
Rabobank	101,936	99,232
Royal Bank of Scotland	51,894	45,801
Yorkshire Bank	20,340	19,316
Other	2,830	3,551
	<b>545,152</b>	<b>575,743</b>

#### 4. Loans

	2015	2014
Loans	5,283,743	4,334,038
Provision for doubtful debts	-68,051	-67,714
	<b>5,215,692</b>	<b>4,266,324</b>

This relates to loans to customers.

Loans classified by residual maturity:

	2015	2014
Payable on demand	218,517	257,525
1 to 3 months	730,377	337,852
3 months to 1 year	359,261	283,496
1 to 5 years	1,202,835	1,038,412
Longer than 5 years	2,772,753	2,416,753
	<b>5,283,743</b>	<b>4,334,038</b>

EUR 726.5 million (2014: EUR 302.0 million) of the loans relates to loans to local authorities with a maximum original maturity of one year and one day.

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

	2015 Specific	2015 General	2015 Total	2014 Specific	2014 General	2014 Total
Balance sheet value as at 1 January	66,717	997	67,714	61,201	848	62,049
Addition	11,796	1,778	13,574	21,042	288	21,330
Write-off	-7,682	-	-7,682	-6,448	-	-6,448
Release	-5,591	-228	-5,819	-9,436	-160	-9,596
Exchange rate differences	253	11	264	358	21	379
<b>Balance sheet value as at 31 December</b>	<b>65,493</b>	<b>2,558</b>	<b>68,051</b>	<b>66,717</b>	<b>997</b>	<b>67,714</b>

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 2.6 million (2014: EUR 1.0 million).

EUR 0.4 million of the addition to the provision relates to interest that has been invoiced but has not been received (2014: EUR 0.9 million).

## 5. Interest-bearing Securities

	2015	2014
Dutch Government bonds	119,800	269,800
Belgian Government bonds	285,600	336,144
Spanish Government bonds	332,300	289,000
United Kingdom Government bonds	87,733	97,093
Other bonds	864,535	718,588
	<b>1,689,968</b>	<b>1,710,625</b>

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

	2015	2014
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO) Sustainable bond (government guaranteed), The Netherlands <sup>1)</sup>	170,000	140,000
Instituto de Credito Oficial (government guaranteed), Spain	96,672	75,000
Climate Awareness bond European Investment Bank <sup>1)</sup>	61,780	55,000
Region Wallonne, Belgium	60,000	30,000
Sustainable energy bond Landwirtschaftliche Rentenbank (government guaranteed), Germany <sup>1)</sup>	50,000	50,000
Regional Government, Spain	49,865	35,640
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO) (government guaranteed), The Netherlands	40,000	40,000
Nordic Investment Bank, Finland <sup>1)</sup>	40,000	40,000
Bank Nederlandse Gemeenten (BNG), The Netherlands	36,683	70,753
European Investment Bank	35,000	35,000
NRW Bank green bond (government guaranteed), Germany <sup>1)</sup>	34,560	15,000
Société Régionale Wallonne du Transport (government guaranteed), Belgium	30,000	15,000
La Communauté française de Belgique, Belgium	25,000	15,000
Aquafin NV, Belgium <sup>1)</sup>	20,000	–
Kreditanstalt für Wiederaufbau (government guaranteed) Germany <sup>1)</sup>	19,780	13,000
ABN AMRO Bank N.V., The Netherlands <sup>1)</sup>	16,000	–
De Société Publique de Gestion de l'Eau (SPGE), Belgium	15,000	15,000
Nederlandse Waterschapsbank, The Netherlands	14,895	14,895
Nederlandse Waterschapsbank, The Netherlands <sup>1)</sup>	12,000	12,000

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

	2015	2014
Bayern, Freistaat, Germany	10,800	10,800
Investitionsbank Berlin Anleihe, Germany	10,000	–
Provincie Vlaams-Brabant, Belgium	6,000	6,000
Brussels Region, Belgium	5,000	5,000
Societe Wallone du credit social (government guaranteed), Belgium	5,000	5,000
Ethias Vie, Belgium	500	500
Landwirtschaftliche Rentenbank, Germany	–	20,000
	<b>864,535</b>	<b>718,588</b>

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 45.5 million at the Dutch Central Bank (2014: EUR 50.0 million) and EUR 23.5 million at a bank in The Netherlands (2014: EUR 19.6 million). The security for drawn loans amounts to EUR 4.3 million (2014: EUR 8.3 million) at a bank in Spain.

In connection with differences between the acquisition prices and redemption values, as at 31 December 2015 an amount of EUR 39.8 million (2014: EUR 39.5 million) has been included under Prepayments and accrued income and an amount of EUR 1.5 million (2014: EUR 2.3 million) has been included under Accruals and deferred income.

As part of the interest rate risk management Triodos Bank entered into an interest rate swap to hedge the interest risk on a fixed interest rate bond. The critical terms of the interest rate swaps such as nominal amount, maturity date and interest payment dates fully match the terms of the respective bonds. The total notional value of these bonds is EUR 1,000 which equals the notional value of the interest rate swaps (EUR 1,000). The fair value of the interest rate swaps as at 31 december 2015 is EUR 0.1. Triodos Bank applies cost price hedge accounting on these interest rate swaps and therefore the fair value is not recognised on the balance sheet.

The movement in interest-bearing securities is as follows:

	2015	2014
Balance sheet value as at 1 January	1,710,625	1,224,180
Purchase	1,036,128	1,061,750
Repayments	–1,061,934	–580,081
Sale	–	–
Exchange rate results on foreign currencies	5,149	4,776
<b>Balance sheet value as at 31 December</b>	<b>1,689,968</b>	<b>1,710,625</b>

## 6. Shares

	2015	2014
S.W.I.F.T. SCRL	20	3
Triodos Multi Impact Fund	45	–
SEPA Biogasanlage Hattingen GmbH	–	1
	<b>65</b>	<b>4</b>

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 Triodos Multi Impact Fund are held in the framework of the Triodos Investment Management activities. The shares in SEPA Biogasanlage Hattingen GmbH were held in conjunction with a granted loan.

The movement in shares is as follows:

	2015	2014
Balance sheet value as at 1 January	4	4
Purchase	62	–
Sales	–1	–
	<b>65</b>	<b>4</b>

## 7. Participating Interests

	2015	2014
<b>Other participating interests</b>	<b>13,803</b>	<b>8,720</b>

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 13.8 million (2014: EUR 8.7 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, Sustainability – Finance – Real Economies SICAV-SIF, Luxembourg, Sustainalytics Holding B.V., Amsterdam and the Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague.



The movement in this item is as follows:

	2015	2014
Balance sheet value as at 1 January	8,720	7,630
Acquisitions	2,185	113
Increase of capital	2,023	10
Revaluation	313	377
Repayment of capital	–	–
Exchange rate results on foreign currencies	562	590
<b>Balance sheet value as at 31 December</b>	<b>13,803</b>	<b>8,720</b>

## 8. Intangible Fixed Assets

	2015	2014
Development costs for information systems	14,231	8,748
Management contracts	2,166	2,367
Computer software	2,192	2,249
	<b>18,589</b>	<b>13,364</b>

The development costs for information systems contain costs for the development of a Bank's ICT system.

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

	2015	2014
Purchase value as at 1 January	23,199	20,602
Cumulative amortisation as at 1 January	–14,451	–12,981
Balance sheet value as at 1 January	8,748	7,621
Capitalised expenses	7,243	2,658
Amortisation*	–1,760	–1,333
Impairments	–	–198
<b>Balance sheet value as at 31 December</b>	<b>14,231</b>	<b>8,748</b>

\* excluding disposal in the amount of EUR 0.2 million (2014: EUR 0.0 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:

	2015	2014
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-1,663	-1,461
Balance sheet value as at 1 January	2,367	2,569
Amortisation	-201	-202
<b>Balance sheet value as at 31 December</b>	<b>2,166</b>	<b>2,367</b>

## 9. Property and Equipment

	2015	2014
Property for own use	41,628	23,334
Equipment	16,764	16,487
	<b>58,392</b>	<b>39,821</b>

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

	2015	2014
Purchase value as at 1 January	29,100	28,587
Cumulative revaluation as at 1 January	-2,269	-2,269
Cumulative depreciation as at 1 January	-3,497	-3,061
Balance sheet as at 1 January	23,334	23,257
Purchase	19,081	513
Depreciation	-473	-436
Revaluation	-	-
Exchange rate differences	-314	-
<b>Balance sheet value as at 31 December</b>	<b>41,628</b>	<b>23,334</b>

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

The movement in equipment is as follows:

	2015	2014
Purchase value as at 1 January	34,414	31,504
Cumulative depreciation as at 1 January	-17,927	-15,676
Balance sheet value as at 1 January	16,487	15,828
Purchase	4,487	4,588
Sale*	-376	-81
Depreciation*	-3,977	-4,054
Exchange rate differences	143	206
<b>Balance sheet value as at 31 December</b>	<b>16,764</b>	<b>16,487</b>

\* excluding disposal in the amount of EUR 1.2 million (2014: EUR 1.9 million)

## 10. Other Assets

The other assets include a claim regarding the deposit guarantee scheme in the amount of EUR 4,551 (2014: EUR 3,759).

## 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:

	2015	2014
Premium on investments	39,653	39,467
Interest receivable	39,770	42,466
Deferred taxes	8,044	7,150
Other prepayments and accrued income	64,817	51,498
<b>Balance sheet value as at 31 December</b>	<b>152,284</b>	<b>140,581</b>

The deferred tax item mainly relates to losses of EUR 6.9 million (2014: EUR 6.4 million) incurred by the German branch 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 38,541 (2014: EUR 30,449). This is almost entirely hedged.

## Liabilities

### 12. Banks

	2015	2014
<b>Deposits from banks</b>	<b>39,798</b>	<b>54,627</b>

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:

	2015	2014
Payable on demand	–	5
1 to 3 months	996	1,300
3 months to 1 year	2,127	4,496
1 to 5 years	20,988	23,370
Longer than 5 years	15,687	25,456
	<b>39,798</b>	<b>54,627</b>

### 13. Funds Entrusted

	2015	2014
Savings accounts	4,866,530	4,392,823
Other funds entrusted	2,416,034	1,896,005
	<b>7,282,564</b>	<b>6,288,828</b>

Funds entrusted classified by residual maturity:

	2015	2014
Payable on demand	5,621,324	4,730,659
1 to 3 months	709,071	614,004
3 months to 1 year	433,928	404,659
1 to 5 years	446,953	442,052
Longer than 5 years	71,288	97,454
	<b>7,282,564</b>	<b>6,288,828</b>

#### 14. Other Liabilities

This item consists of various amounts payable, including Dutch and foreign taxation and social security contributions totalling EUR 11.9 million (2014: EUR 12.0 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:

	2015	2014
Discount on investments	1,460	2,277
Interest payable	13,109	14,479
Deferred taxes	3,646	3,518
Other accruals and deferred income	60,625	59,215
<b>Balance sheet value as at 31 December</b>	<b>78,840</b>	<b>79,489</b>

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 37,508 (2014: EUR 29,422). This is almost entirely hedged.

## 16. Provisions

	2015	2014
Building maintenance	2,743	1,372
Other provisions	695	5
	<b>3,438</b>	<b>1,377</b>

The movement of the provisions is as follows:

	2015	2014
Balance sheet value as at 1 January	1,377	1,010
Allocation	2,138	347
Withdrawal	-75	-6
Release	-4	-
Exchange rate differences	2	26
<b>Balance sheet value as at 31 December</b>	<b>3,438</b>	<b>1,377</b>

## 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 2015 an amount of EUR 5 (2014: EUR 9) has been included under Prepayments and accrued income.

The movement in subordinated liabilities is as follows:

	2015	2014
Balance sheet value as at 1 January	5,250	5,300
Withdrawal	-	-50
<b>Balance sheet value as at 31 December</b>	<b>5,250</b>	<b>5,250</b>

## 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 2015. The fair value of government paper and 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 government paper and interest-bearing securities has been included in the balance sheet value of the interest-bearing securities.

	2015 Balance sheet value	2015 Fair value	2014 Balance sheet value	2014 Fair value
<b>Assets</b>				
Cash	285,819	285,819	175,225	175,225
Government paper including discounts	213,135	213,220	208,782	208,714
Banks	545,152	545,309	575,743	575,809
Loans	5,215,692	5,233,553	4,266,324	4,294,845
Interest-bearing securities including premiums/discounts	1,728,259	1,788,324	1,741,949	1,818,691
Shares	65	65	4	4
Participating interests	13,803	13,803	8,720	8,720
Other	207,768	191,952*	173,460	153,880*
	<b>8,209,693</b>	<b>8,272,045</b>	<b>7,150,207</b>	<b>7,235,888</b>
<b>Liabilities</b>				
Banks	39,798	39,798	54,627	54,627
Funds entrusted	7,282,564	7,297,280	6,288,828	6,315,362
Other	106,814	107,004	103,127	103,534
Equity	780,517	780,517	703,625	703,625
Revaluation on equity	–	47,446	–	58,740
	<b>8,209,693</b>	<b>8,272,045</b>	<b>7,150,207</b>	<b>7,235,888</b>

\* 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.

	2015	2014
Currency forward contracts:		
Gross positive fair value	38,809	30,449
Netting benefits		
Netted current credit exposure	13,455	16,499
Collateral held	–	–
<b>Net derivatives credit exposure</b>	<b>52,264</b>	<b>46,948</b>
Current replacement cost	38,809	30,449
Potential future credit exposure	13,455	16,499
<b>Exposure value</b>	<b>52,264</b>	<b>46,948</b>

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 multiplying 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	32 months
Zeist, The Netherlands	166	24 months
Zeist, The Netherlands	410	36 months
Brussels, Belgium	809	96 months
Edinburgh, United Kingdom	31	105 months
Albacete, Spain	9	2 months
Badajoz, Spain	26	48 months
Barcelona, Spain	116	23 months
Bilbao, Spain	14	3 months
Gerona, Spain	12	37 months
Granada, Spain	31	10 months
La Coruña, Spain	37	9 months
Las Palmas, Spain	9	3 months
Madrid, Spain	230	23 months
Madrid, Spain	35	3 months
Madrid, Spain	19	3 months
Malaga, Spain	80	36 months
Murcia, Spain	24	7 months
Oviedo, Spain	80	11 months
Palma de Mallorca, Spain	22	4 months
Pamplona, Spain	16	3 months
Santa Cruz de Tenerife, Spain	14	3 months
Sevilla, Spain	24	3 months
Valencia, Spain	37	7 months
Valladolid, Spain	22	3 months
Zaragoza, Spain	15	6 months
Frankfurt, Germany	253	42 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 880.

### Commitments for software use

in thousands of EUR

The following commitments have been entered for software use:

- A fixed annual payment of EUR 100 regarding a mortgage tool.
- For a period of at least 3 year a variable annual charge of approximately EUR 285 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 672.
- Services relating payment transactions for a period of at least 5 years with an variable annual charge of approximately EUR 4,050.
- 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 240.
- 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 540.
- Services relating archive storage and destruction for a period of at least 3 years with an variable annual charge of approximately EUR 37.

Triodos Bank works since 2011 on the realisation of a new office building, with the objective to start using the building in 2016. Due to various factors, the effective start of the building works has been postponed to 2017. Completion of the new office is now scheduled for 2018.

## Income

### 21. Interest Income

	2015	2014
Loans	156,229	144,713
Banks	1,316	2,543
Government papers and interest-bearing securities	25,091	26,365
Other investments	116	33
	<b>182,752</b>	<b>173,654</b>

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 (2014: nil).

### 22. Interest Expense

	2015	2014
Funds entrusted	37,997	45,348
Subordinated liabilities	299	300
Banks	1,454	1,696
Other	105	60
	<b>39,855</b>	<b>47,404</b>

### 23. Investment Income

	2015	2014
Dividend from other participations	101	109
	<b>101</b>	<b>109</b>

#### 24. Commission Income

	2015	2014
Guarantee commission	778	605
Share register	2,733	1,936
Payment transactions	16,501	13,904
Lending	12,018	9,842
Asset Management	6,799	5,900
Management fees	31,600	32,028
Other commission income	642	810
	<b>71,071</b>	<b>65,025</b>

#### 25. Commission Expense

	2015	2014
Commission to agents	350	302
Asset Management	1,104	928
Other commission expense	1,942	1,611
	<b>3,396</b>	<b>2,841</b>

#### 26. Result on Financial Transactions

	2015	2014
Exchange results for foreign currency transactions	110	1
Transaction results on currency forward contracts	664	550
	<b>774</b>	<b>551</b>

#### 27. Other Income

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

## Expenses

### 28. Co-worker and Other Administrative Expenses

	2015	2014
Co-worker costs:		
• salary expenses	58,580	51,394
• pension expenses	7,327	5,839
• social security expenses	11,391	9,377
• temporary co-workers	9,602	6,802
• other staff costs	8,138	6,230
• capitalised co-worker costs	-2,672	-1,970
	<b>92,366</b>	<b>77,672</b>
Other administrative expenses:		
• office costs	5,096	4,653
• IT costs	7,916	7,139
• external administration costs	6,607	5,550
• travel and lodging expenses	3,676	3,567
• fees for advice and auditor	6,177	5,771
• advertising charges	8,187	6,767
• accommodation expenses	6,192	7,850
• other expenses	6,170	12,222
	<b>50,021</b>	<b>53,519</b>
	<b>142,387</b>	<b>131,191</b>
Average number of co-workers on a full-time basis	<b>979.1</b>	<b>887.8</b>

## Pension expenses

	2015	2014
Pension expenses, defined contribution schemes	3,088	2,725
Pension expenses, defined benefit pension schemes	4,239	3,114
	<b>7,327</b>	<b>5,839</b>

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 51,417 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 51,417, 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 a positive adjustment regarding the estimated loss from the deposit guarantee scheme based on information from the Dutch Banking Association in the amount of EUR 1.8 million (2014: positive adjustment of EUR 0.8 million).

## International Remuneration and Nomination policy

The International Remuneration & Nomination Policy is based on the principle of human dignity and aims to enhance social coherence within the organisation. The policy incorporates the CEBS Guidelines on

Remuneration Policies and Practices and the Regulation of De Nederlandsche Bank on Sound Remuneration Policies. In our view remuneration enables co-workers to earn a decent living and to contribute to the organisation and society at large. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to our mission and to work according to our corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive. Triodos Bank operates in the financial sector. Therefore its remuneration practice needs to be within the scope of what is expected in the financial sector. It allows for a healthy in- and outflow of co-workers. At the same time Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. Variable components are modest and discretionary. This all contributes to a strong sense of being jointly responsible for realising the mission of Triodos Bank.

This International Remuneration and Nomination Policy has been revised in 2015 and was approved by the Supervisory Board on 5 November 2015.

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 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 2015 a collective end-of-year token of appreciation of EUR 500 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.
- 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 9.8 in 2015 (it was 9.6 in 2014)), 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 are available on the [www.triodos.com](http://www.triodos.com) website.

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

	2015 Amount outstanding	2015 Average interest rate	2015 Repayments	2014 Amount outstanding	2014 Average interest rate	2014 Repayments
Pierre Aeby	125	3.5%	–	125	3.6%	–
Jellie Banga	579	2.0%	–	–	–	–

No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of SAAT's Board. 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.

### Remuneration paid to the Executive Board

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

	2015	2014
Fixed salary expenses	754	713
Variable salary expense <sup>1)</sup>	2	1
Pension expenses	68	154
Pension allowance for salary above € 100.000	96	–
Private use company car	43	28
Social expenses	35	35
	<b>998</b>	<b>931</b>

<sup>1)</sup> In 2015 a collective end-of-year Token of Appreciation of EUR 500 (2014: EUR 300) per person was granted to all Triodos Bank co-workers.



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

	2015	2014
Pierre Aeby	245	236
Peter Blom	291	280
Jellie Banga	218	197
	<b>754</b>	<b>713</b>

### Remuneration paid to the Supervisory Board

The remuneration paid to the Supervisory Board is as follows:

Amounts in EUR	2015 Remuneration	2015 Fees for Committees	2015 Compensation for travel time	2015 Total	2014 Total
Ernst-Jan Boers (as from 23 May 2014)	17,500	4,000	1,500	23,000	14,834
David Carrington	17,500	3,583	12,000	33,083	24,500
Marcos Eguiguren Huerta (until 22 May 2015)	7,292	1,667	4,000	12,959	26,500
Aart Jan de Geus (Chair) (as from 23 May 2014)	25,000	3,000	4,000	32,000	18,667
Mathieu van den Hoogenband	17,500	4,250	4,000	25,750	24,750
Jan Lamers (until 23 May 2014)	–	–	–	–	8,292
Udo Philipp (as from 22 May 2015)	10,208	1,750	3,000	14,958	–
Margot Scheltema (until 22 May 2015)	7,292	2,083	–	9,375	23,000
Hans Voortman (Chair) (until 23 May 2014)	–	–	–	–	13,167
Carla van der Weerd	17,500	4,583	–	22,083	22,500
	<b>119,792</b>	<b>24,916</b>	<b>28,500</b>	<b>173,208</b>	<b>176,210</b>

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 1,000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time for those Supervisory Board members who travel to a meeting outside their home country.

Mr. Carrington (as from 22 May 2015), Mr. Eguiguren Huerta (until 22 May 2015), Ms. Van der Weerd (Chair as from 22 May 2015), Ms. Scheltema (Chair until 22 May 2015) and Mr. Boers are the members of the Audit & Risk Committee. Mr. Van den Hoogenband (Chair), Mr. Carrington (until 22 May 2015), Mr. Philipp (as from 22 May 2015) and Mr. De Geus are the members of the Nomination and Compensation Committee.

### Remuneration of the Board of SAAT

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

Amounts in EUR	2015 Remuneration	2015 Compensation for travel time	2015 Total	2014 Total
Marjatta van Boeschoten	7,000	5,000	12,000	10,000
Sandra Castaneda Elena	7,000	5,000	12,000	10,000
Frans de Clerck	7,000	9,000	16,000	12,000
Mike Nawas (as from 23 May 2014)	7,000	10,000	17,000	6,667
Jan Nijenhof (until 23 May 2014)	–	–	–	4,917
Josephine de Zwaan (Chair)	10,000	4,000	14,000	12,500
	<b>38,000</b>	<b>33,000</b>	<b>71,000</b>	<b>56,084</b>

The following fees apply:

- EUR 7,000 per annum for an ordinary member;
- EUR 10,000 per annum for the chairperson;
- EUR 1,000 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.

2015	KPMG Accountants NV	Other KPMG network	Total KPMG network
Audit of the financial statements	646	263	909
Other audit-related engagements**	95	–	95
Tax-related advisory services	–	7*	7
Other non-audit services	–	–	–
<b>Total</b>	<b>741</b>	<b>270</b>	<b>1,011</b>

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

\*\* These are allowed review activities.

2014	KPMG Accountants NV	Other KPMG network	Total KPMG network
Audit of the financial statements	478	244	722
Other audit-related engagements**	127	15	142
Tax-related advisory services	–	40*	40
Other non-audit services	–	–	–
<b>Total</b>	<b>605</b>	<b>299</b>	<b>904</b>

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

\*\* These are allowed review activities.

## 29. Depreciation, Amortisation and Value Adjustments of Intangible and Tangible Fixed Assets

	2015	2014
Amortisation of intangible fixed assets	3,329	2,476
Impairment of intangible fixed assets	–	198
Depreciation of property and equipment	4,504	4,488
Impairment of property for own use	–	–
	<b>7,833</b>	<b>7,162</b>

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 2015, there is an expense item of EUR 7.6 million (2014: expense of EUR 11.1 million).

## 31. Taxation on Operating Result

	2015	2014
Taxation to be paid	14,045	11,561
Deferred taxation	–772	–1,360
	<b>13,273</b>	<b>10,201</b>

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

	2015	2014
Result before taxation	54,000	40,326
Statutory tax rate	25.0%	25.0%
Statutory tax amount	13,500	10,082
Difference arising from other tax rates abroad, exemptions and non-deductible items	–222	111
Restatement of deferred taxation items as the result of amended tax rates	–5	8
<b>Effective tax amount</b>	<b>13,273</b>	<b>10,201</b>
<b>Effective tax rate</b>	<b>24.6%</b>	<b>25.3%</b>

## 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, 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.

## Segment Reporting

### Key Figures 2015 by Branch and Business Unit

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	2,781,367	1,504,188	1,152,990	1,660,169
Number of accounts	351,446	67,784	49,519	226,027
Loans	2,179,092	1,158,488	843,078	825,932
Number	32,121	2,875	1,290	6,133
Balance sheet total	3,228,930	1,700,551	1,364,613	1,868,983
Funds under management <sup>1)</sup>				
<b>Total assets under management</b>	<b>3,228,930</b>	<b>1,700,551</b>	<b>1,364,613</b>	<b>1,868,983</b>
Total income	62,883	40,212	28,531	37,206
Operating expenses	-38,962	-27,292	-16,783	-30,589
Impairments loan portfolio	-3,125	-1,101	-166	-2,726
Value adjustments to participations				
Operating result	20,796	11,819	11,582	3,891
Taxation on operating result	-4,951	-3,579	-2,481	-961
<b>Net profit</b>	<b>15,845</b>	<b>8,240</b>	<b>9,101</b>	<b>2,930</b>
Average number of co-workers on a full-time basis	149.8	112.2	110.8	248.5
Operating expenses/total income	62%	68%	59%	82%

<sup>1)</sup> Note that at the time this statement was prepared, the Annual Accounts of funds under management had not yet been finalised.

Bank Germany	Total banking activities	Investment Management	Investment Advisory Services	Private Banking	Other	Elimination intercompany transactions	Total
193,638	7,292,352					-9,788	7,282,564
12,281	707,057						707,057
210,085	5,216,675					-983	5,215,692
1,999	44,418						44,418
272,858	8,435,935				1,224,899	-1,449,683	8,211,151
		3,144,561		920,178	22,246		4,086,985
<b>272,858</b>	<b>8,435,935</b>	<b>3,144,561</b>		<b>920,178</b>	<b>1,247,145</b>	<b>-1,449,683</b>	<b>12,298,136</b>
6,764	175,596	28,977	1,674	4,981	3,124	-2,763	211,589
-8,671	-122,297	-21,235	-1,320	-4,201	-3,967	2,800	-150,220
-461	-7,579						-7,579
					210		210
-2,368	45,720	7,742	354	780	-633	37	54,000
594	-11,378	-1,936	-89	-188	327	-9	-13,273
<b>-1,774</b>	<b>34,342</b>	<b>5,806</b>	<b>265</b>	<b>592</b>	<b>-306</b>	<b>28</b>	<b>40,727</b>
40.1	661.4	112.4	3.6	18.9	182.8		979.1
128%	70%	73%	79%	84%			71%

## 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 <sup>1)</sup>				
<b>Total assets under management</b>	<b>2,770,420</b>	<b>1,546,153</b>	<b>1,208,688</b>	<b>1,593,189</b>
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
<b>Net profit</b>	<b>9,616</b>	<b>7,476</b>	<b>5,274</b>	<b>2,326</b>
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%

<sup>1)</sup> Note that at the time this statement was prepared, the Annual Accounts of funds under management had not yet been finalised.



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
		2,644,566		812,767	22,091		3,479,424
<b>238,628</b>	<b>7,357,078</b>	<b>2,644,566</b>		<b>812,767</b>	<b>1,120,608</b>	<b>-1,303,191</b>	<b>10,631,828</b>
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
<b>-3,249</b>	<b>21,443</b>	<b>7,929</b>	<b>31</b>	<b>659</b>	<b>-44</b>	<b>107</b>	<b>30,125</b>
38.3	616.6	98.7	1.8	15.4	155.3		887.8
139%	74%	65%	93%	80%			73%

## Key Figures 2015 by Country

in thousands of EUR	The Netherlands	Belgium
Names	Triodos Bank NV, Kantoor Buitenzorg BV, Kantoor Nieuweroord BV, Stichting Triodos Beleggersgiro, Triodos Custody BV, Triodos Finance BV, Triodos Investment Management BV, Triodos Investment Advisory Services BV, Triodos MeesPierson Sustainable Investment Management BV, Triodos Nieuwbouw BV	Triodos Bank NV, Triodos IMMA BVBA
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking
Geographical location	Zeist	Brussel
Total income	99,996	40,212
Operating expenses	-68,087	-27,292
Impairments loan portfolio	-3,125	-1,101
Value adjustments to participations	210	
<b>Operating result</b>	<b>28,994</b>	<b>11,819</b>
Taxation on operating result	-6,829	-3,579
<b>Net profit</b>	<b>22,165</b>	<b>8,240</b>
Public subsidies received	-	-
Number of co-workers on a full-time basis	487.8	115.1

	United Kingdom	Spain	Germany	France	Elimination intercompany transactions	Total
	Triodos Bank NV	Triodos Bank NV	Triodos Bank NV	Triodos Finance BV		
	Bank	Bank	Bank	Agency for branch Belgium and market research		
	Bristol	Madrid	Frankfurt	Paris		
	28,531	37,206	6,764	1,643	-2,763	211,589
	-16,783	-30,589	-8,671	-1,598	2,800	-150,220
	-166	-2,726	-461	-		-7,579
						210
	<b>11,582</b>	<b>3,891</b>	<b>-2,368</b>	<b>45</b>	<b>37</b>	<b>54,000</b>
	-2,481	-961	594	-8	-9	-13,273
	<b>9,101</b>	<b>2,930</b>	<b>-1,774</b>	<b>37</b>	<b>28</b>	<b>40,727</b>
	-	-	-	-		-
	119.8	255.0	41.3	7.0		1,026.0

## Key Figures 2014 by Country

in thousands of EUR	The Netherlands	Belgium
Names	Triodos Bank NV, Kantoor Buitenzorg BV, Kantoor Nieuweroord BV, Stichting Triodos Beleggersgiro, Triodos Custody BV, Triodos Finance BV, Triodos Investment Management BV, Triodos Investment Advisory Services BV, Triodos MeesPierson Sustainable Investment Management BV, Triodos Nieuwbouw BV	Triodos Bank NV, Triodos IMMA BVBA
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking
Geographical location	Zeist	Brussel
Total income	93,125	34,529
Operating expenses	-61,969	-24,495
Impairments loan portfolio	-6,527	-597
Value adjustments to participations	181	
<b>Operating result</b>	<b>24,810</b>	<b>9,437</b>
Taxation on operating result	-6,641	-1,961
<b>Net profit</b>	<b>18,169</b>	<b>7,476</b>
Public subsidies received	-	-
Number of co-workers on a full-time basis	434.4	106.8

	United Kingdom	Spain	Germany	France	Elimination intercompany transactions	Total
Triodos Bank NV	Triodos Bank NV	Triodos Bank NV	Triodos Finance BV			
Bank	Bank	Bank	Agency for branch Belgium and market research			
Bristol	Madrid	Frankfurt	Paris			
23,179	33,782	5,988	1,271	-2,283	189,591	
-16,855	-27,891	-8,333	-1,238	2,428	-138,353	
948	-2,693	-2,224	-		-11,093	
					181	
<b>7,272</b>	<b>3,198</b>	<b>-4,569</b>	<b>33</b>	<b>145</b>	<b>40,326</b>	
-1,998	-872	1,320	-11	-38	-10,201	
<b>5,274</b>	<b>2,326</b>	<b>-3,249</b>	<b>22</b>	<b>107</b>	<b>30,125</b>	
2	-	-	-		2	
110.3	239.4	40.2	4.0		935.1	

## Lending by Sector in 2015 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
<b>Environment</b>							
Organic farming	140,308	2.7	830	32,412	1.5	272	3,681
Organic food	78,360	1.5	709	23,733	1.1	325	13,107
Renewable energy	1,223,512	23.5	861	160,746	7.4	96	419,131
Sustainable property	441,933	8.5	536	281,809	12.9	219	110,263
Environmental technology	69,723	1.3	166	27,113	1.2	37	20,634
	<b>1,953,836</b>	<b>37.5</b>	<b>3,102</b>	<b>525,813</b>	<b>24.1</b>	<b>949</b>	<b>566,816</b>
<b>Social</b>							
Retail non-food	12,721	0.2	157	3,896	0.2	59	1,396
Production	19,575	0.4	142	3,314	0.2	47	13,488
Professional services	74,650	1.4	340	28,761	1.3	104	11,438
Social housing	381,731	7.3	364	29,482	1.3	132	62,612
Healthcare	599,668	11.4	1,140	174,963	8.0	432	180,944
Social projects	102,068	2.0	479	1,496	0.1	17	13,677
Fair trade	2,751	0.1	35	352	0.0	7	757
Development cooperation	34,107	0.7	39	25,917	1.2	12	3,612
	<b>1,227,271</b>	<b>23.5</b>	<b>2,696</b>	<b>268,181</b>	<b>12.3</b>	<b>810</b>	<b>287,924</b>
<b>Culture</b>							
Education	163,404	3.1	449	14,450	0.7	68	62,117
Child care	10,879	0.2	80	7,638	0.4	64	2,628
Arts and culture	321,081	6.2	727	226,286	10.4	233	27,718
Philosophy of life	87,114	1.7	321	16,871	0.8	68	5,528
Recreation	120,892	2.3	318	58,140	2.7	133	8,825
	<b>703,370</b>	<b>13.5</b>	<b>1,895</b>	<b>323,385</b>	<b>15.0</b>	<b>566</b>	<b>106,816</b>
Private loans	624,047	12.0	36,688	412,972	18.9	29,762	147,323
Municipality loans	707,168	13.5	37	647,796	29.7	34	49,609
<b>Total</b>	<b>5,215,692</b>	<b>100.0</b>	<b>44,418</b>	<b>2,178,147</b>	<b>100.0</b>	<b>32,121</b>	<b>1,158,488</b>

Belgium			United Kingdom			Spain			Germany	
%	number	amount	%	number	amount	%	number	amount	%	number
0.3	61	55,472	6.6	277	48,212	5.8	211	531	0.3	9
1.1	81	9,174	1.1	53	24,763	3.0	233	7,583	3.6	17
36.2	274	198,248	23.5	156	328,749	39.8	291	116,638	55.5	44
9.5	135	24,056	2.9	23	25,805	3.1	159	–	0.0	–
1.8	38	9,028	1.1	12	12,948	1.6	79	–	0.0	–
<b>48.9</b>	<b>589</b>	<b>295,978</b>	<b>35.2</b>	<b>521</b>	<b>440,477</b>	<b>53.3</b>	<b>973</b>	<b>124,752</b>	<b>59.4</b>	<b>70</b>
0.1	15	5,065	0.6	13	2,343	0.3	52	21	0.0	18
1.2	63	281	0.0	5	2,492	0.3	24	–	0.0	3
1.0	66	29,714	3.5	46	4,709	0.6	72	28	0.0	52
5.4	32	275,790	32.7	178	204	0.0	5	13,643	6.5	17
15.6	276	95,957	11.4	108	106,410	12.9	267	41,394	19.7	57
1.2	92	14,437	1.7	73	72,458	8.8	297	–	0.0	–
0.1	12	1,086	0.1	9	430	0.1	5	126	0.1	2
0.3	15	364	0.0	1	4,214	0.5	11	–	0.0	–
<b>24.9</b>	<b>571</b>	<b>422,694</b>	<b>50.0</b>	<b>433</b>	<b>193,260</b>	<b>23.5</b>	<b>733</b>	<b>55,212</b>	<b>26.3</b>	<b>149</b>
5.3	183	28,557	3.4	49	39,217	4.7	128	19,063	9.1	21
0.2	11	574	0.1	3	39	0.0	2	–	0.0	–
2.4	109	15,760	1.9	54	51,317	6.1	331	–	0.0	–
0.5	27	51,949	6.2	168	12,078	1.5	53	688	0.3	5
0.8	36	24,872	2.9	60	28,659	3.5	76	396	0.2	13
<b>9.2</b>	<b>366</b>	<b>121,712</b>	<b>14.5</b>	<b>334</b>	<b>131,310</b>	<b>15.8</b>	<b>590</b>	<b>20,147</b>	<b>9.6</b>	<b>39</b>
12.7	1,347	2,694	0.3	2	60,885	7.4	3,837	173	0.1	1,740
4.3	2	–	0.0	–	–	0.0	–	9,763	4.6	1
<b>100.0</b>	<b>2,875</b>	<b>843,078</b>	<b>100.0</b>	<b>1,290</b>	<b>825,932</b>	<b>100.0</b>	<b>6,133</b>	<b>210,047</b>	<b>100.0</b>	<b>1,999</b>

## Lending by Sector in 2014 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
<b>Environment</b>							
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	374,057	8.8	483	222,081	14.0	209	110,342
Environmental technology	69,114	1.6	161	29,836	1.9	48	21,127
	<b>1,839,576</b>	<b>43.1</b>	<b>2,891</b>	<b>460,038</b>	<b>29.0</b>	<b>912</b>	<b>547,374</b>
<b>Social</b>							
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
	<b>1,115,844</b>	<b>26.2</b>	<b>2,850</b>	<b>269,451</b>	<b>17.0</b>	<b>830</b>	<b>268,572</b>
<b>Culture</b>							
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
	<b>623,396</b>	<b>14.6</b>	<b>1,855</b>	<b>292,655</b>	<b>18.5</b>	<b>653</b>	<b>82,572</b>
Private loans	395,552	9.3	28,706	268,357	17.0	23,970	99,857
Municipality loans	291,956	6.8	18	291,956	18.5	18	–
<b>Total</b>	<b>4,266,324</b>	<b>100.0</b>	<b>36,320</b>	<b>1,582,457</b>	<b>100.0</b>	<b>26,383</b>	<b>998,375</b>



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	35,292	4.5	138	–	0.0	–
2.1	39	9,520	1.3	14	8,631	1.1	60	–	0.0	–
<b>54.8</b>	<b>542</b>	<b>262,237</b>	<b>36.3</b>	<b>496</b>	<b>464,760</b>	<b>59.4</b>	<b>859</b>	<b>105,167</b>	<b>57.9</b>	<b>82</b>
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	–
<b>27.0</b>	<b>573</b>	<b>351,780</b>	<b>48.8</b>	<b>433</b>	<b>171,797</b>	<b>22.0</b>	<b>743</b>	<b>54,244</b>	<b>29.9</b>	<b>271</b>
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
<b>8.2</b>	<b>354</b>	<b>107,884</b>	<b>14.9</b>	<b>314</b>	<b>118,270</b>	<b>15.1</b>	<b>472</b>	<b>22,015</b>	<b>12.1</b>	<b>62</b>
10.0	1,000	–	0.0	–	27,241	3.5	2,691	97	0.1	1,045
0.0	–	–	0.0	–	–	0.0	–	–	0.0	–
<b>100.0</b>	<b>2,469</b>	<b>721,901</b>	<b>100.0</b>	<b>1,243</b>	<b>782,068</b>	<b>100.0</b>	<b>4,765</b>	<b>181,523</b>	<b>100.0</b>	<b>1,460</b>

## 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)	€ 720.8. For a specification see the solvency chapter on page 108.
Nominal amount of instrument	The nominal amount per share is EUR 50. At reporting date 9,686,584 shares were issued and fully paid up so that the total nominal amount is EUR 484.3.
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)	€ 0.6. For a specification see the solvency chapter on page 108.
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 is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date.

	2015	2015	2014	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	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	608,264		568,643	
Retained earnings <sup>1)</sup>	–		–	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	131,526		104,857	
Independently reviewed interim profits net of any foreseeable charge or dividend <sup>1)</sup>	–		–	
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>739,790</b>		<b>673,500</b>	
Intangible assets (net of related tax liability)	–17,134	–	–12,209	–
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)	–2,779	–4,169	–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	–302		–390	
Of which: filter for unrealised gain on participation interest	–302	–201	–390	–
<b>Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>–20,215</b>		<b>–13,873</b>	
<b>Common Equity Tier 1 (CET1) capital</b>	<b>719,575</b>		<b>659,627</b>	

<b>Additional Tier 1 (AT1) capital</b>	–	–
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>719,575</b>	<b>659,627</b>
<b>Tier 2 (T2) capital: instruments and provisions</b>		
Capital instruments and the related share premium accounts <sup>2)</sup>	557	1,604
<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>557</b>	<b>1,604</b>
<b>Tier 2 (T2) capital</b>	<b>557</b>	<b>1,604</b>
<b>Total capital (TC = T1 + T2)</b>	<b>720,132</b>	<b>661,231</b>
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)	<b>3,786,145</b>	<b>3,471,180</b>
<b>Total risk weighted assets</b>	<b>3,786,145</b>	<b>3,471,180</b>
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of risk exposure amount) <sup>3)</sup>	19.01%	19.00%
Tier 1 (as a percentage of risk exposure amount) <sup>4)</sup>	19.01%	19.00%
Total capital (as a percentage of risk exposure amount)	19.02%	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%	2.50%
of which: capital conservation buffer requirement	2.50%	2.50%
of which: countercyclical buffer requirement	0%	0%
of which: systemic risk buffer requirement	0%	0%
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%	0%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	16.51%	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)	3,374	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)	5,809	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)	1,096	779

<sup>1</sup> 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.

<sup>2</sup> These are Subordinated liabilities which are weighted for 10.6% (2014: 30.6%) in the capital, due to the maturity which is shorter than 5 years.

<sup>3</sup> The Dutch Central Bank stated that the Common Equity Tier 1 ratio must be at least 4.5%.

<sup>4</sup> The Dutch Central Bank stated that the Tier 1 ratio must be at least 6.0%.

The risk weighted assets can be specified as follows:

	2015	2014
Risk weighted exposure amount for credit risk	3,423,679	3,146,379
Risk exposure amount for market risk	–	–
Risk exposure amount for operational risk	353,028	315,514
Risk exposure amount for credit valuation adjustment	9,438	9,288
<b>Total risk weighted assets</b>	<b>3,786,145</b>	<b>3,471,180</b>

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

	2015	2014
Risk-weighted assets	3,103,020	2,865,853
Risk-weighted off-balance sheet items	277,521	241,496
Risk-weighted derivatives	43,138	39,030
<b>Risk weighted exposure amount for credit risk</b>	<b>3,423,679</b>	<b>3,146,379</b>



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.

	2015	2014
Bottom line of 2% of the actual total capital	14,403	13,225
Net open foreign currency position	10,282	8,088
Capital requirement percentage	0%	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.

	2015	2014
Total income 2012	n/a	151,566
Total income 2013	163,665	163,665
Total income 2014	189,591	189,591
Total income 2015	211,589	n/a
Average income previous three years	188,282	168,274
Capital requirement percentage	15%	15%
Capital requirement amount for operational risk (cror)	28,242	25,241
Risk exposure amount for operational risk (cror/8%)	353,028	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.

	2015	2014
Capital charge according the standardised method	755	743
Risk exposure amount for credit valuation adjustment (capital charge/8%)	9,438	9,288

## Leverage Ratio

in thousands of EUR

The calculation of the leverage ratio is based on the reporting requirement under the Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) known as at reporting date.

	2015	2014
<b>Summary reconciliation of accounting assets and leverage ratio exposures</b>		
Total assets as per published financial statements	8,991,883	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	13,723	16,499
Adjustment for securities financial transactions	–	–
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	–411,207	–337,521
Other adjustments	–21,673	–16,159
<b>Leverage ratio exposure</b>	<b>8,572,726</b>	<b>7,471,254</b>
<b>On Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)</b>		
On Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	8,171,152	7,119,669
Asset amounts deducted in determining Tier 1 capital	–20,215	–13,873
<b>Total on balance sheet exposure (excluding derivatives and securities financing transactions) (d)</b>	<b>8,150,937</b>	<b>7,105,796</b>
<b>derivates exposures</b>		
Replacement cost (mark to market-method)	38,809	30,449
Add-on amount for potential future exposure (mark to market-method)	13,455	16,499
<b>Total derivatives exposure (e)</b>	<b>52,264</b>	<b>46,948</b>
<b>Off balance sheet exposures</b>		
Off balance sheet exposures at gross notional amount	780,732	656,031
Adjustment for conversion to credit equivalent amounts	–411,207	–337,521
<b>Total off balance sheet exposure (f)</b>	<b>369,525</b>	<b>318,510</b>
<b>Tier 1 capital (c)</b>	<b>719,575</b>	<b>659,627</b>
<b>Total exposure (g) (d+e+f)</b>	<b>8,572,726</b>	<b>7,471,254</b>

	2015	2014
<b>Leverage ratio ultimo year (c/g)</b>	<b>8.4%</b>	<b>8.8%</b>
Total on balance sheet exposures (excluding derivatives and securities financing transactions), of which:	8,171,152	7,119,669
Trading book exposures	–	–
Banking book exposures, of which:	8,171,152	7,119,669
Covered bonds	–	–
Exposures treated as sovereigns	3,420,800	2,814,285
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	59,191	59,240
Institutions	627,344	675,703
Secured by mortgages of immovable properties	1,378,113	1,126,228
Retail exposures	238,025	202,245
Corporate	2,164,956	1,959,307
Exposures in default	152,517	186,352
Other exposures (eg equity, securitisations and other non-credit obligation assets)	130,206	96,309

The leverage ratio is calculated using the transitional definition of the tier 1 capital.

The leverage ratio is 8.4% (2014: 8.8%) using the fully phased-in definition of the tier 1 capital.

## 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 2015 the leverage ratio is 8.4% (2014: 8.8%). 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

## 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.

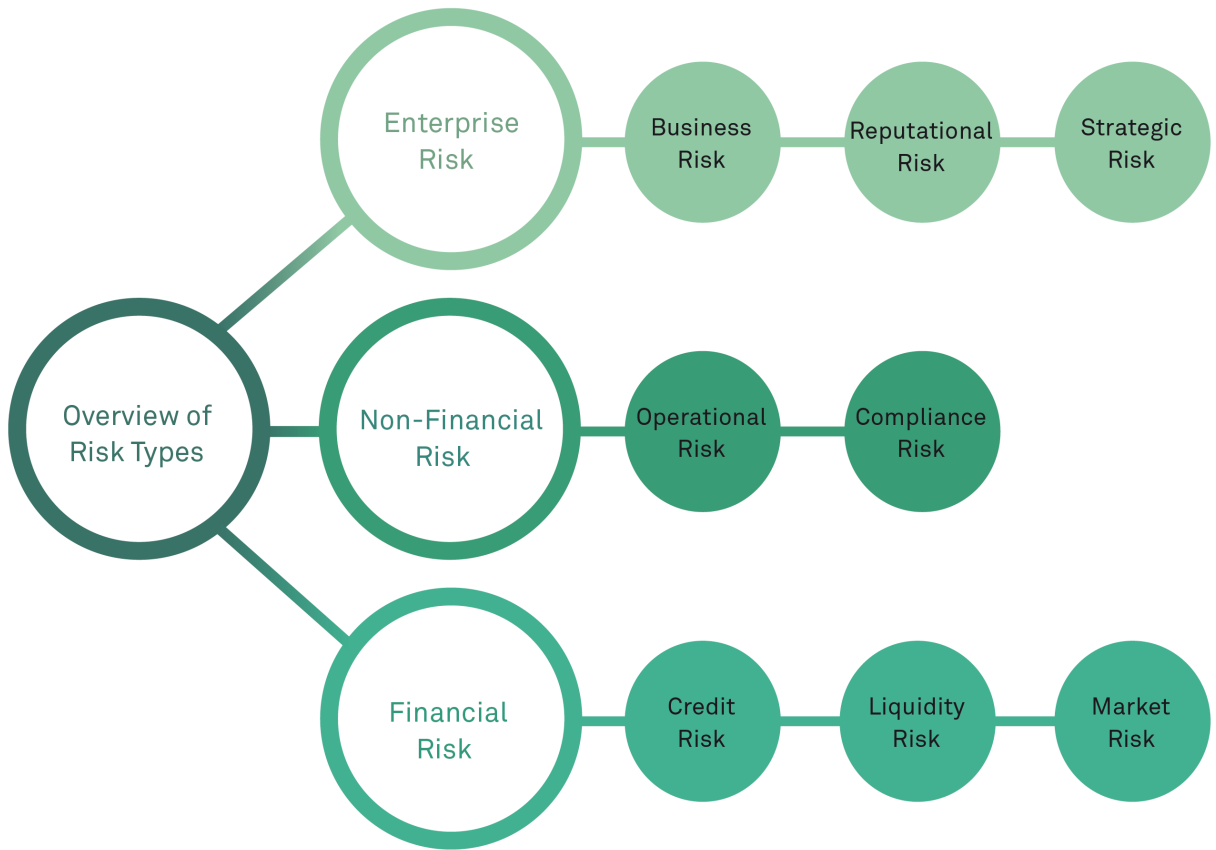
First line functions are Triodos Bank's branches, business units and departments, which are responsible for managing the risks of their operations. Second line functions are located in the bank branches, business units and departments, and ensure that risks are appropriately identified and managed. Second 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 during the past years. The Director Risk and Compliance (CRO) is taking full responsibility for all the second line risk management and compliance activities, and 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 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).



The current governance structure of Triodos Bank facilitates the Executive Board to delegate 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 CRO reports to the Executive Board and has an escalation line to the Chair of the Audit & Risk Committee (that supports the independency of the Risk Control Function as countervailing power to the business).

## 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 corporate and local risk sensitivities are used to determine scenarios that are used to test Triodos Bank's 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 approved by the Supervisory Board upon advise by the 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 is based on three objectives that fit with Triodos' corporate goals and guarantee a sustainable banking model. They are to (1) protect identity and reputation, (2) maintain healthy balance sheet relations and (3) maintain stable growth.

## 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 Banking Loan Report) or on a quarterly basis (e.g. Compliance Report). These reports are discussed in corresponding committees, and correction measures are taken whenever needed. 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 corporate level. This report is discussed in the Enterprise Risk Committee and shared with the Audit and Risk Committee and Supervisory Board.

## 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 the mission and values. For this reason, Triodos Bank has a very proactive human resources approach aimed to ensure 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, cash flows, 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. Obligor 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 aims to finance specific projects and objects that are in line with the bank's mission. When financing a project, the bank has a pledge on the underlying contracts. For the financing of objects, the bank will take a pledge or mortgage on the specific object. The bank applies haircuts, in all cases, on the market value. The level of this haircut will depend on the marketability of the asset in a negative scenario. This allows Triodos Bank to make a proper assessment of the overall risk of the loan and the value of the asset in case of a downturn. The value of the collateral is reviewed on a yearly basis and for large loans with a mortgage, an external valuation by an expert will be requested at a minimum every three years.

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 (unlikeliness to pay or overdue payments beyond 90 days), it is managed under a dedicated remedial process, with a focus on full recovery.

## Group Exposures

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

Each 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; exposures at sector per country; 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 in its loanbook no loans to a debtor or group exceeding 10% of the Actual Own Funds. (Limits of the investment portfolio are described in the relevant chapters.)

### 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 per country are set by the Executive Board within these levels, taking into account the specific risks of each sector and country.

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.

EU's "20-20-20" targets have been set for increasing the share of renewables and reducing CO<sub>2</sub> emissions: By the year 2020, across the EU, CO<sub>2</sub> 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 exposures amongst others 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. This is a generic provision and is based on statistics. Triodos Bank applies a fraction of the Expected Loss to calculate the IBNR. In 2015 this fraction has been reviewed against the bank's portfolio experience and broader market practice. This has resulted in an increase of the IBNR.

In 2015, the net additions to the provision for doubtful debts, as a percentage of the average loan portfolio, was 0.16% (2014: 0.28%). The total of provisions related to the outstanding credits is 1.3% (2014: 1.6%) 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 in these tables are loans overdue in excess of 90 days.

## Movements bad debts

	2015	2014
Balance sheet value as at 1 January	189,664	152,692
Classified as bad debt during the year	36,762	59,857
Interest charged on bad loans	3,924	3,810
Release of bad loans / transfer to not impaired	-18,740	-4,655
Bad loans written off	-13,089	-6,803
Repayments	-13,138	-16,123
Exchange rate result	866	886
<b>Balance sheet value as at 31 December</b>	<b>186,249</b>	<b>189,664</b>

## Bad debts and past due receivables per sector

2015	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	12,673	2,432	324	-
Consumer products (non-food)	278	131	-23	-
Retail	1,018	432	23	6
Services	31,115	4,146	-215	1,123
Healthcare and social work	31,460	4,994	1,466	2,362
Agriculture and fishing	21,637	10,172	-2	9,795
Media	7,047	354	-331	322
Utilities	21,777	18,605	-660	2,703
Private individuals	940	127	126	18
Leisure and tourism	28,672	10,213	2,473	535
Transport & logistics	-	-	-	55
Real Estate	3,839	1,191	667	1
Food and beverages	7,172	6,165	1,609	1,414
Other sectors	18,621	9,089	2,122	4,656
<b>Total</b>	<b>186,249</b>	<b>68,051</b>	<b>7,579</b>	<b>22,990</b>

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
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
<b>Total</b>	<b>189,664</b>	<b>67,714</b>	<b>11,093</b>	<b>25,092</b>

#### Bad debts and past due receivables per country

2015	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	10,691	4,223	1,101	73
Germany	7,220	5,091	461	1,105
Ireland	3,247	870	–81	944
The Netherlands	103,471	45,014	3,219	2,260
Spain	47,724	8,515	2,459	12,920
United Kingdom	13,896	4,338	420	5,688
<b>Total</b>	<b>186,249</b>	<b>68,051</b>	<b>7,579</b>	<b>22,990</b>

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
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
<b>Total</b>	<b>189,664</b>	<b>67,714</b>	<b>11,093</b>	<b>25,092</b>

### Credit risk investment portfolio

Liquidity not invested in loans to customers is invested in deposits, bonds or placed with other banks. Triodos Bank's policy is to invest in the country where it has branches. 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 European (local) governments (in countries where Triodos Bank has a branch), European supranational organisations (e.g. European Investment Bank) and Financial Institutions.

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 set by 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) with funds managed by Triodos Investment Management. Triodos Bank services these funds by providing hedges for the foreign exchange risk of these funds' investments. The risk is mitigated via the means of foreign exchange forward and swap contracts.

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.

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 sufficient credit ratings and by collateral agreements in place.

### 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 from translating the UK Branch balance sheet to euro's 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.

2015	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	1,155,563	1,153,634	–	–	1,929	–
USD	13,492	5,700	381,351	381,351	7,792	–
NOK	104	–	–	–	104	–
PEN	–	–	5,947	5,947	–	–
DKK	–	–	5,112	5,112	–	–
AUD	875	–	–	470	405	–
SEK	52	–	–	–	52	–
INR	–	–	26,571	26,571	–	–
<b>Total</b>	<b>1,170,086</b>	<b>1,159,334</b>	<b>418,981</b>	<b>419,451</b>	<b>10,282</b>	<b>–</b>

Net open foreign currency position (total of net positions debit and credit): 10,282

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	–	–
AUD	843	–	–	472	371	–
SEK	50	–	–	–	50	–
INR	–	–	15,865	15,865	–	–
<b>Total</b>	<b>991,299</b>	<b>982,750</b>	<b>330,671</b>	<b>331,132</b>	<b>8,088</b>	<b>–</b>

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



## 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. This is measured over a one year and a two year period.
- 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 loans, interest rate risk also depends on client pre-payment behaviour. Until recently the volume of prepayments was not material and client behaviour was not taken into account in assessing interest rate risk. More recently, due to the lower interest rate environment, prepayments are increasing. Therefore, behavioural assumptions have been developed in the risk model and the level of prepayments will be monitored.

## 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, Triodos Bank will 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.

2015	Base case	Rising interest rate (+200 bp)		Decreasing interest rate (-200 bp)	
Amounts in millions			in %		in %
Actual own Funds	€ 720				
Earnings at Risk 1 year	€ 151	+ € 12	+ 7.7%	- € 2	-1.2%
Economic Value of Equity at Risk	€ 913	- € 72	-7.9%	- € 42	-4.5%
Outlier Criterion			8.8%		8.8%
Modified Duration of Equity	3.9	5.5		17.6	

2014	Base case	Rising interest rate (+200 bp)		Decreasing interest rate (-200 bp)	
Amounts in millions			in %		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	

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.

2015	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
<b>Interest-bearing assets</b>						
Cash	285,819	–	–	–	–	285,819
Government paper	–	118,900	94,333	–	–	213,233
Banks	298,743	245,409	1,000	–	–	545,152
Loans	685,508	1,188,481	793,901	1,320,962	1,194,456	5,183,308
Interest-bearing securities	–	327,214	225,842	821,523	353,583	1,728,162
<b>Total</b>	<b>1,270,070</b>	<b>1,880,004</b>	<b>1,115,076</b>	<b>2,142,485</b>	<b>1,548,039</b>	<b>7,955,674</b>
<b>Interest-bearing liabilities</b>						
Banks	–	2,124	7,020	14,967	15,687	39,798
Funds entrusted	36,002	1,291,685	2,004,041	2,565,653	1,372,019	7,269,400
Subordinated liabilities	–	–	5,241	–	–	5,241
<b>Total</b>	<b>36,002</b>	<b>1,293,809</b>	<b>2,016,302</b>	<b>2,580,620</b>	<b>1,387,706</b>	<b>7,314,439</b>

2014	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
<b>Interest-bearing assets</b>						
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
<b>Total</b>	<b>1,015,056</b>	<b>1,488,525</b>	<b>1,151,190</b>	<b>1,859,444</b>	<b>1,409,506</b>	<b>6,923,721</b>
<b>Interest-bearing liabilities</b>						
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
<b>Total</b>	<b>16,978</b>	<b>1,144,113</b>	<b>1,707,849</b>	<b>2,213,953</b>	<b>1,250,908</b>	<b>6,333,801</b>

## 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 deposits and bonds. Triodos Bank has a strong liquidity position and is funded almost entirely by equity and deposits from private customers and small and medium sized enterprises. As a result, Triodos Bank does not rely on funding from the wholesale money and capital markets.

## Risk Assessment

A liquidity stress 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 stress 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 2015, the results of these stress tests were satisfactory.

## Internal Liquidity

The Internal Liquidity Adequacy Assessment Process (ILAAP) assesses Triodos Bank's liquidity adequacy and liquidity management during normal business activities and in times of stress. This process is performed at least once a year 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 and the quality of the liquidity management.

## 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 deposits and bonds. The bond investments are divided into different liquidity classes. The optimal size and composition of the liquidity buffer is determined taking into account the risk appetite, balance sheet composition and expected development, strategic plans and short-term funding needs.

## Risk Monitoring

On a daily basis the total liquidity position of Triodos Bank is monitored. On a weekly basis, the detailed liquidity position in total and at branch level is reported to the Chief Financial Officer. Every month the liquidity ratios are reported to the Asset and Liability Committee.

The Liquidity Coverage Ratio (LCR): to ensure an adequate level of unencumbered, high-quality assets that can be converted into cash to meet liquidity needs over a 30-day time horizon under an liquidity stress scenario specified by supervisors.

The Net Stable Funding Ratio (NSFR) indicates the relationship between available longer-term, stable funding and required longer-term, stable funding resulting from the liquidity profiles of assets and off balance sheet items. Minimum NSFR standards will be set by 2018.

## 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).

2015	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
<b>Assets</b>	<b>76,631</b>		<b>8,134,520</b>	
Equity instruments	–	–	65	65
Debt securities	76,631	80,546	1,826,570	1,920,998
Other assets	–		6,307,885	

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

2015	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
<b>Collateral received by the reporting institution</b>	–	–
Equity instruments	–	–
Debt securities	–	–
Other collateral received	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–

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
<b>Collateral received by the reporting institution</b>	–	–
Equity instruments	–	–
Debt securities	–	–
Other collateral received	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–

2015	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	84,946	–

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	–

## Liquidity coverage ratio

Amounts in millions of EUR	2015 Total amount	2015 Weighted amount	2014 Total amount	2014 Weighted amount
<b>Stock of high quality liquid assets:</b>				
Total stock of high quality liquid assets	1,664	1,609	1,708	1,641
Total cash outflow	7,672	1,093	6,635	698
Total cash inflow	1,057	736	501	442
Cap on cash inflows		736		523
Net cash outflow		357		256
<b>Liquidity Coverage Ratio</b>		<b>451%</b>		<b>642%</b>

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 of EUR	2015 Total amount	2015 Weighted amount	2014 Total amount	2014 Weighted amount
Total available stable funding	8,130	7,113	7,096	6,219
Total required stable funding	8,953	4,507	7,778	3,774
<b>Net stable funding ratio</b>		<b>158%</b>		<b>165%</b>

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 2015 the operational risk framework was brought further in line with the current scale and complexity of the organisation. Also the Product Approval Policy was revised and aligned with new legislation.

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 and the Product Approval Committee, where all non financial risks aspects are discussed including compliance and IT risk, meet 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 a method based on 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 2015 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. The Central Compliance Department is 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 Director Risk and Compliance reports to a member of the Executive Board.

There were no significant incidents in 2015 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 2015 available capital has been at sufficient levels at all times. In 2015 new equity of (net) EUR 40 million was issued to finance Triodos Bank's further growth. In addition, a retained portion of the 2015 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 amortisation 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 2015 the contribution to Triodos Bank's Tier 2 capital is EUR 0.6 million, approx. 10% 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. 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 of 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 standardised approach (SA) for calculating its minimum capital requirements for credit risk. The risk weighted asset calculations are done for all on-balance sheet exposures (including the loan book and the investment book), and off-balance sheet items (such as loan offers, not yet accepted) and derivatives exposures;
- Operational risk – Based on the size and limited complexity of the Triodos Bank organisation, the basic indicator approach (BIA) is used for calculating the capital requirement for operational risk, which equals 15% of the average over three years of Triodos Bank's gross income; 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 the total own funds, Triodos Bank's capital charge for market risk is, in reality, zero.
- Credit Valuation Adjustment Risk – The capital charge for the counterparty risk of derivative transactions that are not cleared through a qualified central counterparty.

Detailed calculations of the minimum regulatory capital requirements and ratios are included in the 'Solvency' chapter on page 108.

### 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.

Exposure class	Credit rating agency used	
	2015	2014
Central governments and central banks	Fitch	Fitch
Regional governments and local authorities	Fitch	Fitch
Public sector entities	Moody's	Moody's
Multilateral Developments Banks	Fitch, Moody's	Fitch, Moody's
Institutions	Fitch, Moody's	Fitch, Moody's
Corporates	Fitch, Moody's	Fitch, Moody's

2015	1	2	3	4	Grand Total
<b>Sum of net exposure value</b>					
Banks	531,666	350,280	181,226	–	1,063,172
Corporates	30,789	45,224	–	5,272	81,285
<b>Grand Total</b>	<b>562,455</b>	<b>395,504</b>	<b>181,226</b>	<b>5,272</b>	<b>1,144,457</b>

2015	1	2	3	4	Grand Total
<b>Sum of fully adjusted exposure value</b>					
Banks	206,451	351,143	80,029	–	637,623
Corporates	30,789	15,084	–	5,272	51,145
<b>Grand Total</b>	<b>237,240</b>	<b>366,227</b>	<b>80,029</b>	<b>5,272</b>	<b>688,768</b>

2014	1	2	3	4	Grand Total
<b>Sum of net exposure value</b>					
Banks	487,968	449,022	107,409	–	1,044,399
Corporates	–	15,084	–	2,001	17,085
<b>Grand Total</b>	<b>487,968</b>	<b>464,106</b>	<b>107,409</b>	<b>2,001</b>	<b>1,061,484</b>

2014	1	2	3	4	Grand Total
<b>Sum of fully adjusted exposure value</b>					
Banks	208,862	444,252	29,916	–	683,030
Corporates	–	15,084	–	2,001	17,085
<b>Grand Total</b>	<b>208,862</b>	<b>459,336</b>	<b>29,916</b>	<b>2,001</b>	<b>700,115</b>

The table below shows the translation of external ratings from credit rating agencies to the credit quality scale.

Moody's	Fitch	Credit quality scale
From Aaa to Aa3	From AAA to AA-	1
From A1 to A3	From A+ to A-	2
From Baa1 to Baa3	From BBB+ to BBB-	3
From Ba1 to Ba3	From BB+ to BB-	4

The credit quality scales are translated into risk weighted assets.

### 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 2015 (asset class)

	Average net exposure value	Net exposure value ultimo year	Credit risk mitigation
Exposure class:			
Central governments and central banks	1,395,723	1,368,787	534,448
Regional governments and local authorities	832,034	1,087,803	310,542
Public sector entities	59,216	59,191	–
Multilateral Developments Banks	134,763	138,042	–
Institutions	1,058,171	1,069,370	–430,619
Corporates	2,725,801	2,895,584	–266,387
Retail exposures	397,759	416,186	–35,640
Secured by mortgages on immovable property	1,516,457	1,676,873	–110,889
Exposures in default	178,666	159,176	–1,455
High risk	2,301	4,602	–
Equity	10,398	12,075	–
Other items	103,422	100,818	–
<b>Total</b>	<b>8,414,711</b>	<b>8,988,507</b>	<b>–</b>
Whereof:			
Assets	7,646,838	8,155,567	–
Off-balance sheet items	718,266	780,676	–
Derivatives	49,607	52,264	–
<b>Total</b>	<b>8,414,711</b>	<b>8,988,507</b>	<b>–</b>

Fully adjusted exposure value	Risk-weighted value	Required capital for credit risk	Net exposure value that is covered by eligible financial collateral, and other eligible collateral	Net exposure that is covered by guarantees or credit derivatives
1,903,235	–	–	–	–
1,398,345	224	18	–	–
59,191	11,838	947	–	–
138,042	–	–	–	–
638,751	132,636	10,611	–	–431,682
2,629,197	2,234,607	178,768	–127,982	–266,387
380,546	200,336	16,027	–5,668	–35,640
1,565,984	548,233	43,859	–3,351	–110,889
157,721	172,111	13,769	–6,003	–1,455
4,602	4,747	380	–	–
12,075	20,789	1,663	–	–
100,818	98,158	7,852	–	–
<b>8,988,507</b>	<b>3,423,679</b>	<b>273,894</b>	<b>–143,004</b>	<b>–846,053</b>
8,155,567	3,103,020	248,241	–124,770	–829,231
780,676	277,521	22,202	–18,234	–16,822
52,264	43,138	3,451	–	–
<b>8,988,507</b>	<b>3,423,679</b>	<b>273,894</b>	<b>–143,004</b>	<b>–846,053</b>

## Risk-weighted value per exposure class 2014 (asset class)

	Average net exposure value	Net exposure value ultimo year	Credit risk mitigation
Exposure class:			
Central governments and central banks	1,595,496	1,422,658	474,108
Regional governments and local authorities	369,241	576,264	230,240
Public sector entities	59,225	59,240	–
Multilateral Developments Banks	88,239	131,483	–
Institutions	988,281	1,046,971	–361,370
Corporates	2,518,063	2,556,018	–215,590
Retail exposures	269,857	379,332	–39,753
Secured by mortgages on immovable property	1,367,425	1,356,041	–86,837
Past due items	130,194	198,155	–798
High risk	–	–	–
Equity	4,361	8,721	–
Other items	92,601	106,026	–
<b>Total</b>	<b>7,482,983</b>	<b>7,840,909</b>	<b>–</b>
Whereof:			
Assets	6,782,734	7,138,107	–
Off-balance sheet items	663,648	655,854	–
Derivatives	36,601	46,948	–
<b>Total</b>	<b>7,482,983</b>	<b>7,840,909</b>	<b>–</b>



Fully adjusted exposure value	Risk-weighted value	Required capital for credit risk	Net exposure value that is covered by eligible financial collateral, and other eligible collateral	Net exposure that is covered by guarantees or credit derivatives
1,896,766	–	–	–	–
806,504	237	19	–	–
59,240	11,848	948	–	–
131,483	–	–	–	–
685,601	137,210	10,977	–	–361,671
2,340,428	2,034,554	162,764	–109,968	–215,590
339,579	173,706	13,896	–3,996	–39,753
1,269,204	450,989	36,079	–3,680	–86,837
197,357	219,167	17,533	–6,441	–797
–	–	–	–	–
8,721	16,346	1,308	–	–
106,026	102,322	8,186	–	–
<b>7,840,909</b>	<b>3,146,379</b>	<b>251,710</b>	<b>–124,085</b>	<b>–704,648</b>
7,138,107	2,865,853	229,268	–113,908	–684,179
655,854	241,496	19,320	–10,177	–20,469
46,948	39,030	3,122	–	–
<b>7,840,909</b>	<b>3,146,379</b>	<b>251,710</b>	<b>–124,085</b>	<b>–704,648</b>

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) 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 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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## Sector distribution of the exposures 2015 by industry or counterparty type

	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Banks and financial intermediation	285,819	–	–	138,042	1,069,370
Basic materials	–	–	–	–	–
Construction and infrastructure	–	–	–	–	–
Consumer products (non-food)	–	–	–	–	–
Retail	–	–	–	–	–
Services	–	–	–	–	–
Healthcare and social work	–	–	–	–	–
Agriculture and fishing	–	–	–	–	–
Media	–	–	–	–	–
Utilities	–	–	8,750	–	–
Public Administration	1,082,968	854,673	–	–	–
Private individuals	–	–	–	–	–
Technology	–	–	–	–	–
Leisure and tourism	–	–	–	–	–
Transport and logistics	–	–	–	–	–
Real estate	–	–	–	–	–
Insurance and pension funds	–	–	–	–	–
Food and beverages	–	–	–	–	–
Other sectors	–	233,130	50,441	–	–
<b>Total</b>	<b>1,368,787</b>	<b>1,087,803</b>	<b>59,191</b>	<b>138,042</b>	<b>1,069,370</b>

Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	High risk	Equity exposures	Other exposures	Total exposures
88,084	920	–	4,760	4,602	9,603	–	1,601,200
8,649	1,934	2,712	2,932	–	–	–	16,227
136	91	661	–	–	–	–	888
190	1,281	1,187	500	–	–	–	3,158
7,120	3,013	10,111	496	–	–	–	20,740
293,633	16,392	175,325	20,189	–	2,472	–	508,011
165,981	41,578	233,447	25,932	–	–	–	466,938
25,117	15,080	85,146	24,185	–	–	–	149,528
37,588	12,395	1,397	8,207	–	–	–	59,587
1,343,900	13,777	5,121	6,144	–	–	–	1,377,692
–	–	–	–	–	–	–	1,937,641
794	181,877	503,328	2,079	–	–	–	688,078
–	–	–	–	–	–	–	–
54,580	12,217	37,239	21,098	–	–	–	125,134
73,361	1,525	2,543	100	–	–	–	77,529
500,957	29,197	403,653	9,415	–	–	–	943,222
501	–	–	–	–	–	–	501
18,318	14,842	32,558	5,845	–	–	–	71,563
276,675	70,067	182,445	27,294	–	–	100,818	940,870
<b>2,895,584</b>	<b>416,186</b>	<b>1,676,873</b>	<b>159,176</b>	<b>4,602</b>	<b>12,075</b>	<b>100,818</b>	<b>8,988,507</b>

## Sector distribution of the exposures 2014 by industry or counterparty type

	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Banks and financial intermediation	175,225	–	–	131,483	1,046,971
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	–	–
<b>Total</b>	<b>1,422,658</b>	<b>576,264</b>	<b>59,240</b>	<b>131,483</b>	<b>1,046,971</b>

Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	High risk	Equity exposures	Other exposures	Total exposures
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
<b>2,556,018</b>	<b>379,332</b>	<b>1,356,041</b>	<b>198,155</b>	<b>–</b>	<b>8,721</b>	<b>106,026</b>	<b>7,840,909</b>

## Risk-weighted value per sector

2015	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Banks and financial intermediation	1,601,200	18	215,168	6	13
Basic materials	16,227	–	12,033	–	74
Construction and infrastructure	888	–	357	–	40
Consumer products (non-food)	3,158	–	1,648	–	52
Retail	20,740	–	10,588	–	51
Services	508,011	6	334,520	10	66
Healthcare and social work	466,938	5	259,163	8	56
Agriculture and fishing	149,528	2	86,609	3	58
Media	59,587	1	40,278	1	68
Utilities	1,377,692	15	1,156,207	34	84
Public Administration	1,937,641	22	–	–	–
Private individuals	688,078	8	232,807	7	34
Technology	–	–	–	–	–
Leisure and tourism	125,134	1	87,444	3	70
Transport and logistics	77,529	1	42,893	1	55
Real estate	943,222	10	521,661	15	55
Insurance and pension funds	501	–	501	–	100
Food and beverages	71,563	1	38,952	1	54
Other sectors	940,870	10	382,850	11	41
<b>Total</b>	<b>8,988,507</b>	<b>100</b>	<b>3,423,679</b>	<b>100</b>	<b>38</b>



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
<b>Total</b>	<b>7,840,909</b>	<b>100</b>	<b>3,146,379</b>	<b>100</b>	<b>40</b>

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 2015

	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Australia	-	-	-	-	-
Belgium	315,255	96,740	-	-	60,899
Denmark	-	-	-	-	1,021
Finland	-	-	-	40,000	-
France	32	-	-	-	582
Germany	1,798	570,831	-	-	142,765
Ireland	-	-	-	-	208
Italy	-	-	-	-	-
Luxembourg	-	-	-	98,042	-
The Netherlands	282,815	365,789	59,191	-	526,227
Norway	-	-	-	-	-
Spain	602,457	54,443	-	-	127,985
Sweden	-	-	-	-	-
Switzerland	-	-	-	-	-
United Kingdom	166,430	-	-	-	209,683
United States	-	-	-	-	-
Other countries	-	-	-	-	-
<b>Total</b>	<b>1,368,787</b>	<b>1,087,803</b>	<b>59,191</b>	<b>138,042</b>	<b>1,069,370</b>

Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	High risk	Equity exposures	Other exposures	Total exposures
455	–	–	–	–	420	–	875
800,971	80,452	192,976	4,700	–	–	4,513	1,556,506
808	–	497	–	–	1,152	–	3,478
–	2	–	–	–	–	–	40,002
313,781	42	5,057	466	–	117	636	320,713
159,084	2,838	67,666	4,813	–	50	4,860	954,705
38,830	359	1,243	4,791	–	–	–	45,431
2,275	6	–	–	–	130	–	2,411
35,785	4	–	–	4,602	–	–	138,433
692,829	211,919	560,278	55,589	–	4,241	45,760	2,804,638
–	5	–	–	–	104	–	109
522,541	89,612	272,436	61,739	–	–	25,133	1,756,346
–	8	–	–	–	52	–	60
–	4	74	–	–	–	–	78
325,511	30,906	576,646	27,078	–	–	19,916	1,356,170
2,714	8	–	–	–	5,809	–	8,531
–	21	–	–	–	–	–	21
<b>2,895,584</b>	<b>416,186</b>	<b>1,676,873</b>	<b>159,176</b>	<b>4,602</b>	<b>12,075</b>	<b>100,818</b>	<b>8,988,507</b>

## Geographic distribution of the exposures 2014

	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Australia	-	-	-	-	-
Belgium	368,657	56,789	-	-	88,280
Denmark	-	-	-	-	2,053
Finland	-	-	-	40,004	-
France	52	-	-	-	302
Germany	1,424	11,713	-	-	132,972
Ireland	-	-	-	-	165
Italy	-	-	-	-	-
Luxembourg	-	-	-	91,479	-
The Netherlands	441,163	468,769	59,240	-	527,138
Norway	-	-	-	-	-
Spain	465,073	38,993	-	-	107,293
Sweden	-	-	-	-	-
Switzerland	-	-	-	-	-
United Kingdom	146,289	-	-	-	188,768
United States	-	-	-	-	-
Other countries	-	-	-	-	-
<b>Total</b>	<b>1,422,658</b>	<b>576,264</b>	<b>59,240</b>	<b>131,483</b>	<b>1,046,971</b>

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

## Risk-weighted value per country

2015	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Australia	875	–	875	–	100
Belgium	1,556,506	17	609,725	18	39
Denmark	3,478	–	2,160	–	62
Finland	40,002	–	–	–	–
France	320,713	4	263,278	8	82
Germany	954,705	11	187,591	6	20
Ireland	45,431	1	43,900	1	97
Italy	2,411	–	2,408	–	100
Luxembourg	138,433	2	30,534	1	22
The Netherlands	2,804,638	31	1,007,935	30	36
Norway	109	–	106	–	97
Spain	1,756,346	19	697,004	20	40
Sweden	60	–	56	–	93
United Kingdom	1,356,170	15	561,507	16	41
United States	8,531	–	16,562	–	194
Other countries	99	–	38	–	38
<b>Total</b>	<b>8,988,507</b>	<b>100</b>	<b>3,423,679</b>	<b>100</b>	<b>38</b>

2014	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Australia	843	–	843	–	100
Belgium	1,452,262	18	597,083	19	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
<b>Total</b>	<b>7,840,909</b>	<b>100</b>	<b>3,146,379</b>	<b>100</b>	<b>40</b>

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.

2015	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	299,531	163,869	233,527	461,017	210,843	1,368,787
Regional governments and local authorities	4,334	627,019	89,114	161,627	203,709	1,085,803
Public sector entities	441	–	–	35,500	23,250	59,191
Multilateral Developments Banks	306	–	10,307	127,429	–	138,042
Banks	302,761	286,964	63,993	404,245	–	1,057,963
Corporates	118,897	95,670	198,713	821,704	1,180,998	2,415,982
Retail exposures	20,785	2,356	9,252	39,124	201,707	273,224
Secured by mortgages on immovable property	36,470	13,637	59,948	291,347	1,086,590	1,487,992
Past due items	130,670	3,554	2,635	8,328	8,775	153,962
High risk	1,728	–	–	–	–	1,728
Equity	12,075	–	–	–	–	12,075
Other items	100,818	–	–	–	–	100,818
<b>Total</b>	<b>1,028,816</b>	<b>1,193,069</b>	<b>667,489</b>	<b>2,350,321</b>	<b>2,915,872</b>	<b>8,155,567</b>



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
<b>Total</b>	<b>856,897</b>	<b>960,597</b>	<b>744,889</b>	<b>1,891,268</b>	<b>2,684,456</b>	<b>7,138,107</b>

## Company Balance Sheet as at 31 December 2015

Before appropriation of profit in thousands of EUR	Reference*	31.12.2015	31.12.2014
<b>Assets</b>			
Cash		285,819	175,225
Government paper		213,233	208,782
Banks	32	539,432	572,874
Loans		5,216,637	4,266,523
Interest-bearing securities		1,689,968	1,710,625
Shares	33	20	4
Participating interests	34	37,347	26,177
Intangible fixed assets	35	14,448	9,912
Property and equipment	36	37,591	20,858
Other assets		35,876	31,069
Prepayments and accrued income		143,684	133,614
<b>Total assets</b>		<b>8,214,055</b>	<b>7,155,663</b>
<b>Liabilities</b>			
Banks		39,798	54,627
Funds entrusted	37	7,292,317	6,295,269
Other liabilities		19,489	18,609
Accruals and deferred income		74,231	77,702
Provisions	38	2,453	581
		<b>7,428,288</b>	<b>6,446,788</b>
<b>Subordinated liabilities</b>		<b>5,250</b>	<b>5,250</b>
Capital	39	484,329	450,732
Share premium reserve	40	123,935	117,911
Revaluation reserve	41	503	390
Statutory reserve	42	11,286	5,510
Other reserves	43	119,737	98,957
Retained earnings		40,727	30,125
<b>Equity</b>		<b>780,517</b>	<b>703,625</b>
<b>Total equity and liabilities</b>		<b>8,214,055</b>	<b>7,155,663</b>
Contingent liabilities		63,060	62,260
Irrevocable facilities		717,672	593,771
		<b>780,732</b>	<b>656,031</b>

\* References relate to the notes to the company's financial statements starting on page 164. These form an integral part of the consolidated annual accounts.

## Company Profit and Loss Account for 2015

in thousands of EUR	2015	2014
Result on participating interests after taxation	6,087	8,047
Other result after taxation	34,640	22,078
<b>Net profit</b>	<b>40,727</b>	<b>30,125</b>

## Company Statement of Changes in the Equity for 2015

in thousands of EUR

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### Equity as at 1 January 2014

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

Reverted 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 2014

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

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### Equity as at 31 December 2015

	Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
	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
	24,858	14,763					39,621
	8,739	-8,739					-
			104				104
			9		-9		-
				563			563
					12,375	-12,375	-
						-17,750	-17,750
					13,633		13,633
							-
				5,213	-5,213		-
					-6		-6
						40,727	40,727
	484,329	123,935	503	11,286	119,737	40,727	780,517

# 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

	2015	2014
On demand deposits with banks	293,023	181,583
Deposits with banks	246,409	391,291
	<b>539,432</b>	<b>572,874</b>

The on demand deposits can be freely disposed of.

### 33. Shares

	2015	2014
S.W.I.F.T. SCRL	20	3
SEPA Biogasanlage Hattingen GmbH	–	1
	<b>20</b>	<b>4</b>

The movement in shares is as follows:

	2015	2014
Balance sheet value as at 1 January	4	4
Purchase	17	–
Sales	–1	–
<b>Balance sheet value as at 31 December</b>	<b>20</b>	<b>4</b>

### 34. Participating Interests

	2015	2014
Participating interests in group companies	22,376	16,456
Other participating interests	14,971	9,721
	<b>37,347</b>	<b>26,177</b>

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:

	2015	2014
Balance sheet value as at 1 January	26,177	29,083
Acquisitions	2,185	113
Incorporations	–	19
Increase of capital	2,023	10
Result on participating interests	6,087	8,047
Transfer from or to provision for negative equity of participating interests	–	–
Dividend paid	–	–5,260
Revaluation	313	377
Repayment of capital	–	–6,802
Sale	–	–
Exchange rate result on foreign currency	562	590
<b>Balance sheet value as at 31 December</b>	<b>37,347</b>	<b>26,177</b>

### 35. Intangible Fixed Assets

	2015	2014
Development costs for information systems	12,652	7,974
Computer software	1,796	1,938
	<b>14,448</b>	<b>9,912</b>

#### 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:

	2015	2014
Purchase value as at 1 January	22,237	20,045
Cumulative amortisation as at 1 January	-14,263	-12,929
Balance sheet value as at 1 January	7,974	7,116
Capitalised expenses	6,183	2,253
Amortisation	-1,505	-1,197
Impairments	-	-198
Balance sheet value as at 31 December	<b>12,652</b>	<b>7,974</b>

### 36. Property and Equipment

	2015	2014
Property for own use	22,290	6,281
Equipment	15,301	14,577
	<b>37,591</b>	<b>20,858</b>



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

	2015	2014
Purchase value as at 1 January	9,045	9,045
Cumulative revaluation as at 1 January	-2,302	-2,302
Cumulative depreciation as at 1 January	-462	-337
Balance sheet value as at 1 January	6,281	6,406
Purchase	16,481	-
Depreciation	-158	-125
Revaluation	-	-
Exchange rate differences	-314	-
<b>Balance sheet value as at 31 December</b>	<b>22,290</b>	<b>6,281</b>

The movement in equipment is as follows:

	2015	2014
Purchase value as at 1 January	28,333	26,101
Cumulative depreciation as at 1 January	-13,756	-11,951
Balance sheet value as at 1 January	14,577	14,150
Purchase	4,423	3,909
Sale*	-376	-99
Depreciation*	-3,466	-3,589
Exchange rate differences	143	206
<b>Balance sheet value as at 31 December</b>	<b>15,301</b>	<b>14,577</b>

\* Excluding disposal in the amount of EUR 1.2 million (2014: EUR 1.9 million)

## Liabilities

### 37. Funds Entrusted

	2015	2014
Savings accounts	4,866,530	4,392,823
Other funds entrusted	2,425,787	1,902,446
	<b>7,292,317</b>	<b>6,295,269</b>

The Other funds entrusted item includes an amount of EUR 9.8 million (2014: EUR 6.5 million) for deposits from consolidated participating interests.

### 38. Provisions

	2015	2014
Other provisions	2,453	581
	<b>2,453</b>	<b>581</b>

The movement of the provisions is as follows:

	2015	2014
Balance sheet value as at 1 January	581	355
Addition	1,873	200
Withdrawal	–	–
Release	–4	–
Exchange rate differences	3	26
<b>Balance sheet value as at 31 December</b>	<b>2,453</b>	<b>581</b>

### 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 9,686,584 shares (2014: 9,014,634 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 9,686,584 depository receipts (2014: 9,014,634 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:

	2015	2014
Number of shares as at 1 January	9,014,634	8,549,035
Increase of share capital	497,165	298,994
Stock dividend	174,785	166,605
<b>Number of shares as at 31 December</b>	<b>9,686,584</b>	<b>9,014,634</b>

### 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

	2015	2014
Development costs	13,668	8,455
Conversion differences	-2,382	-2,945
	<b>11,286</b>	<b>5,510</b>

### Development costs

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

	2015	2014
Balance sheet value as at 1 January	8,455	8,651
Transfer of other reserve	5,213	-196
<b>Balance sheet value as at 31 December</b>	<b>13,668</b>	<b>8,455</b>

### Conversion differences

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

	2015	2014
Balance sheet value as at 1 January	-2,945	-3,535
Exchange results on participating interests	563	590
<b>Balance sheet value as at 31 December</b>	<b>-2,382</b>	<b>-2,945</b>

### 43. Other Reserves

The movement in other reserves includes purchasing of own depository receipts. At year-end 2015, Triodos Bank had not purchased own depository receipts (2014: nil).

Zeist, 25 February 2016

Supervisory Board  
Ernst-Jan Boers  
David Carrington  
Aart Jan de Geus, Chair  
Mathieu van den Hoogenband  
Udo Philipp  
Carla van der Weerd

Executive Board  
Pierre Aeby  
Peter Blom, Chair  
Jellie Banga

## 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 20 May 2016 are entitled to the final dividend for the financial year 2015. 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 2015, 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	40,727
Addition to the other reserves	-21,838
<b>Dividend (EUR 1.95 per depository receipt)</b>	<b>18,889</b>

### Subsequent event

There are no subsequent events that are of material nature for the annual accounts.

### 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 General Meeting of Shareholders and the Supervisory Board of Triodos Bank N.V.

We have been engaged by Triodos Bank N.V., Zeist (hereafter referred to as 'Triodos Bank') to conduct (1) an audit (reasonable assurance) of the financial statements 2015 and (2) a review (limited assurance) of pages 10 to 37 and pages 186 to 192 of the Executive Board Report 2015 (hereafter referred to as 'the reviewed section of the Report').

### Our opinion and conclusion

#### Auditor's report on the audit of the financial statements

In our opinion:

- the consolidated financial statements on pages 52 to 159 give a true and fair view of the financial position of Triodos Bank as at December 31, 2015, and of its result and its cash flows for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements on page 160 to 170 give a true and fair view of the financial position of Triodos Bank as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

#### Assurance report on the reviewed section of the Report

Based on our review, nothing has come to our attention to indicate that the information in the reviewed section of the Report is not prepared, in all material respects, in accordance with the requirements as included in section 2:391 of the Netherlands Civil Code.

### What we have audited and reviewed

#### Auditor's report on the audit of the financial statements

We have audited the financial statements 2015 of Triodos Bank N.V., based in Zeist. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2015;
- the consolidated profit and loss account for 2015 and the following consolidated statements for 2015: the statements of comprehensive income, changes in shareholders' equity and cash flows; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at December 31, 2015;
- the company profit and loss account for 2015; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

#### Assurance report on the reviewed section of the Report

We have reviewed pages 10 to 37 and pages 186 to 192 of the Executive Board Report 2015.

### 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 reviewed section of the Report” of our report.

We are independent of Triodos Bank in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

## Audit approach

### Summary

#### OPINION AND CONCLUSION

- Unqualified audit opinion
- Unqualified review conclusion

#### MATERIALITY

- EUR 2.1 million overall materiality
- Based on 4% profit before tax

#### SCOPE

- Triodos has a limited number of consolidated entities.
- More than 99% of total assets and 97% of profit before tax in full audit scope

#### KEY AUDIT MATTERS

- Valuation of loan portfolio
- Information Technology environment
- Valuation of the deferred tax asset

#### KEY REVIEW MATTERS

- Assessing the material aspects for the Executive Board Report
- Reviewing methodology and reporting for impact measures

## Materiality

Misstatements in the financial statements and the reviewed section of the Report can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the reviewed section of the Report. 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 (2014: 2.1 million). The materiality is determined with reference to profit before tax (4%) (2014: 5%) as we consider this benchmark as the most appropriate benchmark given the nature and business of the Triodos Bank. In arriving at this level of materiality, 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.

We agreed with the Supervisory Board that misstatements in excess of EUR 0.1 million, which are identified during the audit of the financial statements, would be reported to them, as well as other misstatements in the financial statements and the reviewed section of the Report that in our view must be reported on qualitative grounds.

## Scope of the group audit and review

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 KPMG 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, UK 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.

Profit before tax: >97% full scope audit

Total assets: >99% full scope audit

## Key audit and review matters

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

These matters were addressed in the context of our audit of the financial statements as a whole and the review of the reviewed section of the Report and in forming our opinion respectively conclusion thereon. We do not provide a separate opinion or conclusion on these matters.



## KEY AUDIT MATTER 1

### The valuation of the loan portfolio

#### Description

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 or as part of the collective provision on a portfolio of loans with similar risk characteristics.

#### 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. These procedures included amongst other procedures, selecting 245 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 testing the accuracy of management's calculation of the recoverable amount of the individual loans. In relation to the Bank's mortgage portfolio we assessed the collective provisioning methodology applied including the relevant parameters in the calculation.

#### Our observation

Based on our audit we assess the loan portfolio valuation, in line with prior year, as mildly cautious. We also found that the Bank's loan documentation showed further enhanced quality and to be up to standard however can still further improve in overall consistency across the different countries.

## KEY AUDIT MATTER 2

### Information Technology environment

#### Description

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 and application control framework in place is most critical to the operations of the Company since this supports 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. Our audit work 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 defined a specific IT audit plan that outlines IT audit procedures to be performed in each branch in relation to the financial statements audit. In our audit plan we distinguished between general IT audit procedures focused on amongst others assessing effectiveness of access controls and security measures and IT application audit procedures focused on the assessment of controls embedded in the operational systems. Our plan was 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 observation**

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. We noted improvements in 2015 regarding access control and information security measures and discussed further improvements on these topics in 2016. We noted a further growth (and respective complexity) of Triodos' IT domain. We observed specific focus and actions being taken to safeguard the Bank's IT continuity and assurance for the future. We noted that the general IT control framework is subject to continuous improvements, further enhancements and formalisation, with emphasis on improving the control on increasing functional and technical developments.

## **KEY AUDIT MATTER 3**

### **Valuation of the deferred tax asset**

#### **Description**

As described in note 11 of the financial statements on page 73 Triodos Bank recognised a deferred tax asset (DTA) for the amount of EUR 6.9 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 2015. This resulted in further increase of the DTA balance in 2015. 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 2015 and we observed that this documentation was also reviewed by the Company's Supervisory Board. We noted that the financial performance of the Branch improved compared to 2014, however is still loss making and actual 2015 growth of the loan book was behind budget. We also inquired with Group and local management on the business outlook of the German branch and we challenged management's assumptions underpinning it. Moreover, we challenged management on other relevant expectations applied in their calculation, assessment and conclusions, such as on: 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 observation**

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.

## **KEY REVIEW MATTER 1**

### **Assessing the material aspects for the Executive Board Report**

#### **Description**

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 and the relevance for the business of the bank, Triodos Bank updated the materiality analysis process in 2015 and adapted the way the outcome was presented in the Executive Board Report. The materiality analysis is subject to significant management judgement.

#### **Our response**

We reviewed the process that the Bank executed during 2015 to identify and prioritise the items to be reported. 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. We assessed the results from the materiality analysis against the topics as included in the Executive Board Report, also taking into account the guidance as included in Dutch Accounting Standard 400.

#### **Our observation**

We found the process that Triodos Bank executed during 2015 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 reflected in the Executive Board Report in the context of the purpose of the report.

## **KEY REVIEW MATTER 2**

### **Reviewing methodology and reporting for impact measures**

#### **Description**

The company reports on its impact along eight measures. In 2015 Triodos Bank added two additional impact measures and the impact per customer for five of the eight impact measures. The data for the impact indicators are inherently subject to assumptions and judgement. In conjunction with the related explanations this may increase the risk that the impact reported lacks sufficient balance for a proper understanding of its use and reliability.

#### **Our response**

We reviewed the definitions and methodology set by the Company 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 to identify any potential material anomalies. Finally we reviewed whether the presentation of the information to assess whether it provides a balanced overview of the impact as measured by the Company.

### **Our observation**

We concluded that the data reported in the Executive Board Report are sufficiently supported by underlying information. We also concluded that the impact information as presented as a whole, including underlying assumptions, provides a balanced overview of the impact as estimated by the Company.

## **Responsibilities of the Executive Board and the Supervisory Board for the financial statements and the Report of the Executive Board**

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the (complete) Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

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

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, The Management should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board 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 and the Executive Board Report.

The Supervisory Board is responsible for overseeing the company's financial and non-financial reporting process.

## **Our responsibility for the audit of the financial statements and the review of the reviewed section of the Report**

### **Auditor's report on the audit of the financial statements**

Our objective is to plan and perform the audit 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. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) [www.nba.nl/standardtexts-auditorsreport](http://www.nba.nl/standardtexts-auditorsreport).

### **Assurance report on the reviewed section of the Report**

The objective of our review is to provide limited assurance on whether the information in the reviewed section of the Report is, in all material respects, prepared in accordance with section 2:391 of the Netherlands Civil Code based on the Dutch Standard on Assurance engagements 3000. We do not provide any assurance on the feasibility of the targets, expectations policy and ambitions 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.

Our procedures included e.g.:

- 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.
- 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.

## Report on other legal and regulatory requirements

### Report on the Report of the Management Board and Other Information

Pursuant to the legal requirement under Part 9 of Book 2 of the Netherlands Civil Code regarding our responsibility to report on the (complete) Report of the Executive Board and the other information:

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

## Engagement

We are engaged by the General Meeting of Shareholders as auditor of Triodos Bank N.V. for more than 10 years with 2015 being the last year before auditor rotation. We have been re-engaged for the audit for the year 2015 on 22 May 2015.

Amstelveen, 25 February 2016  
KPMG Accountants N.V.  
P.A.M de Wit RA

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

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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)). SAAT issues depository receipts to finance the shares. 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 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 39 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 2015, please refer to page 39 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 terms of administration:

## 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 terms of administration 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 in terms of impact, risk and return. 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:

- meetings with Triodos Bank’s Executive Board, between the Chair of the Board of SAAT and the Chairs of the Executive and Supervisory Board, separately and together
- participating in depository receipt holder meetings, client days and other meetings by invitation in countries with Triodos Bank branches
- attending theme days and meetings regarding the long term perspective of the bank
- keeping a close look at developments regarding stakeholder participation, shareholding, corporate governance but also 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 to fulfil its stewardship responsibilities and act accordingly in the context of the governance of the bank.

## General Meeting 2015

The Board of SAAT is Triodos Bank's sole shareholder. As such, at the General Meeting in Zeist on 22 May 2015, 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](http://www.triodos.com/agm). The Board of SAAT approved the following proposals:

- adoption of the 2014 Annual Accounts and the proposed profit appropriation
- discharge of the members of the Executive Board of responsibility for their management during 2014
- discharge the members of the Supervisory Board of responsibility for their supervision during the financial year 2014
- reappointment of Mathieu van den Hoogenband as a member of the Supervisory Board for two years
- appointment Udo Philipp as a new member of the Supervisory Board
- adjustment of the compensation for travel time of the Supervisory Board members;
- amendment of the Articles of Association of Triodos Bank N.V.
- appointment of PWC as the external accountant of Triodos Bank N.V. as from 1 January 2016
- granting a power of attorney to the members of the Executive Board 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 the essence of Triodos Bank, the impact of the bank through its lending, risks of the loan portfolio, innovation of banking and non banking activities, improvements in governance, human capital issues in relation to the mission of the bank, capitalisation of Triodos Bank, relevant banking ratios, financial return and the pay out ratio (dividend policy), depository receipts and aspects of the internal market, and stakeholder interaction.
- why the proposed candidates meet the SAAT-criteria for (re)appointment. A delegation of the SAAT board

met with the candidates in order to come to an informed decision regarding the (re)appointment.

A webcast from the General Meeting is available at [www.triodos.com/agm](http://www.triodos.com/agm).

## Annual Meeting of depository receipt holders

The Annual Meeting of depository receipt holders was held on 22 May 2015 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 Belgium, Germany, Spain and the United Kingdom 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 Annual Meeting of depository receipt holders approved the reappointment of Marjatta van Boeschoten as member of the Board of SAAT, the decision to amend the Articles of Association of SAAT, the decision to amend the Terms of Administration of SAAT and the adjustment of the compensation for travel time of the Board members of SAAT.

The results of the annual survey of depository receipt holders, which was completed by 4,500 respondents, compared to 5,000 in 2014, were referred to 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 2014. Excerpts from the results can be found at [www.triodos.com/corporateinformation](http://www.triodos.com/corporateinformation).

## Meetings and decisions of the Board of SAAT

During 2015, the Board of SAAT convened four times in person twice by telephone. The Board of SAAT also had three 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:

- the essence of Triodos Bank. The Board explored the clarity of the essence and the fundamental values that the bank represents. It also discussed the interaction between individual development and the healthy development of society from the perspective of positive social renewal; and the crucial role of transparency in the economic domain.
- Triodos Bank's strategy. How the mission is applied in the strategy in practice is of key importance to the Board of SAAT. As is the long term strategic perspective in general and Triodos Bank's ambitions regarding its finance activities, including innovation, in particular.
- the way the bank realises its impact and the role of sustainable mortgages in that context
- the balance between impact, risk and return.

Considering these three elements together helps clarify the performance of Triodos Bank and the bank's challenges regarding impact. Impact was linked in discussions to the delivery of Triodos Bank's mission, and risk and return in particular to safeguarding the economic interests of the depository receipt holders and the bank's continuity and profitability.

- topics related to depository receipts and capital, including investor relationships and trading overviews, but also the general financial health of Triodos Bank as this relates to the economic interests of the depository receipt holders. The main financial ratios of Triodos Bank were discussed, as well as its capital position and the impact of stricter regulatory capital requirements on impact, return and risk.
- the Board of SAAT has been informed by the Executive Board about the challenges in terms mission and culture that come with the significant growth in

the number of co-workers and the organisational step-up as a result of becoming a medium sized bank.

- during the year Triodos Bank's strategic response to the 2025 perspective work was shared and considered in the context of the continuity and long-term financial resilience of Triodos Bank. The Board of SAAT actively contributed to this exploration of this work to better describe and understand the emerging future during 2014. This was supported by input from depository receipt holders in an annual survey during 2015 which tested their opinion on what are the most material issues for Triodos Bank. This information contributed to the materiality analysis highlighted in the Management Board report. Issues addressed in the survey were further explored in an in-person stakeholder engagement meeting at the Head Office, attended by the Chair.

- in addition, the 2014 annual report (and later the 2015 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:

- informal meetings with 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, Germany, Spain and The Netherlands
- attending annual shareholder meetings of investment funds managed by Triodos Investment Management
- annual meeting with a delegation of the Supervisory Board
- appointment 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 regularly met bilaterally and in tripartite meetings with the Chairs of Triodos Bank's Executive Board and Supervisory Board;
- the adoption of a Board of SAAT Charter
- the permanent education of the SAAT Board through internal training on corporate governance and bank capital requirements
- the presentation of candidates for the Board of SAAT to the Chair of Supervisory Board and the Chair of the Executive Board in order to prepare approval of the candidates according the Articles of Association (6.4)
- a delegation of the Board of SAAT met with the external accountant.

The Board of SAAT did not seek any external advice, in order to carry out its responsibilities, during 2015.

## 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, members of the Executive Board or members of the Supervisory Board in office 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, from the various countries of the Triodos Branches: two Dutch, a

British, a Belgian and Spanish national(s). There were no changes in the composition of the Board in 2015.

For information about the remuneration of the members of the Board of SAAT, please refer to the Triodos Bank annual accounts on page 88.

The Board of SAAT expects that it will again be able to deepen its role as a committed shareholder in 2016. 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](http://www.annual-report-triodos.com).

Zeist, 25 February 2016

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

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 2015.

	31.12.2015	31.12.2014
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	484,329	450,732
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	484,329	450,732

Zeist, 25 February 2016

Board

Marjatta van Boeschoten

Sandra Castaneda Elena

Frans de Clerck

Mike Nawas

Josephine de Zwaan, Chair

## Independent auditor's report

### Introduction

We have audited the above statement that shows the position as at 31 December 2015 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 our 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 2015.

Amstelveen, 25 February 2016

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). She is a member of the board of Academy for Liberal Arts and the Institute for Positive Health. 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 2018. Her nationality is British and she owns one 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 53 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 has been awarded the Citizenship Price 2015 by the Belgian P & V 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 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.

## Appendix

### Co-worker Statistics

For the years 2011 to 2015 the data below are part of KPMG's assurance.

#### Social key figures\*

	2015	2014	2013	2012	2011	2010	2009
Number of co-workers at year-end	1,121	1,017	911	788	720	636	577
Average number of ftes** during the year	974	883	785	694	636	556	482
Number of ftes** at year-end	1,021	931	838	722	660	577	525
Absenteeism	2.7%	2.6%	2.6%	3.0%	2.2%	1.9%	2.6%

\* The co-worker report includes everyone employed by Triodos Bank. Co-workers of the joint venture Triodos MeesPierson are not included.

\*\* Fte stands for full-time equivalents and is the number of co-workers calculated on a full-time basis per week. (For The Netherlands this is 40 hours, Belgium 37 hours, United Kingdom 37.5 hours, Spain 37 hours, Germany 40 hours and for France 35 hours).

#### Training expenses per co-worker

	2015	2014	2013	2012
The Netherlands	2,037	1,976	1,803	1,650
Belgium	1,595	1,549	1,918	2,015
United Kingdom	432	983	934	694
Spain	777	1,181	1,281	1,080
Germany	900	2,377	2,332	1,765
France	1,757	1,735	3,186	419
Private Banking NL	1,934	4,135	4,448	2,383
Head office	2,727	2,695	2,914	2,205
TIAS	416	0	-	-
Triodos Investment Management	3,227	2,669	3,517	2,821
<b>Average</b>	<b>1,692</b>	<b>1,856</b>	<b>2,055</b>	<b>1,731</b>
Increase	-8.8%	-9.7%	18.7%	-14.3%

## Training days per co-worker

	2015	2014	2013	2012
The Netherlands	1.6	3.5	2.7	2.2
Belgium	2.3	3.5	2.8	6.0
United Kingdom	0.9	3.3	1.9	1.5
Spain	11.7	7.1	7.1	10.5
Germany	1.0	3.1	2.9	2.4
France	1.6	5.3	9.0	–
Private Banking NL	2.6	5.4	5.4	2.9
Head office	4.4	2.9	2.2	2.8
TIAS	3.0	0.0	–	–
Triodos Investment Management	2.1	3.3	2.8	2.8
<b>Total</b>	<b>4.6</b>	<b>4.3</b>	<b>3.7</b>	<b>4.5</b>

## Salaries

Country	Ratio highest full-time salary 2015 / median full-time salary 2015*	Ratio of the salary increase of the highest full-time salary 2015 / median salary increase of the full-time salary 2015**
The Netherlands	4.7	0.9
Belgium	1.9	0.9
United Kingdom	4.5	2.7
Spain***	6.3	–
Germany	2.6	0.0
France	2.9	2.0
<b>Total</b>	<b>5.7</b>	<b>0.9</b>

\* Ratio of the highest-paid co-worker to the median of the compensation for all co-workers (the median is defined excluding the maximum full-time salary in order to be transparent about the difference between the highest paid co-worker and the rest of the co-worker group, in line with GRI guidelines)

\*\* Ratio of percentage increase for the highest-paid co-worker to the median percentage increase for all co-workers (the median is defined excluding the highest-paid individual in order to be transparent about the rate of percentage increase for the highest paid co-worker and the rest of the co-worker group, in line with GRI guidelines)

\*\*\* Ratio for Spain cannot be determined yet and has not been included in these figures, because the salary increases for 2015 were not yet final at the time of publication.

### Fixed and variable remuneration awarded to Identified Staff in relation to year 2015, by instrument

	“Identified staff” in senior management functions	All other “Identified staff”
Number of co-workers	9	44
<b>Remuneration (in thousands of EUR)</b>		
Total fix remuneration	1,789	4,805
Total variable remuneration*	5	47
of which in cash	5	47
of which in shares or share-based instruments*	–	–
of which in other instruments*	–	–
Total amount deferred remuneration*	–	–
<b>Welcome payments</b>		
Number of beneficiaries	0	0
Total amount	–	–
<b>Severance payments</b>		
Number of beneficiaries	2	4
Total amount	692	657
Maximum amount	567	394

\* This excludes variable remuneration in Spain which was not available at the time of publication.

There are no co-workers who earned more than EUR 1 million. There is no outstanding deferred remuneration (vested and unvested).

#### Age categories of co-workers of Triodos Bank at year end

Age	2015		2014		2013		2012	
	number	%	number	%	number	%	number	%
< 28 years	73	7	86	8	72	8	62	8
28 – 35 years	272	24	262	26	252	28	229	28
35 – 42 years	317	28	285	28	252	28	211	28
42 – 49 years	270	24	219	22	186	20	159	20
49 – 56 years	128	11	105	10	90	10	71	9
>= 56 years	61	5	60	6	59	6	56	7
<b>Total</b>	<b>1,121</b>	<b>100</b>	<b>1,017</b>	<b>100</b>	<b>911</b>	<b>100</b>	<b>788</b>	<b>100</b>
Average	40.4		39.6		39.6		39.5	

#### Years of service of co-workers of Triodos Bank at year end

Years of service	2015		2014		2013		2012	
	number	%	number	%	number	%	number	%
0 – 1 years	226	20	186	18	175	19	131	17
1 – 3 years	292	26	269	26	240	26	224	28
3 – 5 years	195	17	186	18	185	20	174	22
5 – 10 years	284	25	272	27	210	23	168	21
10 – 15 years	75	7	67	7	68	7	66	8
> 15 years	49	4	37	4	33	4	25	3
<b>Total</b>	<b>1,121</b>	<b>100</b>	<b>1,017</b>	<b>100</b>	<b>911</b>	<b>100</b>	<b>788</b>	<b>100</b>
Average	4.8		4.8		4.7		4.6	

## Sickness rate

	2015	2014	2013	2012
The Netherlands	4.2%	3.3%	3.3%	2.9%
Belgium	3.4%	2.8%	3.6%	3.4%
United Kingdom	1.2%	0.6%	1.4%	0.9%
Spain	2.0%	2.3%	1.9%	2.7%
Germany	2.9%	2.1%	1.6%	4.7%
France	0.0%	0.0%	0.0%	-
Private Banking NL	5.5%	6.9%	4.1%	4.2%
Head office	3.0%	4.1%	3.1%	3.2%
TIAS	0.5%	1.8%	-	-
Triodos Investment Management	2.1%	3.8%	2.5%	3.9%
<b>Total</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>3.0%</b>

## Attrition in first year

	2015	2014	2013	2012	2011
The Netherlands	7.1%	6.3%	13.6%	0.0%	14.3%
Belgium	4.3%	0.0%	4.5%	30.0%	16.7%
United Kingdom	25.0%	21.4%	5.0%	12.5%	3.6%
Spain	22.0%	19.5%	9.3%	10.9%	4.7%
Germany	13.3%	11.1%	8.3%	22.2%	0.0%
France	0.0%	0.0%	0.0%	-	-
Private Banking NL	0.0%	0.0%	0.0%	0.0%	0.0%
Head office	17.6%	9.5%	0.0%	13.0%	23.8%
TIAS	50.0%	0.0%	-	-	-
Triodos Investment Management	4.0%	6.9%	7.7%	10.0%	12.5%
<b>Total</b>	<b>15.8%</b>	<b>11.6%</b>	<b>7.4%</b>	<b>11.8%</b>	<b>10.6%</b>



## Environmental Statistics

For the years 2011 to 2015 the data below are part of KPMG's assurance.

### Environmental key figures

absolute quantities/ftes	2015	2014	2013	2012	2011	2010
<b>Energy consumption</b>						
Electricity in kWh/fte	2,533	2,686	2,759	3,045	2,622	2,991
Gas in m <sup>3</sup> /fte	105	103	129	127	134	163
<b>Business travel</b>						
By aircraft in km/fte	4,762	5,154	6,406	5,940	6,160	6,804
By car in km/fte	1,246	1,267	1,409	1,450	1,611	2,389
By public transport km/fte	713	674	810	858	1,194	1,149
<b>Commuting</b>						
By car in km/fte	4,435	4,534	4,744	4,209	4,866	5,591
By carpool in km/fte	109	74	79	32	50	197
By public transport in km/fte	3,241	3,297	3,108	3,529	3,744	3,939
By bike or on foot in km/fte	521	575	566	628	639	724
<b>Paper usage</b>						
Total paper usage in kg/fte	180	214	209	286	346	306
Blank copy recycled paper in kg/fte	26	20	23	23	25	32
Letter head paper/leaflets/etc. in kg/fte	155	194	186	264	321	274
Letter head paper/leaflets/etc. in kg/customer	0.27	0.34	0.30	0.44	0.60	0.56
<b>Co-workers</b>						
Ftes	968	879	782	693	636	556
External, temporary co-workers	93	65	39	46	31	30
<b>Buildings (absolute figures)</b>						
Surface area in m <sup>2</sup>	31,687	31,052	30,006	27,413	23,746	23,250
Volume in m <sup>3</sup>	104,661	102,407	98,397	91,253	81,957	88,256

## Emission of CO<sub>2</sub> (equivalents)

in thousands of kg	2015	2014	2013	2012	2011	2010
Electricity*	1	100	96	353	17	–
Gas consumption (heating)	90	124	130	112	34	232
Paper	293	314	265	468	907	686
Public Transport	214	260	224	209	136	107
Car	1,324	1,145	1,046	865	774	867
Flights	1,119	1,141	1,145	936	1,051	908
Total	3,041	3,084	2,906	2,953	2,919	2,800
Minus: Compensation for CO <sub>2</sub> credits	–3,041	–3,084	–2,906	–2,953	–2,919	–2,800
CO <sub>2</sub> balance (neutral)	–	–	–	–	–	–
CO <sub>2</sub> compensation costs per tonne (EUR)	8.40	8.40	12.50	12.50	12.50	12.50

\* While the total amount of electricity decreased by 6%, the significant decrease in the related CO<sub>2</sub> emission is due to a change in the method of calculating this figure.

## About This Report

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Additional information can be found online at [www.annual-report-triodos.com](http://www.annual-report-triodos.com). The 2015 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 2015. Triodos Bank's previous integrated annual and sustainability report was published in March 2015 and covered the 2014 calendar year.

The reporting in the 2015 financial year is based on the same principles as the 2014 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 second time, we have requested limited assurance on the Management Board report, which includes 2015 impact 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 since 2014, in combination with our online report. You can find more at [www.annual-report-triodos.com](http://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, PWC, the International Integrated Reporting Council (IIRC), 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](http://www.triodos.com) and [www.annual-report-triodos.com](http://www.annual-report-triodos.com).

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Triodos Bank NV 2015 Annual Report

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If you have comments or questions about this report, please contact your local office of Triodos Bank. Addresses are provided on page 194.

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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.