



Triodos  Bank

Half-year report June 2009



Key figures

(amounts in millions of euros)

	First half-year 2009	Second half-year 2008	First half-year 2008
FINANCIAL			
Equity	209	204	200
<i>Number of depository receipt holders</i>	11,856	11,797	11,879
Funds entrusted	2,383	2,077	1,755
<i>Number of accounts</i>	197,953	169,517	145,155
Loans	1,427	1,270	1,141
<i>Number</i>	12,668	9,381	7,926
Balance sheet total	2,679	2,363	2,036
Funds under management*	1,459	1,378	1,406
Total assets under management	4,138	3,741	3,442
Total income	41.2	39.4	34.3
Operating expenses	-31.0	-28.9	-26.7
Value adjustments to receivables	-2.0	-0.5	-2.7
Value adjustments to participating interests	-0.5	-1.0	—
Operating result before taxation	7.7	9.0	4.9
Taxation on operating result	-2.0	-2.6	-1.2
Net profit	5.7	6.4	3.7
Operating expenses/total income	75%	73%	78%
Per share (in euros)			
Net asset value at the end of the period	70	70	69
Net profit**	1.95	2.22	1.29
Dividend	—	1.95	—
SOCIAL			
Number of co-workers at the end of the period***	526	475	443

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.

Report of the Board of Management

The financial crisis continued to expand and intensify during the first quarter of 2009. Its impact on the real economy has also become increasingly clear. In the United States, Europe and other parts of the world, many countries are in a deep and possibly protracted recession. It seems that the sentiment on the stock markets has been turning recent. Given the nature of the crisis, any signs of recovery have come much sooner than expected. For some commentators, the financial crisis appears to have bottomed out and recovery is already cautiously expected for 2010.

This upturn can be read in many economic and financial analyses, with the implication being that there will be a return to the old days. The striking results of the investment banks already provide proof of this, with record profits delivered in the second quarter of 2009. However, these profits have little to do with developments in the real economy. So it may be dangerous to think that the crisis is over. A thorough analysis of the causes of the crisis have not yet emerged, let alone any important lessons learned.

The discussion about the role of banking in society is only just beginning. Public authorities and supervisory bodies, as well as bankers, must start searching for their new role. But one thing is certain; the banking system rescue, which was unprecedented in its scale and impact, cannot be repeated. Instead, the role of banking itself must be reassessed. Banks need to be forced to take fewer risks and focus on their main role in society - the prudent management of savings and providing credit. This transformation will take years and stands in sharp contrast with the hope that everything will soon be back to 'business as usual'.

The financial crisis is not the only one we face. The climate crisis, the chasm between rich and poor and the exploitation of finite natural resources are less easy to solve than the restructuring of a financial system. Triodos Bank aims to emphasise the positive role that the banking community can play to resolve these issues, both through its own actions and by contributing to the public debate.

THE GLOBAL ALLIANCE FOR BANKING ON VALUES

The Global Alliance for Banking on Values was established on 3 March 2009. The alliance of eleven leading sustainable banks was launched with inspiring addresses by HRH Princess Máxima of the Netherlands and Achim Steiner, Executive Director of UNEP (the United Nations Environmental Programme). Its aim is to demonstrate that value-driven banking can support millions of people in their pursuit of a sustainable existence and is simultaneously also stable and profitable – perhaps as a result of this – at a time when the banking system is facing a major crisis. Triodos Bank, together with Shore Bank (USA) and BRAC Bank (Bangladesh), are the Alliance's co-founders. The Global Alliance will devote itself to banking that creates value for the real economy on the basis of sustainable values.

THE MOST SUSTAINABLE BANK IN THE WORLD

With considerable pride, Triodos Bank received the prestigious Financial Times Sustainable Bank of the Year Award on 4 June 2009. While this prize is usually awarded to a major bank that has promoted sustainability as part of its activities, the jury decided to honour Triodos Bank this year because of its pioneering work and its comprehensive sustainable operations. The FT Sustainable Banking Awards are conferred by an international jury, selected on the initiative of the Financial Times and IFC, a member of the World Bank Group.

GROWTH OF BANKING ACTIVITIES

During the first six months of 2009, Triodos Bank's balance sheet total rose by more than 13% to EUR 2.7 billion as at 30 June 2009. Growth during the same period last year was 8%. The Board of Management is very satisfied with this increase. The fact that so many people and companies have decided to switch to Triodos Bank in times of uncertainty indicates that the Bank has considerably strengthened its position in the market.

The credit portfolio grew by more than 12% during the first six months of 2009 with all of Triodos Bank's offices contributing to the growth. The credit portfolio continues to be of good quality. To be on the safe-side, a provision



Peruvian microfinance bank, Mibanco lends money to around 361,000 borrowers. José Antonio Ccencho Limache is one of them, and has been able to develop his company thanks to loans from the bank. Triodos Fair Share Fund, Triodos-Doen and Hivos-Triodos Funds are shareholders in Mibanco.

has been formed for a number of items, which is in line with the long-term trend. Partly in view of the deteriorating economic climate, we consider this to be a positive development.

The amount of funds entrusted, mainly comprising of saving accounts and fixed term accounts, increased by almost 15% during the first six months of 2009. Growth far exceeded expectations, especially during the first three months of 2009.

GROWTH OF INVESTMENT FUNDS IS SLOWLY PICKING UP AGAIN

The investment climate has improved somewhat during the last three months, and the Triodos investment funds have benefited from this. Growth in the first six months of 2009 amounted to almost 6% compared to a decrease of 2% in the same period of 2008. Funds under management totalled EUR 1.5 billion as at 30 June 2009.

The Triodos Microfinance Fund was launched on 2 March 2009 with an initial investment of EUR 23 million. This Fund is primarily aimed at the institutional market. The aim is for it to grow to EUR 200 million to make the most of the many opportunities offered by this market, in which the Bank has traditionally held a strong position.

On 9 March 2009, Triodos Green Fund received the FD Morningstar Award due to its excellent performance in 2008 and steady returns during the past few years.

FINANCIAL RESULTS

Triodos Bank's operating profit rose by more than 50% compared to the same period in 2008. Net earnings for the first half of 2009 totalled EUR 5.7 million compared to EUR 3.7 million for the first six months of 2008. While the organisation has increased its underlying profit through its core business, an exceptional item has also enhanced the overall profit.

PROSPECTS

Barring unforeseen circumstances, further growth is expected in the second half of 2009. There has been a significant increase in the opportunities for corporate lending and renewable energy projects.

In addition, Triodos Bank expects to open a branch office in Frankfurt, Germany at the end

of 2009. The necessary licences have now been obtained.

Triodos Bank intends to attract fresh capital at the end of September 2009 by issuing depository receipts for shares, the main reason being the strong growth of all activities. This issue will facilitate further growth of the credit portfolio in the coming two to three years.

The expectation is that the financial results will develop favourably.

Zeist, 26 August 2009

Triodos Bank Board of Management

Key figures for the first half-year of 2009, showing breakdown between the countries and business units

amounts in thousands of euros

	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	1,076,297	649,750	407,817	249,207
<i>Number of accounts</i>	112,477	33,696	29,353	22,427
Loans	550,537	303,468	261,975	310,948
<i>Number</i>	9,891	1,199	837	741
Balance sheet total	1,145,680	677,665	430,955	364,435
Funds under management	0	0	0	0
Total assets under management	1,145,680	677,665	430,955	364,435
Total income	13,743	6,357	4,970	4,409
Operating expenses	-9,657	-4,383	-4,042	-4,147
Value adjustments to receivables	-1,294	21	-26	-180
Value adjustments to participation interests	0	0	0	0
Operating result	2,792	1,995	902	82
Taxation on operating result	-712	-389	-252	-25
Net profit	2,080	1,606	650	57
<i>Average number of co-workers on a full-time basis</i>	92.3	52.3	76.0	65.3
<i>Operating expenses/total income</i>	70%	69%	81%	94%

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

Totaal Bank activities	Investment Management	Private Banking	Other	Total
2,383,071	0	0	0	2,383,071
197,953	0	0	0	197,953
1,426,928	0	0	0	1,426,928
12,668	0	0	0	12,668
2,618,735	0	0	60,248	2,678,983
0	1,263,553	191,663	3,939	1,459,155
<u>2,618,735</u>	<u>1,263,553</u>	<u>191,663</u>	<u>64,187</u>	<u>4,138,138</u>
29,479	8,825	788	2,115	41,207
-22,229	-7,262	-925	-612	-31,028
-1,479	0	0	-476	-1,955
0	0	0	-485	-485
<u>5,771</u>	<u>1,563</u>	<u>-137</u>	<u>542</u>	<u>7,739</u>
<u>-1,378</u>	<u>-392</u>	<u>35</u>	<u>-304</u>	<u>-2,039</u>
<u><u>4,393</u></u>	<u><u>1,171</u></u>	<u><u>-102</u></u>	<u><u>238</u></u>	<u><u>5,700</u></u>
285.9	67.5	10.0	90.3	453.7
75%	82%	117%	*	75%

Consolidated balance sheet as at 30 June 2009

before profit appropriation (in thousands of euros)

	30 Jun 2009	31 Dec 2008	30 Jun 2008
ASSETS			
Cash	25,735	40,074	18,839
Banks	674,372	687,399	489,813
Loans	1,426,928	1,270,121	1,141,283
Interest-bearing securities	446,548	269,214	283,584
Shares	3	3	3
Participating interests	2,540	3,020	1,785
Intangible fixed assets	14,110	13,160	12,831
Property and equipment	27,597	27,467	28,874
Other assets	5,198	5,109	2,999
Prepayments and accrued income	55,952	47,473	56,488
Total assets	2,678,983	2,363,040	2,036,499
LIABILITIES AND EQUITY			
Banks	9,880	10,469	10,681
Funds entrusted	2,383,071	2,076,679	1,754,948
Other liabilities	6,682	8,804	7,741
Liabilities and deferred income	42,465	33,893	33,940
Provisions	5,448	6,244	5,898
Subordinated liabilities	22,800	22,800	22,800
Equity	208,637	204,151	200,491
Total liabilities and equity	2,678,983	2,363,040	2,036,499
Contingent liabilities	51,065	47,627	23,216
Irrevocable facilities	323,665	259,297	251,802
	374,730	306,924	275,018

Consolidated profit and loss account

(in thousands of euros)

	1st half-year 2009	2nd half-year 2008	1st half-year 2008
INCOME			
Interest income	49,197	53,665	47,708
Interest expense	-25,137	-30,998	-26,271
<i>Interest</i>	<u>24,060</u>	<u>22,667</u>	<u>21,437</u>
Commission income	13,184	12,732	11,964
Commission expense	-323	-251	-284
<i>Commission</i>	<u>12,861</u>	<u>12,481</u>	<u>11,680</u>
Result on financial transactions	1,701	3,583	555
Other income	2,585	673	661
Other income	<u>4,286</u>	<u>4,256</u>	<u>1,216</u>
Total income	<u>41,207</u>	<u>39,404</u>	<u>34,333</u>
EXPENSES			
Co-worker and other administrative expenses	28,739	26,701	24,771
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	2,289	2,194	1,890
Operating expenses	31,028	28,895	26,661
Value adjustments to receivables	1,955	480	2,728
Value adjustments to participating interests	485	977	—
Total expenses	<u>33,468</u>	<u>30,352</u>	<u>29,389</u>
Operating result before taxation	7,739	9,052	4,944
Taxation on operating result	-2,039	-2,614	-1,242
Net profit	<u>5,700</u>	<u>6,438</u>	<u>3,702</u>

Consolidated statement of movements in equity

(in thousands of euros)

	1st half-year 2009	2nd half-year 2008	1st half-year 2008
Equity at the beginning of the period	204,151	200,491	200,229
Net profit	5,700	6,438	3,702
Revaluation of participating interests, property and equipment	12	-244	—
Exchange rate results	-7	-2,260	-553
Total result	5,705	3,934	3,149
Payment of cash dividend	-2,037	—	-2,163
Purchases and re-issue of own depository receipts of shares	818	-274	-724
Movements in equity in relation to shareholders	-1,219	-274	-2,887
Equity at the end of the period	208,637	204,151	200,491

Consolidated cash flow statement

(in thousands of euros)

	1st half-year 2009	2nd half-year 2008	1st half-year 2008
Cash flow from operational activities			
Net profit	5,700	6,438	3,702
Adjustments for:			
• depreciation, adjusted for depreciation charged on	2,286	1,728	1,890
• value adjustments to receivables	1,955	480	2,728
• value adjustments to participating interests	485	977	—
• value adjustments on property and equipment	—	437	—
• movements in provisions	-796	346	-119
• other movements in accrued and deferred items	93	8,967	-6,442
Cash flow from business operations	9,723	19,373	1,759
Movement in banks, deposits not on demand	104,961	-143,629	18,078
Movement in loans	-158,762	-129,318	-125,365
Movement in banks, liabilities not on demand	-589	-212	3,094
Movement in funds entrusted	306,392	321,731	138,126
Other movements from operational activities	-2,211	-3,591	1,857
Cash flow from operational activities	259,514	64,354	37,549
Cash flow from investing activities			
Net investments in:			
• interest-bearing securities	-177,334	14,370	8,159
• participating interests	—	-1,901	-1,000
• intangible fixed assets	-2,046	-1,273	-1,620
• property and equipment	-1,320	-84	-8,991
Cash flow from investment activities	-180,700	11,112	-3,452
Cash flow from financing activities			
Payment of cash dividend	-2,037	—	-2,163
Purchases and re-issue of own depository receipts	818	-274	-724
Cash flow from financing activities	-1,219	-274	-2,887
Net cash flow	77,595	75,192	31,210



Intrépida Mu is a Spanish company that designs clothes made from 100% organic and fair trade cotton produced by Peruvian cooperatives. Miquel Castells and Pepe Bargañó are the founders of this Barcelona based company. Triodos Bank in Spain has provided funding for their company.

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 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.



