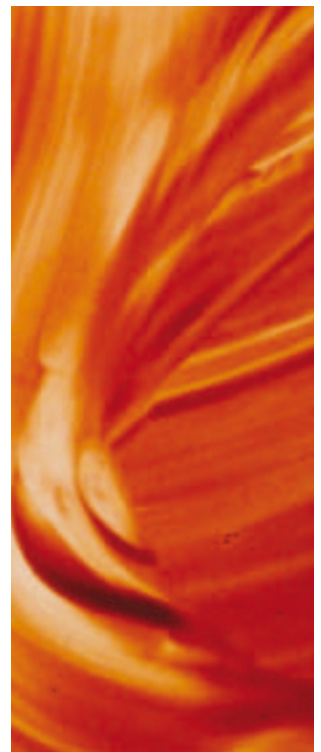
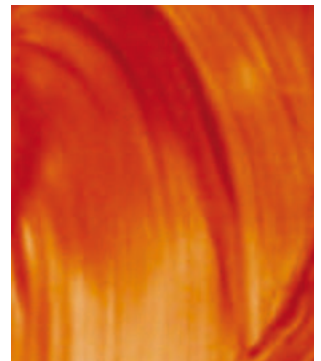
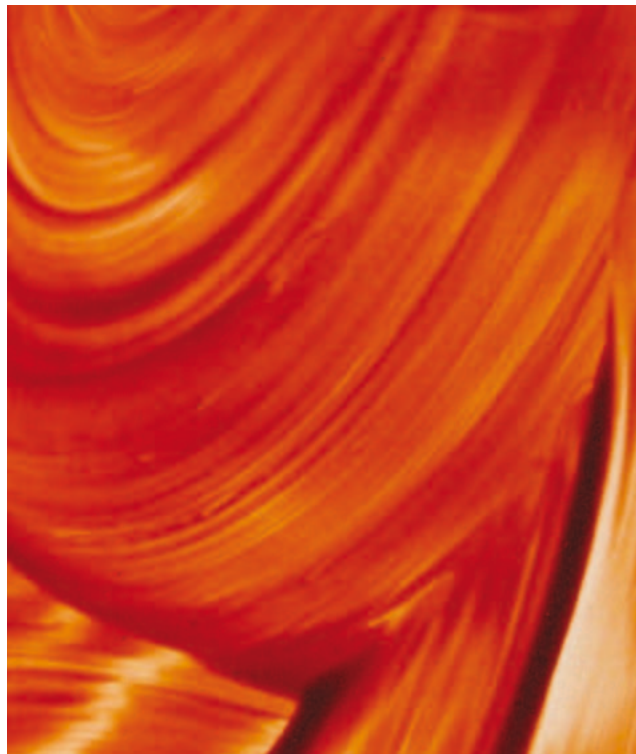




Triodos  Bank

Half-year report June 2010



# Key figures

(amounts in millions of euros)

	First half-year 2010	Second half-year 2009	First half-year 2009
<b>FINANCIAL</b>			
Equity	337	314	209
<i>Number of depository receipt holders</i>	15,692	14,778	11,856
Funds entrusted	2,859	2,585	2,383
<i>Number of accounts</i>	253,172	228,030	197,953
Loans	1,881	1,661	1,427
<i>Number</i>	15,547	14,438	12,668
Balance sheet total	3.303	2,987	2,679
Funds under management*	1,996	1,876	1,459
Total assets under management	5,299	4,863	4,138
Total income	52.1	47.1	41.2
Operating expenses	-36.6	-39.5	-31.0
Value adjustments to receivables	-6.2	-3.0	-2.0
Value adjustments to participating interests	-0.0	0.1	-0.5
Operating result before taxation	9.3	4.7	7.7
Taxation on operating result	-2.1	-0.9	-2.0
Net profit	7.2	3.8	5.7
Solvency (Bis ratio)	14.9%	16.3%	12.0%
Operating expenses / total income	70%	84%	75%
<b>Per share (in euros)</b>			
Net asset value at the end of the period	71	71	70
Net profit**	1.62	1.03	1.95
Dividend	—	1.95	—
<b>SOCIAL</b>			
Number of co-workers at the end of the period***	611	576	526

The figures shown in the half-year 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, 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.

\*\* 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.

# Executive Board Report

If there is a 'silver lining' to the financial crisis, it is the significant public debate that it started around banking in society. But did anything change because of this public debate? The answer is yes and no.

Some banking practices have changed. This has come largely from public pressure and governmental oversight, but also from banks' own soul searching and their recognition of past mistakes. Regulators have also taken active steps to limit volatility and reduce risk in the financial sector.

In other areas, progress has not been as clear. We have not yet really addressed the fundamental question about banks' role in society, including the distinction between investment banking and retail banking. Triodos Bank is a vocal advocate for banking that serves a real economy based on actual goods and services. We believe strongly in the distinction between higher-risk investments and "utility banking", and we are one of just a few banks that actively promote this point of view.

As the banking sector continues to recover and adapt, a new and volatile element in the world's economy has emerged: crisis in government finance. Up until very recently, government bonds have been seen as a safe haven for liquidity, but they no longer seem to offer a guarantee of a safe return on investment. In the first half of 2010, governments in Europe and the Americas have been under pressure to put their finances in order and streamline their budgets. At the same time, they want to fuel economic growth and create jobs through spending. This struggle between short-term gains and long-term economic health creates a serious tension that will continue to have a significant impact on the financial system.

As a result, decision makers are unable or unwilling to grapple with more fundamental issues, including climate change, food production, closing the gap between rich and poor, and the need for clean and renewable alternatives to fossil fuels. Although an increasing number of people agree – in principle – with the need for these fundamental changes, decision makers have been slow to start this transformation. Too often, sustainability is seen as one of many

competing priorities, rather than an integral part of successful growth.

Triodos Bank provides clear examples of how integrated sustainability can be the key to financial growth. Our banking model works to benefit people and the environment while still providing a stable, healthy return on investment. We will continue to improve and expand this model. But to deliver change at a global level, we need to move from a relatively exclusive club to become a genuine movement.

To help deliver this, we co-founded the Global Alliance for Banking on Values (GABV) in 2009. And this year the network has committed to touch the lives of a billion people with sustainable banking by 2020.

This sounds like an ambitious goal, and it is. Today, we estimate that, together, Triodos Bank and the other members of GABV, already have seven million customers worldwide, many of them clients through microfinance. Although this is a strong start, we intend to make a much greater impact by bringing sustainable finance to many more people.

**RETAIL AND BUSINESS BANKING ACTIVITIES**  
During the first six months of 2010, Triodos Bank's balance sheet rose by 11%, to EUR 3.3 billion. Growth during the same period last year was 13%. This provides strong evidence of Triodos Bank's steady growth and the viability of our business model during difficult economic times.

The credit portfolio grew by 13%, which is in line with an ambitious target for this year. We improved the ratio of loans to deposits from 64% at the end of 2009 to 66%, bringing us closer to a goal of 70%. The Executive Board is striving for a ratio of 70% to ensure a healthy balance between entrusted funds and investments in sustainable projects.

The portfolio continues to perform well. However, we have increased substantially the level of provisions on our loans in response to issues in some sectors – most notably, some renewable energy from biomass projects.



Run by Luke Hasell (pictured) and Jim Twine on two family-run, community farms in Somerset, United Kingdom, The Story Group supply organic beef and lamb directly to customers in the area. Finance from Triodos Bank was used to start a business that works with nature to produce healthy, high-quality food with a low carbon footprint.

**This image is taken from a new film highlighting the projects we finance and why they matter.**

**To view it, visit [www.triodos.com/film](http://www.triodos.com/film).**

Our funds entrusted, which are composed primarily of savings and fixed-term deposits, increased by 11%. Growth in funds entrusted during the same period in 2009 was 15%.

#### FUNDS UNDER MANAGEMENT

Our funds under management totalled EUR 2.0 billion as of 30 June 2010. In the first six months of 2010, we have faced a volatile investment climate. Nevertheless, overall growth of our funds under management was 6%, matching growth during the same period of 2009.

Our funds under management mainly consist of investment funds managed by Triodos Investment Management, as well as Private Banking. Triodos Investment Management's funds grew by 6% to EUR 1,684 million, compared to 4% during the same period of 2009. Private Banking grew to EUR 308 million, a growth of 10% compared to 22% during the same period of 2009.

We achieved this increase even with the temporary closure of inflow for two of our most successful investment funds. Triodos Groenfonds, our largest investment fund, and Triodos Fair Share Fund in the Netherlands, are very popular among investors. Both enjoy tax benefits, but these benefits require that 70% of the funds' liquidity is invested. We suspended inflow in to these funds' temporarily to allow more time to invest last year's liquidity.

In June of this year, Triodos Meerwaarde Fonds in the Netherlands merged with the Luxembourg-based Triodos Values Fund. Our goal with this combined fund is to realise efficiencies of scale and to attract investors from other European markets.

#### FINANCIAL RESULTS

Triodos Bank's profit rose by more than 27% compared to the same period in 2009. Net earnings for the first half of 2010 totalled EUR 7.2 million, compared to EUR 5.7 million for the first six months in 2009.

#### CAPITAL RAISING SUCCESS

We raised more than EUR 100 million in equity, during a very successful capital raising exercise in 2009. We closed this issue before the end date because of statutory limitations, which meant that a number of interested investors were not able to take part in it. At the Annual General Meeting in 2010, shareholders approved an

increase in capital base, which allowed us to offer a new issue at the beginning of the summer.

We used this opportunity to develop a more limited campaign targeted at existing investors, rather than the wider public. We expected to raise up to EUR 20 million through this effort. Between June 7 and July 25, we significantly exceeded these expectations, attracting more than EUR 32 million in new capital. By developing our already strong capital base, we are building a foundation for future growth.

While we were not required to, we chose to run the same stress test undertaken by Europe's biggest banks to see how well equipped we would be to deal with various scenarios. The outcome was positive, as expected. Our Tier 1 capital ratio (which was 16.2% at 31 December 2009) did not decline in any of these scenarios.

#### PROSPECTS

In the second half of 2010, we will launch a new website to better serve our existing customers and attract new ones. As a means of engaging more people and promoting our efforts in an even more transparent way, we expect this project to make a significant difference to our ongoing work.

Barring unforeseen circumstances, we expect steady growth in the second half of 2010.

Zeist, 27 August 2010

Triodos Bank Executive Board

# Key figures for the first half-year of 2010 by branch and business unit

(in thousands of euros)

	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain	Bank Germany
Funds entrusted	1,373,693	749,534	441,612	303,086	11,027
<i>Number of accounts</i>	150,895	38,568	31,160	32,129	441
Loans	652,125	391,828	342,907	429,732	64,314
<i>Number</i>	12,243	1,482	968	799	55
Balance sheet total	1,503,659	831,144	531,669	464,076	85,421
Funds under management	0	0	0	0	0
Total assets under management	<u>1,503,659</u>	<u>831,144</u>	<u>531,669</u>	<u>464,076</u>	<u>85,421</u>
Total income	15,789	10,476	5,816	6,749	1,031
Operating expenses	-9,973	-6,079	-3,812	-5,319	-2,131
Value adjustments to receivables	-993	-3,696	-299	-1,230	0
Value adjustments to participations	0	0	0	0	0
Operating result	4,823	701	1,705	200	-1,100
Taxation on operating result	-1,229	177	-478	-60	351
Net profit	<u>3,594</u>	<u>878</u>	<u>1,227</u>	<u>140</u>	<u>-749</u>
<i>Average number of co-workers on a full-time basis</i>	112.0	68.0	72.8	81.0	24.2
<i>Operating expenses/ total income</i>	63%	58%	66%	79%	207%

Total banking activities	Investment Management	Private Banking	Other	Eliminations	Total
2,878,952	0	0	0	-20,294	2,858,658
253,193	0	0	0	-21	253,172
1,880,906	0	0	0	0	1,880,906
15,547	0	0	0	0	15,547
3,415,969	0	0	601,901	-714,591	3,303,279
0	1,683,645	307,582	4,457	0	1,995,684
<u>3,415,969</u>	<u>1,683,645</u>	<u>307,582</u>	<u>606,358</u>	<u>-714,591</u>	<u>5,298,963</u>
39,861	10,900	1,204	593	-480	52,078
-27,314	-8,059	-888	-724	480	-36,505
-6,218	0	0	-5	0	-6,223
0	0	0	-41	0	-41
6,329	2,841	316	-177	0	9,309
-1,239	-716	-81	-25	0	-2,061
<u>5,090</u>	<u>2,125</u>	<u>235</u>	<u>-202</u>	<u>0</u>	<u>7,248</u>
358.0	77.0	10.1	101.9		547.0
69%	74%	74%			70%

# Consolidated balance sheet as at 30 June 2010

before profit appropriation (in thousands of euros)

	30 Jun 2010	31 Dec 2009	30 Jun 2009
<b>ASSETS</b>			
Cash	34,851	49,073	25,735
Banks	686,119	663,079	674,372
Loans	1,880,906	1,660,935	1,426,928
Interest-bearing securities	557,518	511,018	446,548
Shares	4	3	3
Participating interests	2,754	2,532	2,540
Intangible fixed assets	14,908	13,974	14,110
Property and equipment	31,641	29,500	27,597
Other assets	6,245	6,077	5,198
Prepayments and accrued income	88,333	51,293	55,952
<b>Total assets</b>	<b>3,303,279</b>	<b>2,987,484</b>	<b>2,678,983</b>
<b>LIABILITIES AND EQUITY</b>			
Banks	14,619	9,560	9,880
Funds entrusted	2,858,658	2,584,617	2,383,071
Other liabilities	7,382	9,471	6,682
Liabilities and deferred income	56,880	39,943	42,465
Provisions	6,370	6,855	5,448
Subordinated liabilities	22,800	22,800	22,800
Equity	336,570	314,238	208,637
<b>Total liabilities and equity</b>	<b>3,303,279</b>	<b>2,987,484</b>	<b>2,678,983</b>
Contingent liabilities	43,701	37,119	51,065
Irrevocable facilities	508,407	338,257	323,665
	<b>552,108</b>	<b>375,376</b>	<b>374,730</b>



# Consolidated profit and loss account

(in thousands of euros)

	1st half-year 2010	2nd half-year 2009	1st half-year 2009
<b>INCOME</b>			
Interest income	51,708	49,228	49,197
Interest expense	-17,934	-20,571	-25,137
<i>Interest</i>	<u>33,774</u>	<u>28,657</u>	<u>24,060</u>
Commission income	17,857	16,887	13,184
Commission expense	-371	-371	-323
<i>Commission</i>	<u>17,486</u>	<u>16,516</u>	<u>12,861</u>
Result on financial transactions	113	71	1,701
Other income	705	1,885	2,585
Other income	<u>818</u>	<u>1,956</u>	<u>4,286</u>
<b>Total income</b>	<u>52,078</u>	<u>47,129</u>	<u>41,207</u>
<b>EXPENSES</b>			
Co-worker and other administrative expenses	34,237	36,588	28,739
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	2,268	2,874	2,289
Operating expenses	36,505	39,462	31,028
Value adjustments to receivables	6,223	3,025	1,955
Value adjustments to participating interests	41	-17	485
<b>Total expenses</b>	<u>42,769</u>	<u>42,470</u>	<u>33,468</u>
Operating result before taxation	9,309	4,659	7,739
Taxation on operating result	-2,061	-857	-2,039
<b>Net profit</b>	<u>7,248</u>	<u>3,802</u>	<u>5,700</u>

# Consolidated statement of changes in the equity

(in thousands of euros)

	Share Capital	Share premium
Equity as at 1 January 2009	146,075	25,071
Sale of own depository receipts		
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash, stock dividend paid out of share premium	2,588	-2,588
Revaluation of property, equipment and participation interest after taxation		
Exchange rate results from business operations abroad after taxation		
Transfer to statutory reserve for development costs		
Result for financial period		
Equity as at 30 June 2009	148,663	22,483
Increase of share capital	72,366	29,024
Sale of own depository receipts		
Revaluation of property, equipment and participation interest after taxation		
Exchange rate results from business operations abroad after taxation		
Transfer to statutory reserve for development costs		
Result for financial period		
Equity as at 31 December 2009	221,029	51,507
Increase of share capital	12,097	5,081
Sale of own depository receipts		
Profit appropriation for previous financial year, addition to the other reserves		
Profit appropriation for previous financial year, dividend		
Dividend not distributed in cash, stock dividend paid out of share premium	4,132	-4,132
Revaluation of property, equipment and participation interest after taxation		
Exchange rate results from business operations abroad after taxation		
Transfer to statutory reserve for development costs		
Result for financial period		
Equity as at 30 June 2010	237,258	52,456

Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
28	5,906	16,931	10,140	204,151
		818		818
		4,470	-4,470	—
			-5,670	-5,670
		3,634		3,634
12				12
	-8			-8
	669	-669		—
			5,700	5,700
40	6,567	25,184	5,700	208,637
				101,390
		433		433
3				3
	-27			-27
	222	-222		—
			3,802	3,802
43	6,762	25,395	9,502	314,238
				17,178
		444		444
		900	-900	—
			-8,602	-8,602
		5,801		5,801
14				14
	249			249
	1,093	-1,093		—
			7,248	7,248
57	8,104	31,447	7,248	336,570

# Consolidated cash flow statement

(in thousands of euros)

	1st half-year 2010	2nd half-year 2009	1st half-year 2009
<b>Cash flow from operational activities</b>			
Net profit	7,248	3,802	5,700
Adjustments for:			
• depreciation, adjusted for depreciation charged on	2,268	2,863	2,286
• value adjustments to receivables	6,223	3,025	1,955
• value adjustments to participating interests	41	-17	485
• exchange rate differences on property and equipment	—	-10	—
• movements in provisions	-485	1,407	-796
• other movements in accrued and deferred items	-20,103	2,137	93
Cash flow from business operations	-4,808	13,207	9,723
Movement in banks, deposits not on demand	121,240	118,606	104,961
Movement in loans	-226,194	-237,032	-158,762
Movement in shares	-1	—	—
Movement in banks, liabilities not on demand	5,059	-320	-589
Movement in funds entrusted	274,041	201,546	306,392
Other movements from operational activities	-2,257	1,910	-2,211
Cash flow from operational activities	167,080	97,917	259,514
<b>Cash flow from investing activities</b>			
Net investments in:			
• interest-bearing securities	-46,500	-64,470	-177,334
• intangible fixed assets	-1,918	-1,725	-2,046
• property and equipment	-3,425	-2,895	-1,320
Cash flow from investment activities	-51,843	-69,090	-180,700
<b>Cash flow from financing activities</b>			
Increase in equity	17,178	101,390	—
Payment of cash dividend	-2,801	1	-2,037
Sale of depository receipts for own shares	444	433	818
Cash flow from financing activities	14,821	101,824	-1,219
<b>Net cash flow</b>	130,058	130,651	77,595
Cash and cash equivalents at beginning of the period	358,249	227,598	150,003
Cash and cash equivalents at the end of the period	488,307	358,249	227,598
On demand deposits with central banks	34,851	49,073	25,735
On demand deposits with banks	453,456	309,176	201,863
Cash and cash equivalents at the end of the year	488,307	358,249	227,598

# Notes

## TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### CONSOLIDATION PRINCIPLES

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

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

- Kantoor Buitenzorg BV in Zeist, participating interest 100%, group company, fully consolidated;
- Kantoor Nieuweroord BV in Zeist, participating interest 100%, group company, fully consolidated;
- Stichting Triodos Beleggersgiro in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Assurantiën BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Cultuurbank BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Custody BV in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finanz GmbH, Frankfurt am Main, Germany, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management BV, Zeist, participating interest 100%, group company, fully consolidated;
- Triodos MeesPierson Sustainable Investment Management BV, Zeist, participating interest 50%, joint venture with joint control, consolidated in proportion to the participating interest held,

### PRINCIPLES FOR VALUATION AND THE DETERMINATION OF THE RESULT

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

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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 aims 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, depending in part on the stage of development of the branches and offices in question.

### **As a product innovator**

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

### **As an opinion leader**

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

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



**Mixed Sources**

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