



Triodos  Bank

Half-year report June 2008



Key figures

(amounts in millions of euros)

	First half-year 2008	Second half-year 2007	First half-year 2007
FINANCIAL			
Liability capital	200	200	140
<i>Number of depository receipt holders</i>	<i>11,879</i>	<i>12,084</i>	<i>11,146</i>
Funds entrusted	1,755	1,617	1,437
<i>Number of accounts</i>	<i>145,155</i>	<i>130,644</i>	<i>113,257</i>
Loans	1,141	1,019	942
<i>Number</i>	<i>7,926</i>	<i>6,181</i>	<i>4,836</i>
Balance sheet total	2,036	1,885	1,631
Funds under management *	1,406	1,429	1,320
Total assets under management	<u>3,442</u>	<u>3,314</u>	<u>2,951</u>
Total income	34.3	31.3	27.9
Operating expenses	-26.7	-24.1	-23.6
Value adjustments to receivables	-2.7	-	0.6
Operating result before taxation	4.9	7.2	4.9
Taxation on operating result	-1.2	-1.8	-1.3
Net profit	<u>3.7</u>	<u>5.4</u>	<u>3.6</u>
Operating expenses/total income	78%	77%	84%
Per share (in euros)			
Net asset value at year end	69	70	69
Net profit**	1.29	1.94	1.94
Dividend	-	1.95	-
SOCIAL			
Number of co-workers at year end***	443	397	381

The figures shown in the half-yearly report have not been subjected to an external audit.

* Including funds under management at affiliated parties not included in the consolidation. For the sake of uniformity, from year-end 2007 this statement presents balance sheet totals other than for Triodos Bank Private Banking, where the total assets under management are invested according to Triodos criteria. The figures for the first half-year of 2007 have been adjusted for the purpose of comparison.

** Earnings per share are calculated over the average number of outstanding shares during the financial year.

*** Including all co-workers employed by Triodos Bank NV or group companies, not including co-workers employed by joint ventures. The comparative 2007 figures have been adjusted.

Saanhof organic goat's cheese farm in Heeze, The Netherlands.



Report of the Board of Management

Interest in sustainable development and climate change continues to intensify in 2008. More and more people now understand that to secure the quality of life for future generations, we need to change how we run our economy and adjust our consumer behaviour. It is encouraging to see that the public debate increasingly reflects the importance of taking personal responsibility, as well as highlighting the size and complexity of this global issue. Taking a conscious approach to personal finance and choosing a bank that funds sustainable development fits with this way of thinking, and explains why Triodos Bank is becoming the obvious choice for a growing number of people.

The global credit crunch highlights the important role that financial institutions play in our economy and society as a whole. The substantial write-offs by banks, and the current uncertainty in the financial markets, are leaving their mark and our economy simply cannot develop sustainably without a healthy banking sector.

FOCUS ON FINANCE

At Triodos Bank, we believe the banking sector should focus more on its core business: financing healthy, sustainable development. In other words, banks should act as a bridge between savers and investors on one hand, and enterprises and projects needing finance on the other. Both now and in the future. To do this successfully means forming strong relationships, and at Triodos Bank we realise this is precisely what companies and private customers want. In recent years the banking sector has failed in this respect with more emphasis placed on completing transactions and hitting bonuses and option schemes. In fact, developing relationships has come to be regarded as a cost item, rather than an important investment in the future. Triodos Bank takes a different approach, understanding that forming strong relationships is important to our future: a future we have to invest in. We have to invest in an economy that takes account of the planet. This calls for new technologies, and for a different approach to the economy. The need for this new approach was the underlying reason for Triodos Bank's



Microfinance institution Mibanco's Karen Sáenz León (left) with her customer Virginia Centeno (right).

establishment in 1980, and given recent developments, remains just as topical today.

The international credit crisis has not directly affected Triodos Bank because we never invest in mortgage portfolios 'packaged' into investment products because it's important to us to know our borrowers. Triodos Bank consciously chooses a personal relationships that go beyond impersonal and abstract financial transactions, greatly reducing the possibility of write-offs on this type of portfolio. However, the credit crisis has hit Triodos Bank indirectly. Competition in the savings market has become intense, and the lack of confidence in shares and bonds has stifled the growth of our Triodos investment funds. The impact on the first half of 2008 has been limited, evidence that Triodos Bank will not be too seriously affected by the credit crunch.

STEADY GROWTH

During the first six months of 2008 Triodos Bank's balance sheet total rose by 8%. Growth during the same period last year was 6%.

Given the current market conditions and in view of last year's issue of depository receipts, we are fairly satisfied with this rate of growth.

The credit portfolio grew by 12% during the first six months of 2008 with all of Triodos Bank's offices contributing to growth. The credit portfolio is of good quality. A provision has been created for certain items, the level of which is slightly higher than expected.

Funds entrusted, primarily comprising savings and time deposits, increased during the first six months of 2008 by 9% in line with expectations.

In view of the current financial crisis the timing of the issue of depository receipts for Triodos Bank shares in the second quarter of 2007 could not have been better. The issue raised EUR 69 million, giving the bank a rock-solid foundation for continued growth and ensuring a new issue of this size will not be necessary for the time being.

Triodos Bank has acquired a 5% interest in the sustainable and fast-growing Danish bank Merkur. Triodos Bank has worked with Merkur on financing projects for around ten years, and Triodos investment funds were recently released on the Danish market. The participating interest in Merkur is in line with policy to develop strategic alliances with similar foreign banks.

STAGNATION IN INVESTMENT FUND GROWTH

The sharp rise in commodity prices - particularly oil - and the uncertainty caused by the credit crisis has put share prices under considerable pressure. This is discouraging many investors from investing in funds and even prompting some to invest elsewhere.

Triodos Green Fund and Triodos Culture Fund invest mainly in long-term loans. Consequently, the price has reduced in line with the increases in market interest during the first months of 2008. This does not reflect the quality of the underlying loans, which is excellent.

Two investment funds which have done exceptionally well in the first half of 2008 are Triodos Fair Share Fund and Triodos Sustainable Real Estate Fund. Despite the poor market sentiment, these funds have achieved growth in both volume and returns. Triodos Fair Share Fund was even singled out by the independent comparison site Evestor.nl as the Netherlands' most profitable sustainable investment fund.

On 22 February 2008 Triodos Bank launched Triodos Sustainable Trade Fund, designed to provide fair trade partners with trade financing. The fund started with a portfolio of 10 million euros, which is being used to finance 20 organisations in Africa, Latin-America and Eastern Europe.

The 3 June 2008 saw the launch of the Triodos Fido Fund, the first sustainable Fido investment fund. This fund makes it possible for municipal, provincial and local authorities, which have to meet the highly stringent standards of the Decentralised Public Authorities (Funding) Act (Fido), to invest according to sustainability criteria. The investment portfolio is managed by Delta Lloyd Asset Management, while Triodos Bank determines the sustainable scope in which investment is possible.

Growth in the total amount of funds under management was down slightly. The 3% growth in the first half of 2007 was followed by a decrease of 2%. Total assets on 30 June 2008 were EUR 1.4 billion.

FINANCIAL RESULTS

The pre-tax operating profit of Triodos Bank remained virtually unchanged compared to the same period in 2007. Net earnings over the first

half of 2008 totalled EUR 3.7 million compared to EUR 3.6 million in the first six months of 2007. A relatively large provision exerted downward pressure on the operating result. In 2007 there was a limited release from reserves.

PROSPECTS

Barring unforeseen circumstances, Triodos Bank expects to see continued growth in the second half of 2008. The financial results look favourable, but could come under further pressure by current market conditions.

Zeist, 28 August 2008

Board of Management of Triodos Bank

Key figures for the first half-year of 2008, showing breakdown between the countries and business units

amounts in thousands of euros

	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	775,145	454,517	399,911	125,375
<i>Number of accounts</i>	78,023	27,107	26,242	13,783
Loans	487,714	211,310	242,380	199,879
<i>Number</i>	5,551	1,051	736	588
Balance sheet total	856,763	470,386	421,360	225,631
Funds under management	0	0	0	0
Total assets under management	<u>856,763</u>	<u>470,386</u>	<u>421,360</u>	<u>225,631</u>
Total income	10,987	4,323	7,042	3,495
Operating expenses	-7,941	-3,485	-4,777	-3,264
Value adjustments to receivables	-350	-14	110	0
Operating result	2,696	824	2,375	231
Taxation on operating result	-688	-65	-710	-69
Net profit	<u>2,008</u>	<u>759</u>	<u>1,665</u>	<u>162</u>
<i>Average number of co-workers on a full-time basis</i>	83.4	41.8	74.1	49.8
<i>Operating expenses/total income</i>	72%	81%	68%	93%

* The cost ratio is not reported as elimination items of the total profit and loss account are processed in the 'others' section.

Total Bank activities	Fund Management	Investment Management	Private Banking	Others	Total
1,754,948	0	0	0	0	1,754,948
145,155	0	0	0	0	145,155
1,141,283	0	0	0	0	1,141,283
7,926	0	0	0	0	7,926
1,974,140	0	0	0	62,359	2,036,499
0	1,085,908	156,128	160,558	3,190	1,405,784
1,974,140	1,085,908	156,128	160,558	65,549	3,442,283
25,847	2,960	4,202	812	512	34,333
-19,467	-2,847	-3,064	-825	-458	-26,661
-254	0	0	0	-2,474	-2,728
6,126	113	1,138	-13	-2,420	4,944
-1,532	-29	-290	3	606	-1,242
4,594	84	848	-10	-1,814	3,702
249.1	16.4	25.9	6.9	77.1	375.4
75%	96%	73%	102%	*	78%

Consolidated balance sheet as at 30 June 2008

before appropriation of profits (in thousands of euros)

	30 Jun 2008	31 Dec 2007	30 Jun 2007
ASSETS			
Cash	18,839	22,568	19,346
Government paper	–	–	5,000
Banks	489,813	472,952	345,430
Loans	1,141,283	1,018,646	942,152
Interest-bearing securities	283,584	291,743	240,743
Shares	3	3	334
Participating interests	1,785	841	916
Intangible fixed assets	12,831	12,004	11,622
Property and equipment	28,874	20,980	21,386
Other assets	2,999	1,615	2,354
Prepayments and accrued income	56,488	43,707	41,231
Total assets	2,036,499	1,885,059	1,630,514
LIABILITIES			
Banks	10,681	7,587	2,269
Funds entrusted	1,754,948	1,616,822	1,436,654
Other liabilities	7,741	4,003	3,038
Accruals and deferred income *	33,940	27,601	20,187
Provisions *	5,898	6,017	5,753
Subordinated liabilities	22,800	22,800	22,800
Liability capital	200,491	200,229	139,813
Total liabilities	2,036,499	1,885,059	1,630,514
Contingent liabilities	23,216	16,621	24,359
Irrevocable facilities	251,802	235,705	186,373
	275,018	252,326	210,732

* The comparative figures were adjusted on 30 June 2007 in respect of a different classification of provisions with effect from 31 December 2007.

Consolidated profit and loss account

(in thousands of euros)

	1st half-year 2008	2nd half-year 2007	1st half-year 2007
INCOME			
Interest income	47,708	44,275	37,026
Interest expense	-26,271	-24,302	-19,289
<i>Interest</i>	<u>21,437</u>	<u>19,973</u>	<u>17,737</u>
Commission	11,964	10,779	10,044
Commission income	-284	-263	-216
<i>Commission</i>	<u>11,680</u>	<u>10,516</u>	<u>9,828</u>
Result on financial transactions	555	375	26
Other income	661	446	312
<i>Other income</i>	<u>1,216</u>	<u>821</u>	<u>338</u>
Total income	<u>34,333</u>	<u>31,310</u>	<u>27,903</u>
EXPENSES			
Co-worker and other administrative expenses	24,771	22,511	21,893
Depreciation and amortisation	1,890	1,677	1,672
Operating expenses	26,661	24,188	23,565
Value adjustments to receivables	2,728	-16	-610
Total expenses	<u>29,389</u>	<u>24,172</u>	<u>22,955</u>
Operating result before taxation	4,944	7,138	4,948
Taxation on operating result	-1,242	-1,793	-1,338
Net profit	<u>3,702</u>	<u>5,345</u>	<u>3,610</u>

Consolidated statement of movements in liability capital

(in thousands of euros)

	1st half-year 2008	2nd half-year 2007	1st half-year 2007
Liability capital as at 31 December of previous financial year	200,229	139,813	124,117
Net profit	3,702	5,345	3,610
Revaluation of property and equipment	-	-1	-
Exchange rate results	-553	-483	-36
Total result	3,149	4,861	3,574
Increase in equity	-	56,227	12,392
Payment of cash dividend	-2,163	-	-1,167
Reverted dividend	-	-	1
Movements in repurchased own depository receipts of shares	-724	-672	896
Movements in liability capital in relation to shareholders	-2,887	55,555	12,122
Liability capital at the end of the period	200,491	200,229	139,813

Consolidated cash flow statement

(in thousands of euros)

	1st half-year 2008	2nd half-year 2007	1st half-year 2007
Cashflow from operational activities			
Net profit	3,702	5,345	3,610
Adjustments for			
• depreciation, adjusted for depreciation charged on	1,890	1,690	1,672
• value adjustments to receivables	2,728	-16	-610
• exchange rate differences on property and equipment	-	22	-
• movements in provisions *	-119	264	612
• other movements in accrued and deferred items *	-6,442	4,937	-7,571
<i>Cashflow from business operations</i>	1,759	12,242	-2,287
Movements in government paper	-	5,000	-
Movements in banks, deposits not on demand	18,078	-119,060	31,750
Movements in loans	-125,365	-76,478	-87,437
Movements in shares	-	331	1,968
Movements in bank debt	3,094	5,318	1,124
Movements in funds entrusted	138,126	180,168	80,438
Other movements from operational activities	1,857	1,296	-4,872
<i>Cashflow from operational activities</i>	37,549	8,817	20,684
Cashflow from investment activities			
Net investment in:			
• interest-bearing securities	8,159	-51,000	-37,407
• participating interests	-1,000	-	-
• intangible fixed assets	-1,620	-1,070	-1,364
• property and equipment	-8,991	-618	-774
<i>Cashflow from investment activities</i>	-3,452	-52,688	-39,545
Cashflow from financing activities			
Movements in subordinated liabilities	-	-	-
Increase in equity	-	56,227	12,392
Payment of cash dividend	-2,163	-	-1,167
Movements in repurchased own depository receipts of shares	-724	-672	896
<i>Cashflow from financing activities</i>	-2,887	55,555	12,121
Net cash flow	31,210	11,684	-6,740

* The comparative figures were adjusted on 30 June 2007 in respect of a different classification of provisions with effect from 31 December 2007.

Notes

TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (AMOUNTS IN THOUSANDS OF EUROS)

CONSOLIDATION PRINCIPLES

The financial data for Triodos Bank NV and group companies have been fully consolidated. The financial data for joint ventures have been consolidated pro rata to the participating interest held, if consolidation is necessary in order to provide a transparent overview of the assets and result of Triodos Bank NV.

Statement of equity participations in accordance with sections 2:379 and 2:414 of the Netherlands Civil Code:

- Kantoor Buitenzorg BV in Zeist, participating interest 100%, group company, fully consolidated;
- Kantoor Nieuweroord BV in Zeist, participating interest 100%, group company, fully consolidated;
- Stichting Triodos Beleggersgiro, participating interest 100%, group company, fully consolidated;
- Triodos Assuranti'n BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Custody BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finanz GmbH in Frankfurt, Germany, participating interest 100%, group company, fully consolidated;
- Triodos Fonds Management BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Global Custody BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos MeesPierson Sustainable Investment Management BV in Zeist, participating interest 50%, joint venture with joint control, consolidation in proportion to the participating interest held.

PRINCIPLES FOR VALUATION AND DETERMINATION OF THE RESULT

The principles for valuation and the determination of the result remain unchanged in relation to the previous financial year.

POST-BALANCE SHEET EVENTS

In July 2008 Triodos Bank gave an undertaking to increase its participating interest in New Resource Bank, San Francisco, the United States, from 5% to 9.95%. The estimated acquisition price is USD 3.9 million.

The Asociacion Cultural Por La Danza (ACPD) supports the development and promotion of traditional Spanish dance. (Photo: Pedro Arny)



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Sustainable banking

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

Our mission is

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

OUR AMBITION

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

OUR MARKET AND CORE ACTIVITIES

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

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 the Bank tries to offer a collective package of banking services to promote sustainable development. The Bank's aim is to create a broad customer base – a combination of private and corporate customers who have made a conscious decision to bank with Triodos. Exactly how this happens differs in each country; our services have developed in different ways in each of the countries where we work.

As a product innovator

A second strategic objective is to develop innovative products and sell them through the Bank and third parties. These products directly reflect the mission and values at the core of the Bank's work. In The Netherlands, products have been developed furthest. The Triodos Added Value Funds, Triodos Green Fund, Triodos Sustainable Real Estate Fund and the Triodos Culture Fund are all distributed to the general public via other banks. The launch of Luxemburg-based funds has also laid the foundation for European-wide distribution. More than 50% of the growth in these funds now comes from distribution via third parties, bringing Triodos Bank products to a broader audience.

As an opinion leader

Triodos Bank wants to stimulate public debate about issues, including quality of life, corporate social responsibility and sustainable banking. It also wants to use more than 25 years' experience to encourage society to promote more sustainable development. The implications of this public debate extend well beyond the activities of the Bank itself. And its vision and approach has made it an internationally-recognised name.

The photos in this half-yearly report are all of clients of Triodos Bank.

This half-yearly report is printed on FSC-certified paper.



