Triodos Bank

Annual Report 2016

Triodos Bank produces a printed 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

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

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

Annual general meeting	19 May 2017
Ex-dividend date	23 May 2017
Dividend payment date	26 May 2017

Annual Report 2016
Triodos Bank NV

Content only available online at www.annual-report-triodos.com

Interview with Peter Blom, CEO

Annual Report 'at a glance' – A brief summary of our performance

Europe's Sustainable Bank – Integrated summary of branch activities

Triodos Investment Management – Detailed overview of our activity

Impact – Vision and practice, including case studies

Stakeholder Engagement – Extensive overview of our stakeholder dialogue and materiality analysis

Country Reports – A summary of activities in each of the countries where we operate

Global Reporting Initiative (GRI) Content Index

Key Figures

Amounts in millions of EUR	2016	2015	2014	2013	2012
Financial					
Equity	904	781	704	654	565
Number of depository receipt holders	38,138	35,735	32,591	31,304	26,876
Funds entrusted	8,025	7,283	6,289	5,650	4,594
Number of accounts	759,738	707,057	628,321	556,146	454,927
Loans	5,708	5,216	4,266	3,545	3,285
Number of loans	50,765	44,418	36,320	29,620	24,082
Balance sheet total	9,081	8,211	7,152	6,447	5,291
Funds under management[1]	4,373	4,087	3,480	3,199	2,754
Total assets under management	**13,454**	**12,298**	**10,632**	**9,646**	**8,045**
Total income	217.6	211.6	189.6	163.7	151.6
Operating expenses	−171.7	−150.2	−138.4	−112.6	−100.1
Impairments loan portfolio	−5.7	−7.6	−11.1	−17.1	−20.9
Value adjustments to participating interests	−1.5	0.2	0.2	0.2	0.2
Operating result before taxation	38.7	54.0	40.3	34.2	30.8
Taxation on operating result	−9.4	−13.3	−10.2	−8.5	−8.2
Net profit	**29.3**	**40.7**	**30.1**	**25.7**	**22.6**
(Common) equity tier 1 ratio[2]	19.2%	19.0%	19.0%	17.8%	15.9%
Total Capital ratio[2]	19.2%	19.0%	19.0%	17.8%	16.0%
Leverage ratio[3]	8.8%	8.4%	8.8%	8.7%	9.0%
Operating expenses/total income	79%	71%	73%	69%	66%
Return on equity in %	3.5%	5.5%	4.4%	4.3%	4.5%
Return on assets in %	0.3%	0.5%	0.4%	0.4%	0.4%
Per share (in EUR)					
Net asset value at year end	82	81	78	77	75
Net profit[4]	2.83	4.40	3.41	3.23	3.37
Dividend	1.95	1.95	1.95	1.95	1.95

	2016	2015	2014	2013	2012
Social					
Number of co-workers at year end[5]	1,271	1,121	1,017	911	788
Co-worker turnover	8%	14%	10%	7%	10%
Women as percentage of management team	40%	38%	40%	40%	42%
Training costs per co-worker in EUR	1,435	1,692	1,856	2,055	1,731
Ratio of highest to median salary[6]	5.7	5.7	5.6	5.5	5.5
Ratio of highest to lowest salary[6]	9.9	9.8	9.6	9.4	9.4
Environment					
Emission of CO_2 (1,000 kg)	3,123	3,041	3,084	2,906	2,986
CO_2 compensation	100%	100%	100%	100%	100%

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

2 The calculation of the (common) equity tier 1 ratio and the total capital ratio for 2016, 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.

3 The calculation of the leverage ratio for 2016, 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.

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

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

6 As of 2015 both the ratio of the highest to the lowest salary is reported as the ratio of the highest to the median salary. The factor between the highest and lowest salary is calculated on a per country basis and reflects the ratio in the Netherlands. The ratio in the other countries is lower due to a smaller size of the offices and because the Executive Board is based at the Head Office in the Netherlands. The ratio of highest to median salary (excluding highest salary) follows the GRI criteria and is considered best practice. It provides a more meaningful indication of the ratio between salaries. All salaries are calculated on a fulltime basis.

About This Report

In a nutshell

• Triodos Bank has always reported financial and non-financial information in an integrated report because it is, and has always been, an integrated sustainable business itself
• Its Annual Report is available as a hard copy document and PDF. This is the legally leading document
• This content, plus much more, is also available online (www.annual-report-triodos.com)
• The report's key content comes from finding out what's most important, or material, to Triodos Bank and its stakeholders
• Triodos Bank's report challenges the 'old world' orthodoxy of focusing on financial targets only, to understand a bank's performance
• Triodos Bank combines qualitative and quantitative evidence of its impact. It verifies its impact data and intends to improve how it understands, manages and reports on its non-financial impact in the future.

An integrated report

Triodos Bank's Annual Report is integrated. That means it combines sustainability-related, or 'corporate social responsibility' (CSR), topics with everything else you would expect from a traditional annual report, such as key financial targets and performance information.

For Triodos Bank integrated reporting doesn't just mean reporting on how the organisation behaves as a responsible corporate citizen – by using renewable energy to power its buildings, for example, important as this is. It means reporting in depth on the impact of its activity in the widest sense, through the impact of its loans and investments in particular. Integrated reporting is a growing and welcome trend in the business community in general because more integrated reports suggest more businesses consider their impact on society and the environment as core to their activities.

The Annual Report – on and offline

This Annual Report is produced as a hard copy document that's also available as a PDF and as an online Annual Report at www.annual-report-triodos.com.

The offline report is Triodos Bank's legally leading, audited document. Please see page 212 for details of the scope of the auditor's opinion. It is reproduced, in its entirety, in the online report. But the online report also includes much more information, such as a film with the CEO and an in-depth impact chapter.

While great care is taken to produce the offline report Triodos Bank invests most time and effort in the online report because it is viewed by many more people with less environmental impact.

Report structure

The report's content begins with what Triodos Bank's stakeholders and Triodos Bank itself think are the most important, or material, issues to it.

Who Triodos Bank's stakeholders are, and how the bank interacts with them, are explored in more depth online and later in the Executive Board Report on page 18: But, in short, they are:
• Those that engage in economic transactions with the business
• Those that do not engage in direct economic exchange with the business, but have a close interest in it
• Those that provide new insights, opportunities and knowledge.

Triodos Bank identifies its material issues through research and structured conversations with these groups. You can find these material issues on page 19.

The material issues are reflected in the Triodos Bank strategic objectives, on page 21, where the organisation's key priorities are described in detail including progress against them. To help its stakeholders understand how well, or not, it is doing, Triodos Bank aims to only use meaningful indicators that are genuinely relevant. It provides context for what these indicators really mean to the health of the business.

The report aims to provide a coherent thread throughout. Issues described in the materiality analysis are explored further in the Executive Board Report and Triodos Bank's results – both financial and non-financial. Reports from the bank's Boards (the Executive Board, Supervisory Board and Board of SAAT) reflect these topics and issues of particular attention during the year.

As well as its impact on society, the environment and culture via its external finance and how it approaches Risk and Corporate Governance, the report includes information about the organisation's environmental and co-worker responsibilities and developments during the year. These reports are supported by more detailed statistical information in the Appendices. Triodos Bank's financial performance is also described in detail in a financial accounts section.

Who does Triodos Bank partner with to improve its reporting?

In addition to the dialogue with stakeholders above, this year's report has been developed with the benefit of practitioner sessions with businesses in and outside the banking industry, in particular specialists from sustainable banks in the Global Alliance for Banking on Values (GABV).

During the year Triodos Bank has also consulted with the United Nations Environment Programme finance initiative (UNEP FI), the Dutch Transparency Benchmark, EY, the International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI) and the Fair Finance Guide. We are grateful for their contributions and insights.

Triodos Bank and the Global Reporting Initiative (GRI)

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) 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 2016, GRI launched new Standards to replace its G4 guidelines. These changes aim to make reporting more relevant to the sustainability impact of the institution and to improve how they are presented for its stakeholders. The Standards have to be included in reports from 2018, but Triodos Bank has chosen to implement them immediately in this 2016 report.

This report has been prepared in accordance with the GRI Standards: Comprehensive option. You can find more, including an index of GRI disclosures, at www.annual-report-triodos.com.

Impact Measurement and reporting

In recent years there has been growing attention on how organisations manage, measure and report their non-financial impact. This is, of course, an important area for a mission-driven organisation like Triodos Bank that was created to use money to make positive social, environmental and cultural change happen.

The Annual Report aims to provide a clear and compelling picture of how Triodos Bank delivers long-term, sustainable change through its operations as a sustainable bank. In practice that means sharing qualitative information supported by relevant impact data which, almost uniquely among banks, is verified by an auditor. That's because Triodos Bank believes financial and non-financial information should be treated in the same way.

In the coming years Triodos Bank intends to significantly improve how it manages for impact so that it better understands the difference it is making and so it can report on it to its stakeholders in an even clearer and more compelling way.

Some facts and figures about the report

The 2016 Annual Report covers the activities of Triodos Bank NV in The Netherlands, Belgium, the UK, Spain and Germany, as represented in the Triodos Group Structure. The report covers the period from 1 January to 31 December 2016. Triodos Bank's previous integrated report was published in March 2016 and covered the 2015 calendar year.

The reporting in the 2016 financial year is based on the same principles as the 2015 report. Any changes in the methods of calculation used are explained in the text. The report includes limited assurance on the Executive Board Report including limited assurance on part of the 2016 impact data. PricewaterhouseCoopers Accountants N.V. audits the financial statements.

Disclosure requirements

Disclosures are required both to meet Dutch law and to comply with other regulation, in particular the Capital Requirements Regulation and the Capital Requirements Directive. The 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.

Triodos Bank is not yet required to but chooses to comply with the EU Directive on disclosure of non-financial and diversity information.

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 and www.annual-report-triodos.com.

Triodos Bank Group Structure 2016

Foundation for the Administration of Triodos Bank Shares

Triodos Bank NV

Retail & Business Banking
The Netherlands | Belgium | Germany | Spain | United Kingdom

Private Banking
The Netherlands | Belgium

Triodos Investment Management BV
Europe | Emerging markets

Retail Banking
Through our European branch network, our goal is to offer our customers a credible set of services including savings, payments, lending, private banking 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

Private Banking
We advise customers on employing their capital to stimulate sustainable development. Our key service is sustainable discretionary asset management.

Investment Management
Impact investing takes place through investment funds or investment institutions bearing the Triodos name.

The 17 active funds are grouped in business lines based on the themes they invest in:

- Energy & Climate
- Emerging Markets
- Sustainable Real Estate
- Arts & Culture
- Sustainable Food & Agriculture
- Socially Responsible Investment (SRI)

Our Purpose: 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.

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

Triodos 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 35 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 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

Capital inputs

Social (capital)
- Skilled co-workers motivated by mission
- Expertise in social, cultural and environmental sectors
- Supported by specialist training

Inspirational (capital)
- Regular reflection sessions
- Engaging in two-way dialogue with stakeholders

Financial (capital)
- Finance from like-minded customers who choose to use their money positively
- Fair returns to attract loyal, values-aligned customers

VALUE CREATION

The Triodos essence

- A values-based bank, enabling people to use money consciously to create a healthy society with human dignity at its heart

Our role

- Our mission fully integrated in our strategy
- Only financing sustainable enterprises in the real economy all of which we publish openly
- Meaningful, human relationships with customers
- First bank, offering comprehensive sustainable products and services
- Financial resilience including high capital ratios
- Managing risk, balanced growth (targeted loans to deposits ratio of 65-75%)
- Offering fair financial returns with sustainable impact
- Acting as a reference point for sustainable banking through our own approach to sustainability, innovation and leadership

The changing world

- Responding to an evolving landscape of societal challenges and innovative enterprises addressing them

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

VALUE CREATION ❯

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

Prosperity
- Fair Return on Equity (target of 3-5%)
- 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

The Transformative Power of Money

We live in a time of unprecedented global inter-connection. It's never been easier to access the news, have conversations and collaborate with individuals and communities from different parts of the world. And yet, despite these opportunities, people seem to live and communicate in increasingly entrenched silos.

Part of this can be explained by influential social media which use algorithms to direct us to more of the same kind of content that we view and like. The more we use these social media channels to inform ourselves and our friends, the less diversity of opinion we are exposed to. At the same time the internet doesn't distinguish on the basis of quality, or even truth. As one global commentator says the new, 'post-truth' media ecosystem "means everything is true and nothing is true".

This system, despite its benign intentions, simply reinforces our own bias. The result is less and less exposure to the 'other' and more mistrust about what they say and do when it happens. We are less well informed and less able to empathise and connect to what is different and unfamiliar to us.

The polarised discourse that results has profound and surprising consequences in the offline world, as the referendum on Brexit in the UK and the US Presidential elections testify. Both campaigns were characterised by mistrust and misinformation on all sides, deepening and exposing divisions within society. The direct implications of these developments for Triodos Bank during 2016 were limited. Despite uncertainty about precisely what Brexit will mean for business in general, we remain committed to operating in the UK.

However, more broadly we seem to be living in two increasingly disconnected worlds; one in which a fortunate minority is increasingly prosperous and one where people feel alienated, disempowered and left behind.

In our 10 year strategy development, explored in last year's Annual Report, we identified these diverging communities as an emerging and challenging trend. A trend which has the potential to have a very big impact on how Triodos Bank delivers its mission because its goal is to improve quality of life for all.

Triodos Bank is visible to individuals and communities actively engaged with the social, environmental and cultural challenges we all face. But are we sufficiently reaching out to communities which may be harder to access in the countries where we operate? To do that successfully means further deepening relationships and taking a less familiar and less travelled road.

> The Triodos Bank branch in Malaga is more than an ordinary bank office. It fosters a new sustainable financial culture, where people are at the heart of all banking activities. As well as responding to queries and providing a professional service, the branch promotes face to face meetings and dialogue on a human, sustainable economy delivered via a patio space for networking and regular meetings and activities. The space reflects its social, financial and cultural surroundings, located in Malaga's artistic Soho district. The concept of the branch, which is built to exacting environmental standards, is built on enhancing potential relationships, offering individual customer experiences and a healthy and sustainable environment for co-workers and visitors.

We want to use our expertise as bankers to identify and find innovative ways to finance the things that bind us all – such as energy, resources and community – in a way that brings people together around practical, shared solutions to common questions.

An Integrated Response

The differences between silos of people that were so widely experienced during 2016, mask what's common and shared between us.

Regardless of our perspective, many of our global challenges and aspirations are shared. We all want the freedom to choose how we want to live and who we want to become. This freedom is a fundamental value of humanity. But there is more. People want to be valued and respected members of society; to enjoy economic prosperity with a job, home and the finances to at least meet basic needs; and to enjoy a healthy natural environment that they are happy to take responsibility for.

These individual, social and economic desires closely reflect the three core dimensions of Triodos Bank itself. And, in our view, can only be addressed with an integrated approach that combines them: the development of the individual in freedom; living up to the reality that we are part of communities and we share one planet that feeds and shelters us; and that we live in an economic and environmentally responsible way.

This integrated approach is clear around issues such as the large-scale movement of refugees. For Triodos Bank, the creation and movement of refugees expose how social and environmental problems are linked and how important a mature, joined up response as world citizens to them is. Since 2009, an estimated one person every second has been displaced by disasters such as wars, and an average of 22.5 million people per year have been displaced by climate or weather-related events since 2008.

Governments, and even the judiciary, often still respond to these social and environmental changes as separate issues and events. Many of those who are displaced across borders as a result of climate change may not meet the legal refugee definition, for instance. The authorities have yet to catch up with the reality that climate change creates refugees who are equally deserving of shelter and support as those running away from war. The cause of their displacement is different but the effect is very similar.

If we're to deal with these problems we have to recognise their inter-connected nature and find integrated solutions to them. Progress will be slow if civil society has a narrow understanding of both the issue and possible solutions to it, both of which are hampered when news about them is managed by special interests in silos – regardless of their political persuasion.

Practical action is possible. One way Triodos acts is by trying to strengthen individuals and communities in developing countries through inclusive finance. Funds in Triodos Investment Management, for example, provide microfinance institutions with the finance they need to lend to entrepreneurs helping them to help themselves to be more resilient in the face of financial and climatic shocks. In 2016 100 financial institutions provided inclusive finance for 13.7 million savers and 20.2 million borrowers in emerging markets.

Triodos Bank navigates between the old and the new

Against this backdrop of a fracturing civil society, companies today are confronted with the additional challenge of a 20th century world dominated by traditional business models that exclude, for example, the negative impact of their actions on the climate and which are driven by short term shareholder priorities.

At the same time, in an emerging 21st century world, people are looking increasingly for purpose-driven companies. They embrace a more integrated approach where a 'true price', which accounts for the broader social and environmental cost of producing and distributing a product, is more important than a low price.

Triodos Bank operates in and between these two worlds. We are a bank, for whom regulations and numbers matter. And we're a purpose-driven organisation ourselves. We only and exclusively lend to and invest in sustainable enterprises, financing a new, fast-emerging collaborative economy where some of the old rules simply don't apply anymore. The value creation we finance cannot (yet) always be monetised and privatised while that is still the operating model. Nevertheless this is our direction of travel and Triodos Bank is prepared to continue to be a frontrunner. It is also why these developments have encouraged us to find ways to broaden our scope beyond the work of a bank to deliver our mission.

Triodos Bank Belgium sponsors and participates as part of HERA (Higher Education and Research Awards) awards jury. The multi-disciplinary awards explore how masters students integrate sustainable development principles into their work in a number of sectors, including food, design, architecture and finance. The awards recognise the importance of integrating sustainability challenges, in a holistic way, at an important stage in their development.

Operating between the old and the new is particularly relevant as we work to deepen and extend Triodos Bank's impact in a banking sector operating in the old paradigm of Risk and Return, following a mathematical model that is increasingly out of touch with the real economy and the real world it serves.

The response from central banks to the financial crisis of 2007/8 has been, in part, to inject more money into the financial system, through quantitative easing. This supply of money has, as intended, lowered interest rates in an effort to encourage more lending. The effect of lower interest rates on the banking sector was particularly acute during 2016 and has, in turn, put significant pressure on margins. The usually unwelcome result of this – at least for savers – is very low, and even negative interest rates in some countries, as well as lower returns for investors in banks themselves. According to current economic theory low interest rates will encourage people to spend their money instead of keeping it in saving accounts. In our view the reality is the opposite. While interest rates are so low people feel that they have to save even more money for the future.

Events were also hosted throughout the year by the Sustainable Finance Lab (SFL), an initiative co-created by Triodos Bank, which brings leading scientists together to design the models and tools required to create a sustainable finance industry. During the year an SFL seminar on the creation of money lead to high level talks with senior regulators from around Europe, influencing far reaching debate about the future of the financial system. As one leading regulator put it: "policymakers need to look beyond their conventional wisdoms and theories. That's where the Sustainable Finance Lab comes in."

In our view, the economic problems we face are not due to a lack of money; there is plenty of money available. For Triodos Bank and our customers whether the return on their money creates value beyond an immediate financial one is what matters. The value that money delivers for the long term interests of society and the environment it depends on, determines its long-term, real worth.

It is this conviction that underpins our commitment to only finance sustainable enterprise. It is also why we actively look to find new economic paradigms that will support a transition to a fairer and more sustainable financial system. And it is a view that determines how we understand, monitor and report the impact of our work and our customers.

Challenging times for the banking sector also create opportunities that emerge from close cooperation with sustainable entrepreneurs. To help them with their businesses and projects we have invested in innovation, such as new platforms like crowd funding and peer to peer lending and our own on and offline network. We explore what this meant in practice during the year in more detail in the results section and the rest of the report.

Triodos Bank is innovating by collaborating with La Bolsa Social, a values-based crowdfunding platform, in Spain. Triodos Bank operates accounts for investors on the platform and works at events and with content to promote new economy models, ethical finance and social impact entrepreneurs.

The Private Banking team in The Netherlands developed 'participation with passion' in 2016, an initiative to match private clients with social businesses requiring capital and/or advice. Businesses which share Triodos Bank's mission, but can't be financed directly by the bank, qualify. The project will progress in earnest in 2017.

Where we go from here

We strongly believe that when we act together we can deal effectively with enormous challenges.

While there will be setbacks in our efforts to use money consciously to contribute to sustainable change, the direction of travel is clear. There is enormous momentum behind sustainable change in the energy sector, for example.

If the measures of the United Nations (UN) Millennium Development Goals – which concluded in 2015 – are a barometer, humanity has made tremendous progress to improve people's quality of life, in the broadest sense, in recent years.

The number of people living in extreme poverty has declined by more than half over the last two decades, for example. Gender disparity in primary, secondary and tertiary education in developing countries has been eliminated over the last 15 years, and the number of children dying under the age of five has declined by more than half over the last 25 years. However, we still face large and urgent challenges including climate change, even though ozone-depleting substances have been virtually eliminated since 1990 and CO_2 emissions were almost flat for the third year in a row in 2015 despite a rise in economic growth. We must, of course, continue to take the challenge of climate change extremely seriously.

The progress we highlight here could easily disappear if we don't deepen and extend action as an urgent priority. The Paris Climate Treaty is not optional. It is a mandatory call for large-scale action. And it is one, according to one architect of the Treaty that requires the mobilising of significant capital for a transition to a low carbon economy to take place.

Because of the magnitude of what is needed an individual contribution can sometimes feel insignificant in the face of our planetary challenges. Yet individual, local and decentralised action can add up to global change. By acting through values-based organisations like Triodos Bank 'from the bottom up' individuals and communities alike can contribute to international impact. It's why we support 'top down' global frameworks like the Sustainable Development Goals (SDGs), which bring a global perspective and context to local issues.

Successors to the Millennium Development Goals, the 17 SDGs are a UN initiative designed to end poverty, protect the planet and ensure prosperity for all as part of a new, global sustainable development agenda. We welcome the opportunity the SDGs present to develop a universal language and a joined up framework for governments, non-governmental organisations (NGOs), the science community, the public and companies alike, to embrace the reality that true quality of life for all can only be achieved by addressing these global challenges together.

In our report this year we pilot using the SDG goals to better chart our positive impact, initially as a mapping exercise to see how far our activities are reflected in these goals, as you can see later in this report. In the future we expect they will become part of standard reporting for ourselves and the wider business community.

This integrated approach matches closely with Triodos Bank's. It is an approach that matters now more than ever. Because an integrated view and response is precisely what we need to break out of the silos that slowed the pace of global progress in 2016.

Triodos Bank can play an even more significant role in joint action to make the world a fairer, more cohesive and sustainable place. With our expertise, the resources entrusted to us by our depositors, investors and the depository receipt holders in the bank itself, we will be active and thoughtful in pursuing our mission to deal with money consciously and make money work for the common good.

By doing so we can expect to understand each other better, appreciate our shared challenges and find lasting, sustainable ways to address them.

Our Stakeholders and Why They Matter So Much

Triodos Bank's resilience is 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 too. And it is key to our conversations with the wider stakeholder community.

In this context, and in addition to numerous interactions with stakeholders during the year, we follow a formal process 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 Standards guidelines. These guidelines are mandatory in 2018 but Triodos Bank has chosen to adopt them in this 2016 report.

Increasingly companies are encouraged to focus their sustainability reporting on the issues that are material to it, rather than report on a wide range of issues, some of which will be relatively unimportant to an institution's overall impact. We support this focus and our material issues are highlighted in a materiality analysis below following structured discussions with our stakeholders and consideration from Triodos Bank itself.

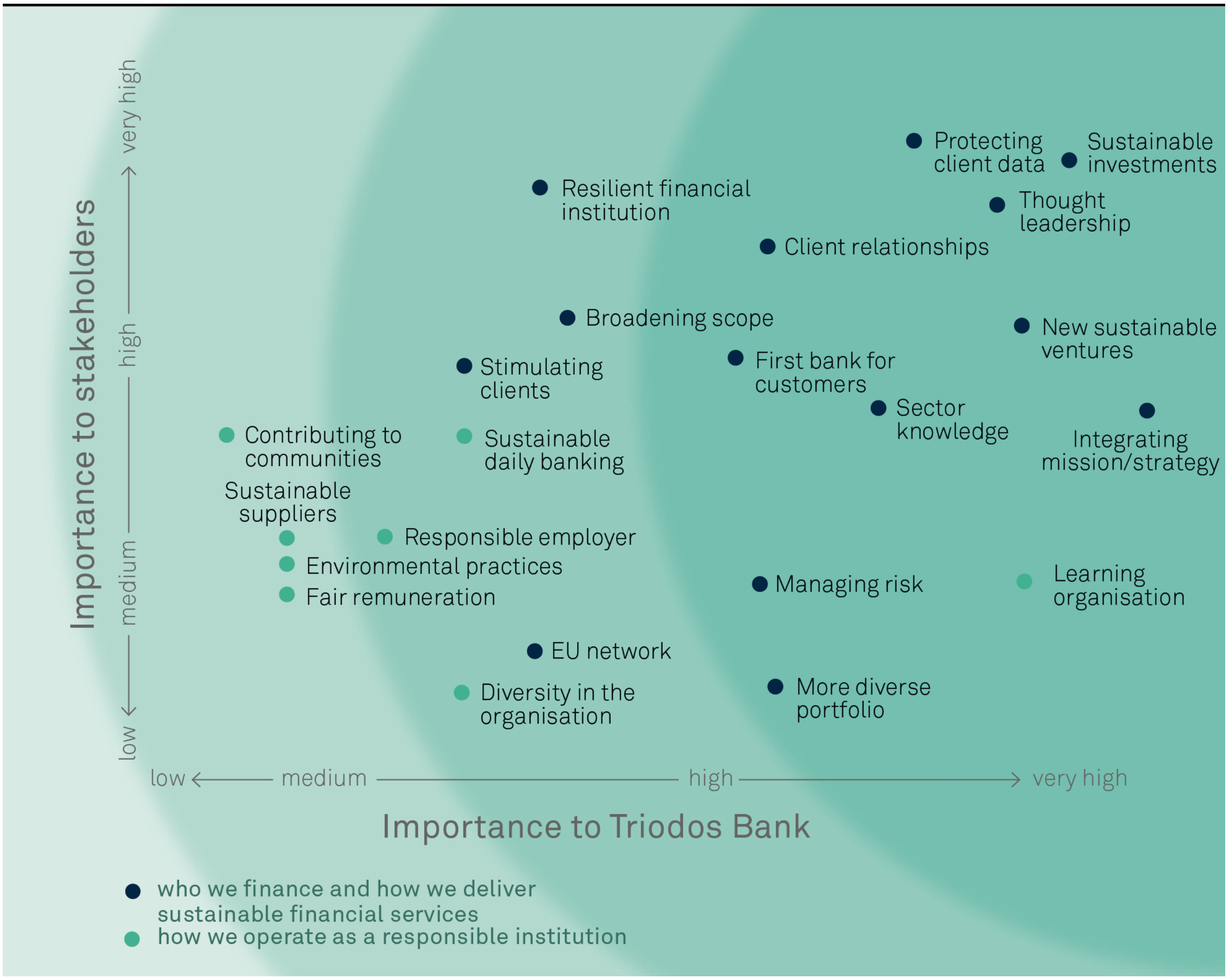
From our engagement activities it is clear that our stakeholders and Triodos Bank find many of the same issues important, as they did in 2015. The most significant change is the increased importance of protecting client data to both our stakeholders and Triodos Bank itself. Additionally, notable attention was paid to diversity in the organisation particularly in the Depository Receipt Holders' meeting, but that did not lead to a shift in perceived importance. Furthermore, we cannot identify any issues that are of very high importance to one party and very low importance to another. This leads us to conclude that Triodos 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 includes the results of a depository receipt holder survey distributed in all the countries where we work and a stakeholder meeting, with representatives from Triodos Bank's three stakeholder groups, hosted at Triodos Bank's Head Office. In addition the analysis is supplemented by learning from a number of stakeholder events during the year including sector specific events in various countries.

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. This year's engagements also highlighted the importance of increased awareness about the enhanced scope of responsibility in the suppliers' own supply chains. 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.

Materiality Matrix 2016



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 the impact chapter.

Unlike larger mainstream banks, remuneration continues to be 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 its highest and lowest salary, for example. Stakeholders continued to find Triodos Bank's efforts to maximise its social return very important. For more details of our remuneration policy, our role as a responsible employer and a more in-depth analysis of the results, please see the co-worker report.

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. Longer-term we intend to deepen our stakeholder engagement activity in general. This had been planned in 2016 but limited progress was made. We intend to do more in 2017, in particular further aligning the engagements and outcomes of the branches and Head Office. We will use this year's work as a basis from which to progress further.

Strategic Objectives

The table that follows provides the key strategic objectives for Triodos Bank's three year plan from 2016-2018.

The plans reflect strategic goals that were developed following work to develop a 10 year strategic perspective which concluded in 2015.

This information reflects some of the key issues raised in the materiality analysis that are priorities for Triodos Bank and our stakeholders.

This year we have included a 'progress at-a-glance' indicator to provide an estimation of our progress against each goal in 2016. This assessment is based on professional judgement and the opinion of co-workers with an overview of these topics.

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	How We Did	Progress at a glance
Focus on loan growth – 15 to 20% net increase.	Net growth of the sustainable loan portfolio was 14% (2015: 13%). We would have met the target of 15-20% growth without a sharp decline in the euro value of the loan book following the Brexit vote. If fairly high levels of repayments and refinancing are also taken into account this represents good growth. Excluding all repayments gross growth of sustainable loans was 32% (2015: 30%).	● ● ○
Develop new sectors and sub-sectors to diversify our portfolio and remain relevant to the needs of society.	Good levels of diversification took place across our loan portfolio, including financing energy storage projects and a higher proportion of mortgage lending. Isolated new sectors were developed, although below expectations.	● ● ○
Communicate our vision for the development of specific sectors.	Despite clarifying some policies and criteria, communication of comprehensive sector visions was delayed until 2017.	○ ○ ○

Goals for 2016-2018	How We Did	Progress at a glance
Triodos Investment Management aims to grow its funds 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.	Funds under management were at EUR 3.3 billion. Growth was behind target partly because Triodos Renewables plc became an independent company from Triodos (EUR 132 million) and partly because the overall inflow of investment was behind target. Triodos Investment Management has realised some diversification within portfolios in particular to support impact investments in emerging markets but did not launch new impact funds in new areas.	● ○ ○
Private Banking will investigate connecting individual Private Banking clients with social entrepreneurs in need of finance.	A pilot project has started in 2016 with around 25 investors with potential investment capacity of around EUR 3.5m. Investee cases are being prepared for 2017 in conjunction with the LEAF Lab (see below).	● ● ○
Private Banking will evaluate investment services with the aim of offering clients an online investment guiding application. Introduction planned for 2017.	'Fondsbeheer' was introduced in The Netherlands, enabling affluent clients to build a sustainable investment portfolio, managed by Triodos Bank. The same service is planned for Belgium in 2017.	● ● ●

● ● ● Met ● ● ○ Mostly met ● ○ ○ Partially met ○ ○ ○ Not met

Objectives for 2017

Continue to increase our volume of positive impact finance. We aim to grow our loan book by 15-20% (net).

Ensure that our new loans go beyond meeting the criteria of making positive impact, and bring about a deepening or transforming impact.

Develop new subsectors and follow market developments to remain relevant in each of our countries. In particular, focus on topics such as energy efficiency and storage, circular economy, sustainable food businesses and progressive small and medium-sized enterprises.

Become more relevant in the major shifts in energy production by helping to finance larger projects. We want to increase the number of participations in syndicated loans for energy generation projects (including potentially offshore wind projects) which are too large for us to finance on our own; and broaden the sources of funds to include complementary sources of finance alongside our depositors.

We will create more flexibility so we can support pioneering projects with relatively small amounts when there is insufficient traditional security. Where we set up guarantee arrangements with other funding bodies to support specific lending activity, we will also utilise these facilities to their full extent. As a result we will implement changes to our risk appetite policies within each country.

Significantly step up our ability to enable individuals to use gift money to catalyse new sustainable ideas.

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.

Goals for 2016-2018	How We Did	Progress at a glance
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.	UK personal current account on track for 2017 launch. Spain launched personal pensions and has developed investment funds for launch in 2017.	● ● ●
A decision about whether to open a full branch in France will be taken in 2016.	An in-principle decision to open a French branch was taken subject to further preparatory work and the approval of the authorities.	● ● ●
Four new commercial offices to be opened in Spain.	One new commercial office opened in Spain, plus new office working space in Berlin and London.	● ● ○
Theme days, which explore important Group-wide topics in a collaborative action-oriented process, to continue in 2016 to cover services to entrepreneurs beyond property-secured lending.	Delivered in 2016 and lead to a number of initiatives within the bank – including tailor made risk policies in all branches to support high-quality small loan proposals, and pilot schemes in crowd funding and invoice discounting services.	● ● ●
Triodos Investment Management aims to expand its international distribution network and have a resilient and diversified investor base.	Good progress made to diversify international distribution network with new distribution partners and clients in the UK, Germany, Italy and Switzerland.	● ● ●
Triodos Investment Management will further explore the development of its SRI funds. By 2018, it aims to offer an impact investment portfolio with all asset classes represented via both direct and publicly traded investments.	Progress made to further develop the SRI funds. New values-based investment solutions are under review and in development.	● ● ○
Expand Triodos Foundation activity through activities including crowd funding.	Crowdgiving campaigns for organic gardens in schools (such as Huertos Educativos) active in Spain with EUR 13,141 of micro-donations. Also gift money via Spanish businesses accessed the Responsible Consumption App (downloaded by 11,000 people with over 1,000 shops enrolled in the programme – some donating a percentage of each transaction made with a Triodos Bank card to the Triodos Foundation). Triodos Foundation Netherlands trialed their first crowdgiving campaign. No significant developments on gift money in other countries.	● ● ○

Objectives for 2017

Launch a personal current account in the UK with a mobile app that will represent our first step in Signature, our online strategy.

Continue to push for regulatory changes that open up access for retail investors in positive impact products, to make our funds available to retail customers and grow the volume of those funds which are distributed.

Deepening our Relationship Approach

We want to transition 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.

Goals for 2016-2018	How We Did	Progress at a glance
Deliver broader client relationship initiatives to help provide alternative financial solutions for clients and create learning communities for entrepreneurs.	A network and service book of parties who we can refer potential clients to created and implemented in The Netherlands. Delivered a range of interactions with clients including Business Breakfasts in UK and a new commercial office concept in Malaga, Spain. 'Heart-Head' programme for entrepreneurs developed significantly (NL) with similar sector-themed events and discussions running in other countries.	● ● ●
Enhance our client and stakeholder relationships with a full review of Triodos Bank's online presence, and development of a marketing intelligence project to deepen our understanding of our clients and their needs.	Thorough investigation and reflection on our client relationships took place as part of Signature (a project which will renew our online presence). Studies carried out about our core customer groups. Further marketing intelligence projects due to start in 2017.	● ● ○
Extend stakeholder engagement process, deliver combined client and depository receipt holder meetings and Group-wide survey.	Group-wide survey of depository receipt holders (DRH) and combined and separate client and DRH meetings delivered. But engagement process not extended as broadly as planned.	● ○ ○

Objectives for 2017

Focus on how we can further support our clients through our relationships with them by providing useful insights, introductions and events so that our clients feel more supported to succeed.

Implement and embed Customer Experience Principles across the Group to improve the quality of the interactions and service our clients receive.

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'.

Goals for 2016-2018	How We Did	Progress at a glance
Develop new initiatives which go beyond the bank with a focus on innovating new ventures and partnerships, co-developed with clients and stakeholders. These ventures to form part of a balanced portfolio as part of the bank's future business model.	Good progress made towards crowdfunding through pilots and via direct investment through Triodos Investment Management into Duurzaam Investeren, a crowdfunding platform for sustainable energy projects. Acquired a social impact consulting company, EBSI, who use the evidence of social programmes to stimulate the procurement of new social impact bonds, via our UK Corporate Finance department. Facilitated Dutch and Spanish crowd donations and participated in a new Spanish crowd funding platform, La Bolsa Social. The LEAF Lab, a Triodos Bank team researching and creating new business models in the Dutch market for sharing internationally, worked with partners to develop a circular currency.	● ● ○

Objectives for 2017

Launch our own Crowdfunding platform in one or more countries to help raise money for small businesses directly from individuals.

Resilient and effective business operations

During 2017 and 2018 we want to further strengthen the resilience and effectiveness of our (business) operations to meet the expectations of customers and society and to be demonstrably in control at acceptable cost levels.

Goals for 2016-2018	How We Did	Progress at a glance
Internal processes within business units and internal functions will be reviewed to optimise efficient work practices.	Created a framework to find and realise more value and less waste. Identified efficiency projects within each business unit and made improvements to key processes including online applications in Germany and mortgage applications in The Netherlands. Collaborated to create a set of international customer experience principles.	● ● ○

Objectives for 2017

Improve our internal and customer processes so that they are more efficient – creating more value for clients and reducing internal waste.

We aim to further improve the loans to deposit ratio in 2017.

Triodos Group impact project will be a priority for 2017.

Being 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.

Goals for 2016-2018	How We Did	Progress at a glance
Implement a new internal online platform across the bank to improve collaboration on joint topics.	A new internal collaboration tool, Engage, launched across the Triodos Group, improving internal communication and supporting greater connectivity and collaboration across teams, departments and business units.	● ● ●
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.	Exchanges continued both within and between offices and across the Global Alliance for Banking on Values (GABV).	● ● ○
Extend the Triodos Academy covering all aspects of management development across the Triodos Group and the Values Education Programme to support the embedding of values and our essence in our daily work.	Group Manager Learning and Development recruited to strengthen Triodos Academy programme of training and organisational development. Over 100 co-workers participated in two MOOCs (massive open online courses) about values based banking – from the GABV in conjunction with the Massachusetts Institute of Technology (MIT) – and U-theory (from MIT).	● ● ●
Improve our approach to talent development, identifying and supporting co-workers throughout the organisation.	Several appointments of senior management moving from one department to another, strengthening the depth of senior management experience across the Group and the resilience of the organisation.	● ● ●

Objectives for 2017

Encourage and nurture ‘intrapreneurship’ supported by training via the Triodos Academy resulting in more development initiatives lead by individuals at every level of the organisation.

Co-worker group to share and learn as a community – from each other, across the group and with the outside world.

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.

Goals for 2016-2018	How We Did	Progress at a glance
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.	Continued our engagement with relevant parties – such as the Sustainable Finance Lab (NL) and B Corp Europe. Co-created events with the Sustainable Finance Lab in The Netherlands bringing senior regulators from across Europe together to discuss new financial models. Engaged with various academic institutions about relevant sustainable banking case studies (including Harvard Business School).	● ● ●
Learn from and collaborate with external stakeholders in new development and innovation programmes.	In addition to stakeholder engagement, theme day and LEAF Lab above, plus multiple local meetings, engaged with prominent thought leaders including Christiana Figueres, one of the architects of the Paris climate agreement, who visited the bank in The Netherlands for a number of meetings in November.	● ● ●

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.

Goals for 2016-2018	How We Did	Progress at a glance
We want to maintain the stability of the Group's Return on Equity (RoE).	Financial Return levels were acceptable for 2016 (3.5%). This decrease can be attributed to lower growth in income from interest because of lower interest margins. At the same time costs increased relative to volume as a result of higher co-worker costs to meet regulatory requirements and due to the contribution to the Deposit Guarantee Scheme. Persistent low interest rates also have an impact on Triodos Bank because our business model funds lending almost exclusively from deposits. Despite this we can still continue our programme of investments in major strategic projects (the development of a branch in France, personal current account in the UK, our online presence and the next generation of SRI Fund management) whilst delivering an acceptable return.	● ● ○
Improve loans to deposit ratio to between 65 and 75% (in 2016).	The sustainable loans to deposit ratio has increased to 64% (2015: 62%) but was short of our ambition. We intend to increase the rate of loans growth in 2017.	● ○ ○

Goals for 2016-2018	How We Did	Progress at a glance
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.	Process to deliver non-financial impact data further improved. Considered the impact of the UN Sustainable Development Goals in the strategic direction of the business and mapped current activities against them. Started Triodos Investment Management impact management and communicating impact project.	● ○ ○

Objectives for 2017

Maintain a relatively stable Return on Equity (RoE) allowing for the continuation of major investments in challenging market conditions with a target of 3-5% RoE. We expect 2017's return to be at the lower end of this band.

Results

The following are the main results achieved in 2016 together with details of Triodos Bank's Divisions, its products and services, their broader impact, and prospects for the coming years as well as a summary of key risk and compliance information. 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.

Consolidated Financial Results

In 2016, Triodos Bank's income grew marginally by 3% to EUR 218 million (2015: EUR 212 million). Triodos Investment Management and Triodos Investment Advisory Services contributed EUR 31 million to this figure (2015: EUR 31 million). In 2016, commission income amounted to 34% (2015: 32%) 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 1.2 billion, or 9%, to EUR 13.5 billion, Triodos Bank's balance sheet total grew by 11% to EUR 9.1 billion thanks to a steady growth of the funds entrusted and new capital raised during the year, in all branches. Without the devaluation of the British Pound, prompted by the results of the Brexit referendum, the growth of the balance sheet would have been 13%. This represents a very positive outcome given growth of 10% was expected.

Triodos Bank's total number of customers increased by 7%, against expected growth of between 10 to 15%, and now numbers 652,000 customers.

Two years ago we refined the definition of a customer so that this data is reported more consistently and accurately across all branches. We continue to report the number of accounts in the Annual Report's Key Figures section.

Continuing growth in loans, deposits, and equity despite low interest rates and returns, shows that Triodos Bank's commitment to values based banking is more relevant than ever to a growing number of people and businesses who choose to make a much more conscious choice about their bank and the sustainable direction of their money.

Operational expenses increased by 14% during the year. This significant increase was due to the introduction of a new contribution to the Dutch Depository Guarantee System (DGS), a strengthening of the organisation to cope with the implementation of fast changing regulations and increased supervisory requirements, and investments in the development of the business. The ratio of operating expenses against income rose to 79% (2015: 71%).

Profit before tax, impairments for the loan portfolio and value adjustments to participating interests decreased to EUR 45.9 million (2015: EUR 61.4 million). Impairment for the loan portfolio, or bad debts, decreased to EUR 5.7 million (2015: EUR 7.6 million). This represents 0.10% of the average loan book (2015: 0.16%). The relatively low historical impairment ratio reflects the depth of knowledge Triodos Bank has in the sustainable sectors it works with and the strength of its relationships with its borrowing customers.

The net profit is EUR 29.3 million, down by 28% (2015: EUR 40.7 million) for the reasons highlighted above. Triodos Bank delivered a Return on Equity of 3.5% in 2016 (2015: 5.5%). 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. This target should be seen as a realistic, long-term average for the type of banking activity that Triodos Bank engages in. However, last year we recognised that market conditions had changed. The trend of very low interest rates and increasing regulatory costs and capital requirements continued in 2016 leading to the lower Return on Equity we had expected. Triodos Bank met its goal of a Return on Equity 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 its investment management activities, the launch of a current account in the UK in 2017 and the opening of a fully-fledged French office in the coming years, subject to further preparatory work and the approval of the authorities.

As capital and liquidity requirements may increase even further and given uncertain regulatory developments, we prefer to continue to maintain a relatively high equity base and a substantial liquidity surplus which puts additional downward pressure on the Return on Equity. In this context Triodos Bank will again aim for a Return on Equity of between 3% and 5% in 2017, and expects to be at the lower end of this band.

Earnings per share, calculated using the average number of outstanding shares during the financial year, were EUR 2.83 (2015: EUR 4.40), a 36% decrease as a consequence of lower net profits. The profit is placed at the disposal of the shareholders.

Triodos Bank proposes a dividend of EUR 1.95 per share (2015: EUR 1.95). This means that the pay-out ratio (the percentage of total profit distributed as dividends) will be 69% (2015: 44%). Our policy is to have a pay-out ratio of between 50% and 70%.

Triodos Bank increased its share capital by EUR 97 million, or 16%, thanks to depository receipt issues targeting retail investors in particular, which ran throughout the year in The Netherlands, Belgium, the UK, Spain and Germany.

The number of individual depository receipt holders continued to increase in 2016. Overall growth has been satisfactory and sufficient to meet capital requirements. The number of depository receipt holders increased from 35,735 to 38,138. Equity increased by 16% from EUR 781 million to EUR 904 million. This increase includes net new capital and retained net profit. In 2016, Triodos Bank's platform for trading in depository receipts continued to operate effectively. At the end of 2016, the net asset value for each depository receipt was EUR 82 (2015: EUR 81).

At the end of 2016 the total capital ratio and the Common Equity Tier 1 ratio were 19.2% (2015: 19.0%). Triodos Bank aims for a Common Equity Tier 1 ratio of 16% in a stable and predictable regulatory context.

Prospects

Triodos Bank will develop its work on the basis of a new three year plan which began 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 stable operational profit in 2017. Triodos Bank will extend its impact through a more diversified loan portfolio and quality financial services with sustainability at their core and will 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 2017 and may have an additional impact on Triodos Bank's results. Because of these factors, Triodos Bank expects to deliver a stable net profit in 2017 compared to 2016.

Co-worker Report

Our co-workers are essential to achieve our mission. We strive to form a thriving community of co-workers and to create a working environment that is inspiring, healthy and welcoming. We seek to build a community that can work effectively in line with the mission and the values of our organisation. In this report we describe our performance in 2016 and a particular focus on what 'being a learning organisation' meant for us during the year.

The following table provides a brief summary of progress against the prospects identified in the 2015 Annual Report. This table is explored in more depth in the text that follows it.

Our Key Objectives for 2016	How We Did	Progress at a glance
New capabilities will be developed and the essence and values of the bank more deeply embedded in daily working life in support of the 2016-2018 business plan.	Triodos Academy expanded to include: • process improvement development track • Massive Open Online Course (MOOC) in values based banking, delivered internationally • study programmes on Triodos Bank's roots and values.	●●○
Co-workers will be encouraged to engage in a learning organisation by creating learning and exchange opportunities within the organisation, between countries and with external partners.	Multiple learning groups established on topics including 'digitilisation – when digitalisation becomes human' and 'the role of money in society'. Exchanges continued both within and between offices and across the Global Alliance for Banking on Values (GABV) network.	●●●
A new collaboration platform ('Engage') will be implemented to improve collaboration and co-creation.	Platform used extensively in all countries, including online spaces for communities of interest to collaborate.	●●●
Our positioning as an employer will be strengthened and talent development deepened for further growth of the organisation and to meet future challenges.	Key positions fulfilled internally, employer branding project initiated.	●○○

●●● Met ●●○ Mostly met ●○○ Partially met ○○○ Not met

Being a learning organisation

We foster being a learning organisation, creating a culture that allows all co-workers to develop professional and social skills for formal and informal leadership and empower them to undertake journeys into the unknown, dealing with questions of society and customers, in line with our mission.

Being a learning organisation means creating a culture of mutual learning between co-workers, sharing best practices and lessons learned. It also means partnering with external stakeholders to engage with society's current questions.

In line with this vision we have seen the following activities in 2016:

The Triodos Academy, which offers development programmes based on Triodos Bank's values, has expanded its portfolio. Amongst others a Group-wide process improvement development track has been added, and new ways to learn, such as Massive Open Online Courses, have been introduced in the organisation. 224 co-workers (2015: 88) participated in the Academy's programmes in 2016. In 2016 three co-workers graduated successfully from the Global Alliance for Banking on Values' leadership programme, and six co-workers participated in the Summer school of the Institute for Social Banking.

Dedicated study programmes to create a more in-depth understanding of Triodos Bank's roots and values were extended during the year. In addition we continued to organise regular meetings with speakers from the Triodos Bank network, offering insights to inspire co-workers in line with our mission. Speakers in 2016 included environmental activist Maurits Groen, values-based banking expert Joan Melé and one of the architects of the Paris Climate Conference, Christiana Figueres.

The annual Co-Worker Conference, which brings together co-workers from diverse disciplines, all seniority levels and all branches and business units, took place in Barcelona with a theme of

“Transformation, meeting the other, enabling change”. It was attended by 118 co-workers.

The strategic ambition to be a learning organisation has also lead to a range of initiatives by co-workers themselves, creating opportunities to share knowledge and study together. Initiatives differ from sharing best practices with others across the Group to deep dives or exploratory sessions, with topics ranging from the challenges and chances of digitalisation, to the role of money in our society.

Being a learning organisation means also opening up actively to the outside world and exploring relevant questions with external stakeholders. In 2016 partnerships with organisations like What Design Can Do, the Tällberg Foundation and Impact Hub allowed for this learning and collaboration.

Co-worker facts and figures

Triodos Bank continues to be a growing organisation. In 2016, 249 new co-workers were employed (2015: 253). The total number of co-workers at Triodos Bank increased by 13.4% in 2016, from 1,121 to 1,271.

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 2016 Triodos Bank employed 654 women (51.5%) and 617 men (48.5%). The share of women in management positions in 2016 is 40% (2015: 38%). This reflects a good gender balance relative to the market and was considered best practice in 2016 by the monitoring committee of the Dutch Ministry of Education, Culture and Science.

Both overall attrition, and attrition in the first year, of employment have decreased substantially as a result of focusing more closely on recruitment and onboarding, within HR as well as at manager’s level.

The overall attrition rate decreased to 7.9% in 2016 (2015: 14%). The attrition rate for co-workers in their first year of employment decreased from 15.8% in 2015 to 5.6% in 2016. The sickness rate was 2.8% in 2016 (2015: 2.7%), below a target of 3%.

Remuneration

Triodos Bank believes people should be properly and appropriately paid for their work and that key remuneration information should be clearly and transparently communicated.

As such it 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, Triodos Investment Management and the Dutch branch, the ratio between the lowest and highest paid in 2016 was 9.9 (2015: 9.8). To provide a clear insight into remuneration at Triodos Bank we report 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. The ratio in 2016 is 5.7, as it was in 2015. For more details of the remuneration policy and the implementation in 2016, refer to page 120.

Diversity

We recognise the value of a diverse community and we see it as our responsibility to actively encourage it. As such we have launched initiatives to recruit people who are often excluded from the traditional labour market. We have worked with organisations, including ‘Emma at Work’ in The Netherlands, to help people with chronic conditions to find a job.

Prospects 2017

Triodos Bank will continue to strengthen the organisation in 2017 and beyond, in line with the 2016 – 2018 Business Plan. The following priorities have been set in this context:

- Executing a Group-wide co-worker survey to measure co-worker engagement at a point in time and to provide an indication of where excellent practice is happening within Triodos Bank, for sharing and wider learning
- Developing a strong employer branding approach highlighting our vision on working for Triodos Bank
- Further development of a continuous improvement approach that allows all co-workers to take responsibility for improving work processes.

Developments in the market mean it's important we make rapid improvements to efficiency awareness and action in the organisation and improve the quality of the customer experience.

Environmental Report

Triodos Bank promotes sustainable development both in how it lends and invests the money entrusted to it and in how it operates as an organisation itself. It actively works to measure its impact on the environment and reduce it where possible, including via its suppliers and customers.

The year at a glance

Triodos Bank is a carbon neutral organisation. It reduces its carbon footprint as far as it can and compensates for what remains.

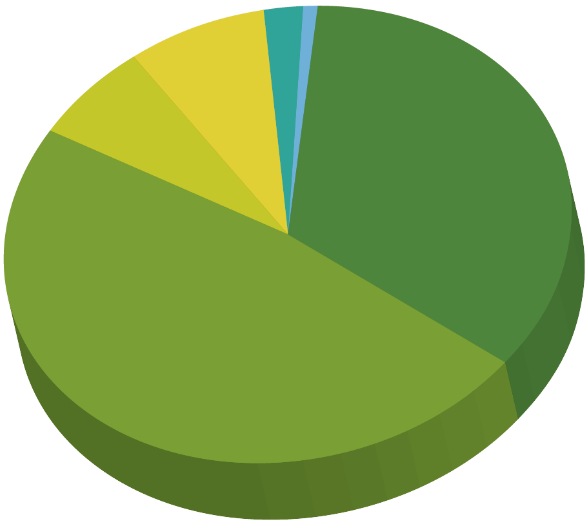
The CO_2 emission per FTE in 2016 decreased to 2.62 tons of CO_2 compared to 2.87 tons in 2015. Total CO_2 emissions across the whole Group increased by 2.7% compared with 2015. This is mainly due to an increase in office space (of 2.105 m^2) and an increase in co-workers of 13.4%. In addition emissions by car increased by 13.2% while emissions for travel by public transport increased by 13.6%, compared to 2015.

CO_2 emissions from business travel by plane decreased by 3.2%. Growing use of videoconferencing and "Skype for Business" contributed to this decline.

Triodos Bank aims to lower these emissions further in 2017.

Subdivision of the total CO_2 emission of Triodos Bank

AIR TRAVEL 34.7%
TRAVEL BY CAR 48%
PAPER CONSUMPTION 6.5%
USE OF PUBLIC TRANSPORT 7.8%
HEATING BUILDINGS 2.3%
ELECTRICITY BUILDINGS 0.7%



Our Key Objectives for 2016	How We Did	Progress at a glance
Use insights into the drivers of our CO_2 footprint to identify additional CO_2 reduction initiatives.	New Green Week delivered in The Netherlands, on themes ranging from food to mobility.	●●●
Execute the BREEAM assessment of the remaining buildings in 2016.	Delivered partially. Spain and Germany to be completed in 2017.	●○○
Share results and joint successes with suppliers to further reduce Triodos Bank's impact on the Environment.	Not delivered due to competing priorities during the year. This subject will be included in our contract management cycle during 2017.	○○○

●●● Met ●●○ Mostly met ●○○ Partially met ○○○ Not met

The amount of office paper decreased markedly in 2016 to 17 kg/FTE (2015: 26 kg/FTE). The amount of recycled printed paper was 0.17 kg/customer, a decrease of 37%. Total use of electricity also decreased, by 8.1% per kWh/FTE in 2016.

Sustainable Property

Some of Triodos Bank's offices were assessed in 2016 using BREEAM methodology. The buildings in The Netherlands and the UK scored a 'very good' and in Belgium a 'good', based on three characteristics: occupier management, building management and asset performance of the building. Despite an effort to assess all offices during the year, Spain and Germany will be reviewed in 2017.

During the year the Spanish branch opened an office in Malaga. The branch will compensate 66 tonnes of CO_2, the carbon emissions that resulted from the building's construction, in 2017.

Prospects

- CO_2 footprint data from 2016 will be shared with suppliers to create a dialogue with our suppliers.
- Management information from our Travel Agent will be shared with co-workers to create awareness about our air travel behaviour.
- A procurement process will start in three countries (The Netherlands, Belgium and the UK) to purchase new printers. After implementation it will be monitored to see if this leads to a further reduction in paper usage.
- A Green Week first started in the UK to encourage more sustainable behaviour among co-workers. It extended to The Netherlands in 2016 and will be organised in all the countries where Triodos is active in 2017.

Triodos Bank Divisions and Results

Triodos Bank's activity is split between two core divisions, Triodos Bank's savings and lending business and Triodos Investment Management. The following chapter provides an overview of our work in 2016 in each, including a short description of their work, key sub-sectors and how they performed during the year, as well as prospects for the future:

- Retail and Business Banking, including Private Banking, which was responsible proportionately for 81% of Triodos Bank's net profit in 2016
- Triodos Investment Management and Investment Advisory Services, which makes up 19% of Triodos Bank's overall net profit.

Products and services are offered to investors and savers 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.

It is noteworthy that the privacy of client data is of increasing importance to both our stakeholders and Triodos Bank. We monitor developments in an area that is close to our values. During 2016 we collaborated with XS4all and Bits for Freedom to explore potential routes to further safeguard the privacy of our customers. We expect to develop this work further during 2017.

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.

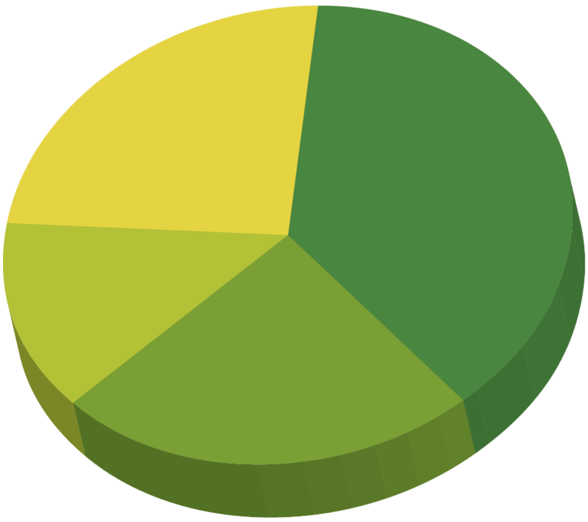
Retail activities developed further in 2016 as people and sustainable enterprises continue to choose to partner with Triodos Bank.

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 2016

ENVIRONMENT 38%
SOCIAL 24%
CULTURE 14%
RESIDENTIAL SUSTAINABLE MORTGAGES, MUNICIPALITIES AND PRIVATE LOANS 24%



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.

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 38% (2015: 37%)

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% (2015: 24%)

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% (2015: 14%)

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 24% (2015: 25%)

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 Triodos Investment Management below).

Triodos Bank's goal is to lend between 65% and 75% of its funds entrusted. The total loan portfolio, including short term loans to municipalities, as a percentage of the total amount of funds entrusted was 71% in 2016 (2015: 72%). Without the loans to municipalities, the ratio increased to 64% on the previous year (2015: 62%). Continuing to increase this ratio remains an important challenge for the bank.

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 0.10% of the average loan book (2015: 0.16%). 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 493 million or 9%. Expected growth was between 5% and 15%.

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 14%, mainly because of the increase of the mortgage portfolio by 30%. The increase in business loans was limited to 11%. 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.

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 742 million, or 10%, against expected growth of approximately 10%.

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 2016, 390 organisations (2015: 389) received total donations of EUR 0.2 million (2015: EUR 0.2 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.

14.4%

growth in
sustainable lending

Prospects

Triodos Bank's balance sheet total is expected to grow more modestly. Growth of between 5 and 10% is expected in 2017.

All branches will focus on continuing to deliver, or develop, a credible set of services. For example, the launch of a current account is expected in the UK in 2017. The number of customers is expected to grow in 2017 by between 10 and 15% across the Group.

We want to realise a loans to deposits ratio between 65 and 75%, excluding investment-type loans in the public sector.

The sustainable loan portfolio and funds entrusted are expected to increase by between 20 and 25% and 5 and 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 put extra effort into identifying loans to 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. Triodos Investment Management consists of Triodos Investment Management BV and Triodos Investment Advisory Services BV, both 100% subsidiaries of Triodos Bank.

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.

Triodos Investment Management is responsible for 17 funds, for both individual and institutional investors, totalling EUR 3.3 billion assets under management. The total growth of the investment funds was EUR 157 million, up 5% (2015: 17%). The relatively modest growth of the assets under management is in part due to Triodos Renewables plc (EUR 138 million) becoming an independent company from Triodos Bank. The company was not managed by Triodos Investment Management from March 2016 and now operates under the name Thrive Renewables.

Worldwide, more and more investors realise that how they invest their money now determines what the world will look like in the future. They are increasingly opting for meaningful and measurable impact investing solutions. Triodos Investment Management sees this as a promising development in light of the many challenges the world faces today, such as climate change and increasing inequality. Many of these challenges are addressed by the UN Sustainable Development Goals (SDGs). As part of a new, global sustainable development agenda, the SDGs present a joined up framework and a clear momentum for investors to contribute to addressing these global challenges together.

Triodos Organic Growth Fund, Triodos Microfinance Fund, Triodos Groenfonds and Triodos Renewables Europe Fund in particular have benefited from an increasing appetite for sustainable investments, with an increase of 25%, 17%, 14% and 14% respectively in 2016 (2015: 11%, 32%, 9% and 3%).

Prospects

Building on over 25 years' experience in bringing together values, vision, and financial returns on investment and with increasing demand for impact investing solutions across Europe, Triodos Investment Management is confident that its funds will continue to attract investors.

To provide more and more investors with the opportunity to invest in values-based investment solutions that are key in the transition to a more sustainable society, it will broaden its international distribution strategy by adding new European markets to its distribution network. Triodos Investment Management will continue to pursue development and growth, both through expansion and further development of existing funds and through the creation of new impact investment products. Overall, Triodos Investment Management is well positioned for further growth.

Triodos Investment Management's strategic focus will continue to be on individual investors, High Net Worth Individuals, family offices and (semi-)institutionals.

In the context of the ambition to further increase its impact and with challenging market circumstances and increasing regulations, Triodos Investment Management aims to grow its assets under management to EUR 4.0 billion in 2017.

The Impact of Finance from Triodos Bank

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.

Our focus is on managing and communicating impact in ways that improve people's quality of life. In 2017 we will begin a long-term project to manage impact even more proactively in the business and further improve how we report and communicate this impact. This Group-wide effort will include two initiatives which began in 2016. The Platform for Carbon Accounting Financials (PCAF) was launched at the Paris Climate Conference in 2015. It aims to find a common, open source methodology to account for the carbon footprint of financial institution's loans and investments. Triodos Bank participated in it during 2016 and a final report and recommendations are expected at the year-end 2017.

Triodos Bank also participated in a pilot with a number of partners that aims to create a True Cost Dashboard for Finance, Food and Farming. The project aims to describe the real costs of a food business so investors and other stakeholders can make informed decisions based on the real cost of a particular business. Results from this work are due during 2017.

Triodos Investment Management also launched a project during the year to manage and communicate its impact and that of its investments more effectively, including the publication of an Inclusive Finance Impact Report. All of this work will be combined under a Group-wide effort to further improve how Triodos Bank understands, applies and monitors its impact in 2017 and future years.

Triodos Bank has worked actively with partners in the Global Alliance for Banking on Values (GABV) to develop a sustainable banking scorecard, which aims to show stakeholders how sustainable a bank is. Triodos is the only bank to publish the scorecard in full. In 2017 a group of GABV members will publish their scorecards on a shared website to enable better learning inside the member banks and opportunities to deepen an understanding of these sustainable banks' impact for stakeholders outside them.

The impact data included in the Executive Board chapter is in scope of the review procedures performed by the independent external auditor. 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 impact chapter in the online annual report. 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 take a conservative approach to estimates including, on occasion, excluding figures altogether.

This data serves as an indication of the non-financial impact of the enterprises that Triodos Bank finances. 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 view the online impact chapter providing more detail on the impact of Triodos Bank and its finance, including the methodology used to produce the impact data recorded.

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 2016, Triodos Bank and its climate and energy investment funds were financing 381 projects (2015: 358), contributing to a generating capacity of 2,400 MW of energy (2015: 2,100 MW). During the year these projects avoided 1.7 million tonnes of CO2 emissions, while generating green energy equivalent to the electricity needs of 1.2 million European households (2015: 1 million).

Organic farming and nature development

The organically managed land on the farms which Triodos Bank and Triodos Investment Management financed in 2016 could produce the equivalent of 32 million meals in 2016, or enough food to provide a sustainable diet for approximately 29,000 people (2015: 30,700). Together they financed approximately 33,000 hectares of organic farmland across Europe. This means one football-pitch sized piece of farmland for every 12 customers, each one producing enough for 580 meals per year.

We also financed 28,000 hectares of nature and conservation land, representing around 400 m^2 of nature and conservation land per customer.

Sustainable property and private sustainable mortgages

As well as offering green mortgages that incentive households to reduce their carbon footprint, Triodos Bank and Triodos Investment Management finance new building developments and renovation projects for properties to reach high sustainability standards.

In 2016 Triodos Bank and Triodos Investment Management financed directly, and via sustainable property, approximately 7,200 homes and apartments (2015: 4,500) and about 310 commercial properties (2015: 310) comprising approximately 460,000 m^2 of office and other commercial space. Triodos Bank also financed about 27,000 m^2 of buildings and brownfield sites.

Social

Health care

As a result of its lending across Europe around 35,000 individuals (2015: 25,000) used facilities at 422 elderly care homes financed by Triodos Bank and Triodos Investment Management in 2016, representing the equivalent of 19 days of care per Triodos Bank customer.

Community projects and social housing

In 2016 Triodos Bank and Triodos Investment Management financed 437 community projects (2015: 316), and 183 social housing projects, which directly and indirectly provide accommodation for approximately 67,000 people (2015: 12,400).

2 million

Triodos Bank and its investment funds' finance helped 2 million individuals to benefit from education initiatives

Microfinance

Triodos Investment Management's specialised emerging markets funds provided finance to 100 financial institutions working for inclusive finance in 44 countries (2015: 45). These organisations reached approximately 13.7 million individuals saving for their future (2015: 10.2 million) and 20.2 million customers borrowing for a better quality of life (2015: 15.5 million).

Culture

Arts and culture

During 2016 Triodos Bank and Triodos Investment Management finance helped make it possible for 13.7 million visitors (2015: 14.3 million) 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 21 cultural experiences per Triodos Bank customer.

Triodos Bank and Triodos Investment Management finance helped approximately 3,100 artists and creative companies active in the cultural sector (2015: 3,000) as well as financing a number of organisations providing affordable spaces for cultural activities such as workshops, attracting around 90,000 people. New productions in 2016 from the film and media sector financed by Triodos Bank in Spain were seen by over 9.7 million people.

Education

Approximately 2.0 million individuals benefited from the work of education initiatives financed by Triodos Bank in 2016 (2015: 986,000). So for every Triodos Bank customer, the equivalent of 3 people were able to learn and grow because of education provided by an establishment we financed.

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 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.

Over the past year, two strategic risks have materialised and are expected to continue in the foreseeable future. These are the continuing low interest rate environment and regulatory pressure. The first has led to a decreased margin and consequently lower profitability than anticipated. The second has led to the need for additional co-workers, system adaptation and processes in order to implement these new regulatory requirements.

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 2016.

Given the scenarios which were selected Triodos Bank is most sensitive to a long lasting, low interest environment scenario. It shows that, with projected business volumes and fee income, profitability will be under pressure in the coming years. This risk is mitigated by a focus on cost efficiency, on interest margin and by diversification of income. Another scenario that leads to decreasing profits and capital ratios is exposure to government defaults. This is seen as a logical consequence of our presence in different countries.

Finally, we are sensitive to scenarios relating to reputation risk. To prevent such an event, it is essential to communicate clearly about the mission and to act in line with the mission.

The impact of the scenarios was calculated and assessed in relation to profitability, capital ratios and liquidity. 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.

Several risk committees are in place at Head Office, all representing a specific risk area. 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 monthly Non-Financial Risk Committee monitors and challenges the development of the non-financial risk profile of Triodos Bank in order to determine whether the operational and compliance risks are, and will be, in line with the defined non-financial risk appetite. The quarterly Enterprise Risk Committee of Triodos Bank is the body delegated by the Executive Board to take decisions on strategic risk and reputation risk of Triodos Bank as a whole.

The Credit risk committee 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.

The recent growth of the company has led to additional internal organisation and governance requirements. Also new legislation demanded several additional analyses, risk assessments and adjustments of systems or procedures. Policies have been updated and models have been re-designed to meet these obligations.

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 Common Equity Tier 1 ratio of 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. All 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 2016, Triodos Bank successfully raised capital from its customers of over EUR 97 million. This has helped it to maintain a regulatory Common Equity Tier 1 of 19.2% at the end of 2016, well above both external and its own internal requirements.

Triodos Bank's liquidity position remained very strong during 2016. 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 commercial banks and the Spanish Central Bank. In the UK the excess liquidity is invested in UK government bonds and placed on deposits with commercial banks and the Bank of England. In Germany, surplus liquidities are placed with local governments and with commercial banks including the German Central bank.

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 Annual Accounts section of this report starting on page 149.

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. It is further supported by the Triodos culture as a key element of our soft controls.

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 2016.

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 with a functional line towards the central compliance department. 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.

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 our website.

In conclusion

When assessing our results we aim to strike the right balance between measurable goals described in the strategic objectives table above and an integrated, holistic view of our performance derived from reflecting in cross-country meetings for example.

Monetary policy and a low interest rate environment mean increasing the ratio of loans to funds entrusted continues to be an important focus for our efforts. Given this context in 2016 we are pleased to have moved this ratio in a positive direction. We also recognise that both continuing to deliver and develop our business as usual and innovating is one of our key challenges for the coming years.

Together Triodos Bank's divisions have taken steps to become more of a learning organisation during the year. We have developed more sustainable products and continue to invest in key products for the future, including a UK current account and sustainable personal loans. And we have broadened our scope helping to maintain and further build on relationships that bind the community we work with together.

While there was much to celebrate in 2016, we are living through a disruptive time. To address the challenges and opportunities it presents we will build on our work in the future to finance and facilitate a new social, sustainable and smart economy.

Zeist, 24 March 2017

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

Biographies

Peter Blom (1956), CEO, Chair

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, Co-Chair of the Board of Stichting Sustainable Finance Lab, Member of the Board Stichting NatuurCollege, Chair of the Supervisory Board of MVO Nederland and a Board member of Triodos Invest CVBA. He is of Dutch nationality and one Triodos Bank depository receipt.

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 Member of the Management Board of Triodos SICAV II, Member of the Board of Triodos Invest CVBA, Statutory Director of Enclude Holding BV 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.

UN Sustainable Development Goals

In 2015, the 17 Sustainable Development Goals (SDG) were launched by the United Nations. The SDGs, successors to the Millennium Development Goals, are a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda.

The goals are principally focused on wide-reaching action by states, business and civil society. And they resonate strongly with Triodos Bank and our essence as a values-based bank that has been working on this agenda since our founding in 1980.

Triodos Bank is clear about the path we want to take to use money consciously as a catalyst for sustainable change. And while we have our own path to take on a journey to a sustainable, low carbon and inclusive future, we welcome a framework that enables us to communicate better with our fellow travelers. The SDGs do just that. They provide powerful, new language to communicate integrated sustainability goals that are more urgent now than ever.

We expect the goals to play an increasingly important role for wider society and has the potential to be a powerful and positive agent of change in the financial industry. That's why Triodos Bank was one of 18 Dutch financial institutions to invite the Dutch Government and Central Bank to continue to make a concerted effort to help deliver the SDGs. The initiative was the first in the world to bring together national pension funds, insurance companies and banks together around a shared SDG agenda, and included a report recommending priorities to maximise 'SDG investing'.

Triodos Bank and the SDGs

The goals clearly articulate objectives that must be addressed at a global level. They reflect the importance of a joined up, integrated approach to the multiple challenges we face – an approach that closely reflects our own. But the SDGs, like us all, are not perfect. For example, nurturing personal development, education and inspiration are a core part of Triodos Bank's mission and we lend to and invest in thousands of projects in the cultural sector as a result. We believe this cultural aspect is both core to developing a more sustainable society and largely absent from the SDGs.

This is the first year that Triodos Bank will include the SDGs in its reporting. We have started by mapping what we do against the SDGs and where our work is directly relevant to an SDG and a specific indicator. While we highlight how we intend to further this work in the future, specific indicators of how this will be achieved are available in other parts of the report – in the strategic objectives section, for example – and not duplicated here.

This table is a starting point; it is illustrative of some of the key areas where our work maps onto the SDGs. We expect to engage on this more actively in the coming months and report on this work further next year.

The table below lists the SDGs and Triodos Bank's contribution to them against three categories highlighting the depth of involvement in relation to each goal. Where our activity is less core to our main work we describe the work we do in this area and our wider perspective on that goal. Where relevant we also highlight SDG targets (e.g. '1.5 resilience to external shocks' below) that underpin each of the goals.

We have selected targets that are closest to our activity and aspirations, for readers with a more detailed interest in the specifics of each goal.

Level 1 – Baseline activity to ensure we are not harming these goals
Level 2 – Direct activity we take to positively influence them; and
Level 3 – Where Triodos Bank is already, or can in the future, play a catalysing role helping to stimulate the lasting systemic change that the goals demand.

This last point is important because Triodos Bank aims to work with the SDGs to genuinely 'move the dial' on the goals. In creating this table we have considered the spirit behind each goal and its supporting indicators, as well as the text itself, to produce a clear view of how Triodos Bank's activity maps against them. We hope it helps our stakeholders better understand how our work relates to the SDGs and we welcome your feedback.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
1 NO POVERTY 1.5 Resilience to external shocks (for individuals and families)	Our policy is to avoid predatory lending and to undertake good due diligence when making decisions about which inclusive finance institutions to invest in.	We invest in financial institutions working for Inclusive Finance in emerging markets so they can serve people to build their assets gradually, develop small and medium-sized enterprises, improve their income earning capacity, create employment and provide a financial cushion for the future. In 2016 we provided inclusive finance for 13.7 million savers and 20.2 million borrowers in emerging markets, via 100 financial institutions. We have pioneered Fair Trade finance including partnering with key players such as Oxfam and Fairtrade Iberica. Through the Triodos Foundation, donations are made to Fair Trade organisations such as Comercio Justo in Spain. Triodos Bank has an active role in eradicating urban poverty in Europe, financing organisations devoted to care and social inclusion of homeless people. It finances Lits Halte Soins Santé 13, for example, managed by Le Groupe SOS, offering decent accommodation and health care to homeless people in Marseilles, France.	We integrate climate concerns and social issues, by advising these financial institutions on how to incorporate environmental issues in their business. This makes both the institutions and their clients more resilient to outside shocks. Where appropriate we responsibly exit from investments in institutions that build their capacity to the point where they do not need our support anymore, so we can focus again on helping other institutions serving those most in need.

SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
2 ZERO HUNGER 2.4 ensure sustainable food production	We do not finance intensive agriculture and, instead, only and exclusively finances sustainable, organic agriculture.	We specialise in financing sustainable food production through our lending activity; the Triodos Organic Growth Fund (EUR 40.6 million) investing in mature, privately owned, sustainable consumer businesses; Triodos Groenfonds (EUR 773 million) investing in 'green' projects including sustainable food and agriculture; and the Triodos Sustainable Trade Fund provides trade finance to organic and fair trade agricultural producers in developing countries, disbursing EUR 31 million in loans in 2016. We are the financial partner for social organisations delivering services for people struggling to meet their nutritional requirements, in Europe. We finance Pont alimentari in Spain for example, linking food surpluses in supermarkets and restaurants with people in need.	At a systemic level our finance aims to inspire the financial sector, by showing that sustainable organic and fair trade agriculture can be successfully financed in European and emerging markets.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
3 GOOD HEALTH AND WELL-BEING 3.5 drugs and substance abuse	We only finance health care providers with a human-centred approach to care ensuring health and well-being, particularly for the elderly, people with learning and physical disabilities and other disadvantaged groups such as those recovering from drugs and substance abuse.	We lend to large numbers of health care organisations whose emphasis is on quality of care, including clinics specialised in addiction treatment. Nos Pilifs, a Belgian farm and Siza in The Netherlands, provide support for people with disabilities, and are just two examples. In numbers, that meant 35,000 elderly people in Europe benefited from care provided by initiatives financed by Triodos Bank in 2016, representing 19 days of health care financed for each Triodos Bank customer. The Triodos Sustainable Pioneer Fund (EUR 175 million) invests in equities issued by listed companies, including medical technology firms that are pioneers in the theme of ‘healthy people’. We also take into account if companies provide access to medicine when considering them for potential investment.	We can contribute more powerfully by financing scalable projects, like Bristol Together, providing ex-offenders with employment opportunities via renovation projects. A project that has been repeated in other regions in the UK and in mainland Europe. And we can further contribute to the debate about how to serve elderly people’s financial needs in the future.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
4 QUALITY EDUCATION 4.4 upskill youth and adults 4.7 promote sustainable development knowledge and skills	Our approach is to only finance education initiatives – from kindergartens to adult education – that benefit individual's personal development and society in terms of social cohesion in general, and sustainable economic development in particular.	We lend to, and invest in, education initiatives that benefited two million people in 2016. They include projects like World Education Berkshire, raising the profile of global issues and promoting sustainable development, human rights and social justice for schools and community groups in the UK. In Germany we have financed the Alanus Hochschule, a university with a special focus on sustainability. We give dozens of conferences about ethical banking at schools, high schools and universities every year, including participating in the 'Bank voor de Klas' initiative in The Netherlands.	We can contribute to the overall education 'mix' by focusing our finance on diversity in the education system – through progressive educational establishments and initiatives that serve the excluded. We also support and participate in initiatives beyond our role as a bank directly, through initiatives like HERA (Higher Education and Research Awards) in Belgium. The awards explore how master students integrate sustainable development principles into their work and recognise the importance of integrating sustainability concerns, in a holistic way, at an important stage in their development. We want to continue to co-create innovative projects such as educativos ecológicos, (Educational organic gardens) launched by Triodos Foundation in Spain to promote crowdfunding for projects and an annual prize recognising landmark initiative.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
5 GENDER EQUALITY 5.1 end discrimination against women	We treat all individuals equally, and particularly include people who are often excluded. In practice this leads to an explicit focus on making access to finance available to women. We value a diverse community in Triodos Bank itself, including gender. In 2016 51.5% of Triodos Bank co-workers were women and 40% of management positions were held by women.	We finance financial institutions in developing countries and emerging economies that demonstrate a sustainable approach toward providing financial services to those traditionally excluded. In 2016 these institutions served 20.2 million loan clients, of which 83% were female. For over 30 years Triodos Investment Management has partnered with Women's World Banking, a global non-profit providing low-income women with access to financial tools and resources to build security and prosperity. Triodos Investment Advisory Services is a co-investment manager for the Women's World Banking equity fund (USD 50 million). We also lend directly to organisations working to end discrimination, like the UK's Southall Black Sisters and Dona Activa Fòrum, which fosters entrepreneurial opportunities for women. Triodos Bank promotes respect for rights of the LGBTI community by financing initiatives like Fundación Triángulo, which works in rural areas in Spain.	The greatest contribution we can make is to both promote and extend healthy gender diversity as an important pre-condition for our work as an institution ourselves and in how we apply the money entrusted to us, both in Europe and in developing countries.

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<tr><td>6 CLEAN WATER AND SANITATION</td><td colspan="3">Clean water and sanitation are topics relevant around the world. While this is not a core loan or investment theme, much of our finance takes care of both, not least through entrepreneurs financed through inclusive finance and SME lending and in sectors such as organic agriculture which support water conservation and water health. We invest, via the Triodos Sustainable Pioneer Fund in listed companies such as Hong Kong-based Beijing Enterprises Water Group, a water and sewage/waste-water treatment company that contributes to the availability of clean drinking water and the cleaning of waste water.

We also finance research to save water, through projects like Zinnae, which explores urban gardening with less water, and cooperative organisations such as Enginyeria Sense Fronteres, which promotes access to water in developing countries, as well as sustainable water management companies, like Iwater 2000, in Spain.</td></tr>
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SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
7 AFFORDABLE AND CLEAN ENERGY 7.2 increase share of renewables globally	Our policy is not to finance fossil fuels and exclusively to finance renewable energy initiatives in the energy sector.	We finance sustainable energy via direct lending in all the countries where we operate and investments through Triodos Green Funds (EUR 773 million), Triodos Renewables Europe Fund (EUR 74 million) and via our Socially Responsible Investment Funds (EUR 1,347 million). Fortech Wase Wind, a cooperative in Belgium, is one example. As well as considerable impact in Europe – Triodos Bank financed more renewable energy initiatives in Europe than any other financial institution in 2015 – Triodos' renewable energy projects also extend to emerging markets, such as hydro projects in Nepal. In addition to numerous energy saving initiatives Triodos Bank uses 100% renewable energy in its buildings.	As well as its direct impact as a financer, Triodos Bank acts as an opinion leader in the energy space, including engaging in debate about the urgent importance of a low carbon economy and how to move towards it. We can contribute further in the future by extending our work into new areas such as energy storage, via Triodos Bank's European and global presence. To make the most of our pan-European experience financing renewable energy projects, a new international role to co-ordinate our renewable energy efforts will be created in 2017.

SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
8 DECENT WORK AND ECONOMIC GROWTH 8.3 ...encourage the growth formalisation and growth of micro-, small- and medium-sized enterprises, including access to financial services 8.4 improve ...global resource efficiency in consumption and production ...decouple economic growth and environmental degradation 8.9 ...implement policies to promote sustainable tourism 8.10 strengthen the capacity of domestic financial institutions encourage and expand access to banking ...and financial services for all	Triodos Bank has over 20 years' experience financing microfinance and inclusive finance initiatives in emerging markets. As well as only financing the green economy in Europe, including developing lending in the sustainable tourism sector, all our banking products and services take the environment into consideration. Our finance often leads to job creation and frequently, due to the sustainable focus of all our finance, to work that benefits the excluded – from people with disabilities to ex-offenders.	The inclusive finance activity we describe in SDG 1 above is delivered via Triodos Investment Management connecting thousands of investors with Microfinance and SME institutions in developing countries. Inclusive finance is also relevant in The Netherlands where we work with Qredits, a Dutch initiative providing microfinance loans, mentoring and online tools to support entrepreneurs. Triodos Bank integrates resource efficiency and environmental concerns in all its products; including sustainable mortgages, credit cards for spending on sustainable products and pensions linked to front-running sustainable companies We are continuing to extend lending to certified green sustainable tourism projects, or those working towards it, across Europe. We financed Ilunion Hoteles, a pioneer of sustainable and accessible hotels, run by the Spanish organisation for the blind, ONCE.	We intentionally look to finance companies that can act as a catalyst for deep-seated change within their industries, as inspirational examples of what's possible in the circular economy. Dick Moby, producers of sustainable sun glasses is one example. We partner with others who share this agenda, including co-founding the Sustainable Finance Lab. And we celebrate and encourage front-runners in social and sustainable entrepreneurship, through initiatives like the Heart Head prize; an awards programme delivered in a number of countries where we operate.

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<tr><td>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.3 ...increase access of small-scale ...enterprises ...to financial services</td><td colspan="3">While we typically do not finance large-scale infrastructure projects, Triodos Bank promotes an inclusive, sustainable economy and fosters innovation; indeed Triodos Bank itself is an example of innovation in the banking sector. Our work for the inclusive finance sector supports efforts to increase access of small-scale enterprises to financial services, including affordable credit.</td></tr>
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<tr><td>10 REDUCED INEQUALITIES</td><td colspan="3">Our collective work is designed to contribute to a fairer and more equitable economy in Europe and around the world. One way we do this is via investment funds that promote inclusive finance, targeting small and medium-sized businesses in emerging markets. We also aim to be a reference point for values based banking, working alongside partners in networks like the Global Alliance for Banking on Values, to promote and help deliver a fairer, more equitable society.

We have a comprehensive approach to inequality which includes financing groups in risk of social exclusion. This translates into loans to businesses and organisations that serve and employ people with disabilities or who are otherwise at risk of exclusion. We actively finance refugees through initiatives like the Spanish Commission for Refugees and are, for example, working with others to find ways to make bank accounts more accessible to refugees.</td></tr>
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SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
 11.1 ...access for all to ...affordable housing 11.4 ...protect and safeguard the world's cultural ...heritage	We do not finance unsustainable housing and have a proactive policy to finance social and sustainable housing as well as arts and culture projects.	Around 6.9% of our lending is in social housing providing affordable homes for often excluded groups, including housing associations across Europe. We also renovate and refurbish culturally significant buildings and monuments, like Amsterdam's Stadsherstel. Financing culture is a key pillar of Triodos Bank's work. For instance, in Germany, we finance Malzfabrik, a cultural centre in the heart of Berlin, fostering creative collaboration. Les Ateliers, in France, is another example, where local cooperation has rehabilitated an industrial building into a living hub for social initiatives working for positive changes in society. As well as lending extensively in the cultural sector across Europe, including significant participation in financing European films, Triodos launched a culture fund in 2006 to invest in cultural projects that preserve arts and culture. The fund has around EUR 100 million in assets.	We can contribute most powerfully by financing scalable, inspirational projects that change the perspective of the housing and arts and culture industries. These projects show that social, environmental and cultural objectives can and should be integrated in developing sustainable housing for the whole community.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.2 sustainable management ...of natural resources 12.5 reduce waste generation 12.6 encourage companies to adopt sustainable practices	Our products and services (see qualitative elements in the GABV scorecard) have responsible consumption ‘built in’. We positively look to finance companies focused on reducing waste generation, and promoting reuse and recycling. We also encourage listed companies to act more sustainably, and actively promote responsible consumption.	The efficient use of natural resources is at the heart of much of our finance. We only finance organic agriculture projects, for example, and proactively look to finance businesses operating in the circular economy. The farms we finance produced the equivalent of 32 million organic meals in 2016. As well as direct lending we have an Organic Growth Fund, which invests in mature, independent, sustainable consumer businesses. We proactively finance waste reduction and recycling businesses. Through Triodos Investment Management’s Research department, we engage with large companies, such as Wessanen, encouraging them to improve their sustainable practices, including by voting as an investor through Triodos Bank’s Socially Responsible Investment Funds.	Through events, articles and public affairs activity we aim to promote an integrated view that responsible consumption and production is closely connected to a better quality of life.

SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
13 CLIMATE ACTION	While most of the specific SDG targets do not relate directly to Triodos Bank's activity, much of our direct loans and investment finance aims to combat climate change, particularly through finance of the sustainable energy sector, which contributed to generating green energy equivalent to the electricity needs of 1.2 million European households and avoiding 1.7 million tonnes of CO_2 emissions in 2016. All of our finance aims to integrate environmental concerns, with social, cultural and economic considerations. We enable individuals and businesses to act to combat climate change through our products and services, including green mortgages that incentivise more sustainable homes and personal loans for spending on sustainable products, such as solar panels. And we participate in public initiatives to raise awareness about climate change and action to combat it.		

SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
14 LIFE BELOW WATER	Our finance in the organic sector in particular aims to reduce marine pollution by focusing on soil quality and water conservation and health. As well as sustainable fishing projects, we have financed customers such as Submón, CRAM and Asociación EcoOcéanos in Spain, who are committed to research, conservation and public awareness about the environmental importance of underwater life and coastal ecosystems.		

SDG	**Level 1** Baseline policies and activity, to avoid doing any harm in relation to the goal	**Level 2** What we do to make a meaningful difference	**Level 3** The catalysing role we can play to stimulate long-term, transformational change
15 LIFE ON LAND 15.5 ...halt the loss of biodiversity	Our policy is not to finance any projects that degrade natural habitats or diminish biodiversity.	As described above we finance organic agriculture, as well as conservation organisations, which sees agriculture as part of a natural system which encourages greater biodiversity, rather than one of extraction. Around 3.8% of our loans were in this sector during 2016. They include companies like organic food retailer the Better Food Company, who we helped to raise crucial funding for to open a new shop. In France, we financed Ginkgo, an initiative that specialises in brownfield rehabilitation, offering a new life to polluted areas of land, mostly within cities and urban areas. In The Netherlands we have financed Tjermelan on the island of Terschelling who have created a dark 'sky park', an area where light pollution is eliminated so people can enjoy the darkness overnight. We actively engage on issues that relate to sustainable investing on the stock market via our research team, on topics such as palm oil, tin mining, commodity scarcity, and conflict minerals. We partner with organisations such as WWF and Greenpeace, attracting donations for their activities though the Triodos Foundation.	We can contribute to systemic change by demonstrating that enterprises that are focused on greater biodiversity offer a financially viable alternative to the dominant extractive system. We can also develop new, innovative approaches – such as crowdfunding initiatives linked to increasing education about sustainable agriculture in schools – that punch above their weight as powerful examples of what's possible.

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We believe peaceful and inclusive societies require fair and inclusive economies focused on improving quality of life for all. Our finance is firmly focused on this goal. As well as financing some organisations directly to the promotion of a culture of peace, we specifically exclude the weapons industry from all financing activity.		

SDG	Level 1 Baseline policies and activity, to avoid doing any harm in relation to the goal	Level 2 What we do to make a meaningful difference	Level 3 The catalysing role we can play to stimulate long-term, transformational change
17 PARTNERSHIPS FOR THE GOALS 17.3 mobilise additional financial resources for developing countries	We have an open culture that encourages partnerships to help strengthen sustainable financial institutions and mobilise financial resources in developing countries.	Our aim is to enter sustainable markets early and demonstrate that they are financially viable – as we did with the renewable energy industry, lending to some of Europe's first wind farms following the Chernobyl disaster in 1986. Our work in developing countries, is delivered principally through Triodos Investment Management, as described above. Some key partnerships which impact on the SDG goals include B Corporations – Triodos Bank was the first European bank to join this initiative of responsible companies –, the Sustainable Finance Lab, and the Global Alliance for Banking on Values.	We can help promote systemic change by partnering with others, such as the Sustainable Finance Lab, B Corp, Global Reporting Initiative, the Global Impact Investing Network and members of the Global Alliance for Banking on Values, a network of around 40 values based banks across the globe which Triodos co-founded in 2009. The network argues for a more sustainable banking sector as well as strengthening the effectiveness of its individual members.

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.

Triodos Bank's Internal Governance

Triodos Bank is a European bank with branches in The Netherlands (Zeist), Belgium (Brussels), the UK (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

	Depository receipt holders		Issued capital (EUR million)	
	2016	2015	2016	2015
1 – 50	13,664	13,523	21.3	20.6
51 – 500	20,071	18,535	296.9	265.6
501 – 1,000	2,816	2,405	157.1	132.3
1,001 and more	1,587	1,272	428.6	362.0
Total	**38,138**	**35,735**	**903.9**	**780.5**

Number of depository receipts per country

	Depository receipts × 1,000		Depository receipt holders	
	2016	2015	2016	2015
The Netherlands	6,558	5,607	20,893	19,199
Belgium	2,114	1,901	6,606	6,217
United Kingdom	239	245	1,972	2,014
Spain	2,025	1,842	8,052	7,925
Germany	152	92	615	380
Total	**11,088**	**9,687**	**38,138**	**35,735**

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

as a percentage	2016	2015
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	5.0	5.6
Delta Lloyd Levensverzekering NV	3.5	3.9

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 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's 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 Foundation

Stichting Triodos Foundation is an institution that 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.

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 the size of Triodos Bank.

Finally 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 these proposed amendments are strongly interrelated.

On 8 December 2016, the Monitoring Committee Corporate Governance Code published a revised Dutch Corporate Governance Code. The revised code came into force as of 1 January 2017 and will therefore first be applicable to the 2017 financial year. Triodos Bank is reviewing the new best practices to see if its internal organisation needs to be further aligned and, if so, what steps need to be taken to ensure compliance with the revised Code.

Dutch Banking Code

The revised Banking Code came into effect on 1 January 2015 and is part of a package of 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. It consists of a number of recommendations and principles that aim to ensure the very best performance by banks. Its primary focus is on governance and the bank's 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.

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. Co-workers are obliged to declare that they 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 2016 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.

Supervisory Board Report

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 Board's review is based on reports on business, finance, risk 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 in values-based banking.

Technological, regulatory and market developments affected and changed the banking landscape in 2016. These changes influence the way banking is done, including at Triodos Bank, and have directly impacted on its plans for the future. The Supervisory Board continues to be satisfied with the bank's response but is fully aware of the significant challenges it faces. The organisation is an effective, integrated values based bank that knows its strengths and its opportunities in the market.

During 2016 the Supervisory Board monitored the bank's strategic focus and the three year business plan after its first year of execution. The Board discussed the 2017 plan which has been refined and adjusted to meet the challenges of a rapidly changing external landscape and market conditions – in particular the effects of a low interest environment and political changes in Europe. The challenge for the increasing number of businesses interested in integrating sustainability in their operations, such as Triodos Bank, is to generate more impact, while maintaining a resilient financial foundation and delivering 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

Triodos' strategic focus

The Supervisory Board, in various discussions, encouraged the Executive Board in their efforts to respond to a more challenging external landscape, both strategically and practically while remaining true to Triodos Bank's essence. This wider environment includes a growing polarisation of groups within society, an increasing role of technology, a continuing low interest environment, stricter regulatory requirements and a growing number of opportunities in financing business with a much more focussed 'climate change agenda'.

Impact, Risk, Return

2016 was marked by managed growth, increased impact and robust financial performance despite a low interest rate environment which had a significant impact on Triodos Bank's financial performance. The ratio of funds entrusted to loans showed a slight improvement by the year end. The Supervisory Board still considers this to present a challenge both from a financial and a mission perspective and welcomed the steps the bank is taking to improve this balance further.

In its discussions with the Executive Board, the Supervisory Board pays particular attention to the continuing importance of Triodos Bank's business model and its integrated focus on Impact, Risk and Return.

Because of changing capital requirements, the Supervisory Board monitors Triodos Bank's financial health, its financial ratios, its capital position and the impact of stricter regulatory capital requirements. Triodos Bank is a mid-sized bank that complies with new regulations and is well-established for further growth.

Other topics

During 2016, the following topics were also discussed at the Supervisory Board's meetings and in contacts with the Executive Board:

- Strategy: the Triodos 2025 perspective and the update of the business plan 2016-2018 with a focus on 2017, 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 economic developments and their financial impact. More specifically, the bank's capital position, the 2015 financial results, the management letter, the 2015 Annual Report, the Executive Board Report and the 2016 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.
- 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 to the full Supervisory Board were given by local branch management and Triodos Investment Management. The Supervisory Board closely followed developments in the branches in Belgium and the UK, particularly given changes in senior management and Germany because the branch has not yet reached break-even.
- Contacts with the Dutch Central Bank: The Chair, the Vice Chair and the Chair of the Audit and Risk Committee met twice with the Dutch Central Bank.
- 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 Annual 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. 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. In 2016 there were five male and one female Supervisory Board members. We aim to comply with this policy with the fulfilment of future vacancies.

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 Weerdt (Chair)
- Ernst-Jan Boers
- David Carrington

Nomination and Compensation Committee

- Mathieu van den Hoogenband (Chair)
- Aart de Geus
- Udo Philipp

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 2016. Triodos Bank's Chief Financial Officer, the Head of Internal Audit, the Director Risk, Director Finance 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.

In its regular review of the half-year results, the ARC satisfied itself that the bank's financial 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 being discussed in the full Supervisory Board.

The internal audit function is the third line of defence in Triodos Bank. The Executive Board 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 2017. The ARC will monitor this closely.

As part of its regular agenda, the ARC reviewed and discussed the yearly update of the risk appetite statement, the risk appetite framework, as well as the annual ICAAP and ILAAP reports and recovery plan 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 reduced the concentration in the solar sector. Credit risk, operational risk and interest rate risk have been analysed thoroughly and new approaches have been presented to, and discussed in, the ARC. The ARC welcomes the improvement presented in those areas and the updated related policies, which form part of the further enhanced risk management framework which was put in place during the year.

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.

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. For more information on the international remuneration and nomination policy please refer to page 120 of the annual accounts.

The nomination issues in 2016 included the composition of the Supervisory Board that led to an extensive recruitment process resulting in the nomination of candidate Supervisory Board members for appointment in the 2017 Annual General Meeting. The Chair of the NCC, together with the Supervisory Board Chair reviewed the performance of the members of the Executive Board in personal interviews, reviewing the priorities set for 2016 and setting new priorities for 2017. The NCC performed the management exit interviews of the Managing Directors of the UK and Belgian branches.

The NCC and the Executive Board initiated an annual 'theme day' session as part of a permanent education programme for the Supervisory Board and the Executive Board. In 2016, the programme focused on IT developments and the impact on banks (including a presentation on Triodos Bank's Core Banking System and the ICT strategy), PSD 2 and Open Banking and developments in reputation management and customer/stakeholders expectations and needs.

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:

- 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 reviewed.

			Key areas of expertise				
Name (nationality)	Year of birth	Gender	Sustainability and other expertise particularly relevant to Triodos	Banking and Finance	Audit and Risk	Governance and Management	HR and Organisational Development
Aart Jan de Geus (Dutch) (chair)	1955	M	•			•	•
Ernst-Jan Boers (Dutch)	1966	M		•	•	•	
David Carrington (British)	1946	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 2016 (six in total) was preceded by an internal meeting in which only Supervisory Board members participated. One internal meeting focused on appraisal and evaluation of the members of the Executive Board and a discussion about an internal evaluation report concerning the functioning of the Supervisory Board and its members.

At least one Supervisory Board meeting per year is held in a country with a branch office and combined with a thematic program. In 2016 this meeting was organised by Triodos Bank's German branch. Presentations and discussions were held with senior management of the German branch, developing and deepening insights into Triodos Bank's German 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 2016

Supervisory Board members in 2016	Supervisory Board meeting (6)	Audit and Risk Committee meeting (5)	Nomination and Compensation Committee meeting (6)
Aart Jan de Geus (chair)	6/6		6/6
Ernst-Jan Boers	6/6	5/5	
David Carrington	5/6	4/5	
Mathieu van den Hoogenband	6/6		6/6
Udo Philipp	6/6		6/6
Carla van der Weerdt	6/6	5/5	

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 de Geus formally deviates from one of the independence criteria (article III.2.2) of the Dutch Corporate Governance Code because a family member is a Triodos Bank co-worker, although not in a management position.

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 2016.

Education

As part of the Supervisory Board's permanent education programme, it organises annual meetings with both internal and 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 2015 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 2016. The results of the evaluations are discussion items for the Supervisory Board in February 2017.

The Executive Board members reflected on their personal key priorities for 2016 and 2017 and shared them with the full Supervisory Board. These priorities will be evaluated by the Supervisory Board early in 2017.

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 Annual General Meeting adopts the Annual Accounts of 2016 and discharges the members of the Executive Board for their management of Triodos Bank during 2016 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 2017 and will continue to act as a reference point for the banking industry.

Zeist, 24 March 2017

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

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 Chairman of the Board of Stichting Nationaal Energiebespaarfonds, a 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, 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 1002 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 is non executive Chairman of Institut für Finanzdienstleistungen, a think tank promoting sustainable and consumer friendly financial services. 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 Weerdt (1964)

Carla van der Weerdt 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 Weerdt is a Member of the Supervisory Board and Chair of the Audit Committee of BinckBank N.V. and Habion. Furthermore she is a Member of the Supervisory Board of DSW Zorgverzekeraar U.A. and Hogeschool InHolland and she is Member of the Advisory Board of the Court of Gelderland. Carla van der Weerdt 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.

Triodos Bank NV
Annual Accounts 2016

Consolidated Balance Sheet as at 31 December 2016

Before appropriation of profit in thousands of EUR	Reference[1]	31.12.2016	31.12.2015
Assets			
Cash	1	732,219	285,819
Government paper	2	178,902	213,233
Banks	3	467,529	545,152
Loans	4	5,708,338	5,215,692
Interest-bearing securities	5	1,718,786	1,689,968
Shares	6	20	65
Participating interests	7	16,411	13,803
Intangible fixed assets	8	25,159	18,589
Property and equipment	9	56,725	58,392
Other assets	10	24,800	18,154
Prepayments and accrued income	11	152,349	152,284
Total assets		**9,081,238**	**8,211,151**
Liabilities			
Banks	12	31,582	39,798
Funds entrusted	13	8,024,620	7,282,564
Other liabilities	14	16,822	20,744
Accruals and deferred income	15	101,002	78,840
Provisions	16	3,353	3,438
Total liabilities		**8,177,379**	**7,425,384**
Subordinated liabilities	17	**–**	**5,250**
Capital	18	554,415	484,329
Share premium reserve	18	151,157	123,935
Revaluation reserve	18	689	503
Statutory reserve	18	18,540	11,286
Other reserve	18	149,734	119,737
Result for the period	18	29,324	40,727
Equity		**903,859**	**780,517**
Total equity and liabilities		**9,081,238**	**8,211,151**
Contingent liabilities	19	75,173	63,060
Irrevocable facilities	20	925,510	717,672
		1,000,683	**780,732**

1 References relate to the notes starting on page 81. These form an integral part of the consolidated annual accounts.

Consolidated Profit and Loss Account for 2016

in thousands of EUR	Reference[1]	2016	2015
Income			
Interest income	21	174,557	182,752
Interest expense	22	–32,435	–39,855
Interest		**142,122**	**142,897**
Income from other participations	23	179	101
Investment income		**179**	**101**
Commission income	24	76,917	71,071
Commission expense	25	–3,510	–3,396
Commission		**73,407**	**67,675**
Result on financial transactions	26	404	774
Other income	27	1,518	142
Other income		**1,922**	**916**
Total income		**217,630**	**211,589**

Expenses			
Co-worker and other administrative expenses	28	160,632	142,387
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	29	11,107	7,833
Operating expenses		**171,739**	**150,220**
Impairments loan portfolio and other receivables	30	5,711	7,579
Value adjustments to participating interests		1,485	–210
Total expenses		**178,935**	**157,589**
Operating result before taxation		**38,695**	**54,000**
Taxation on operating result	31	–9,371	–13,273
Net profit		**29,324**	**40,727**
Amounts in EUR			
Net profit per share		2.83	4.40
Dividend per share		1.95	1.95

Consolidated Statement of Comprehensive Income for 2016

in thousands of EUR	2016	2015
Net result	29,324	40,727
Revaluation of property, equipment and participating interest after taxation	176	104
Exchange rate results from business operations abroad after taxation	311	563
Total amount recognised directly in equity	487	667
Total comprehensive income	29,811	41,394

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Consolidated Statement of Changes in the Equity for 2016

in thousands of EUR
Equity as at 1 January 2015
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
Transfer to statutory reserve for development costs
Purchasing or sale of own depository receipts
Result for the period
Equity as at 31 December 2015
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 the period
Equity as at 31 December 2016

Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Result for the period	Total equity
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**
60,347	36,961					97,308
9,739	−9,739					–
		176				176
		10		−10		–
			311			311
				21,368	−21,368	–
					−19,359	−19,359
				15,582		15,582
				–		–
			6,943	−6,943		–
				–		–
					29,324	29,324
554,415	**151,157**	**689**	**18,540**	**149,734**	**29,324**	**903,859**

Consolidated Cashflow Statement for 2016

in thousands of EUR	Reference[1]	2016	2015
Cashflow from operating activities			
Net profit		29,324	40,727
Adjustments for:			
• depreciation	29	11,108	7,823
• value adjustments to receivables	30	5,711	7,579
• value adjustments to participating interests	7	1,485	–210
• exchange rate differences on property and equipment	9	2,512	180
• movements in provisions	16	–85	2,061
• other movements in accrued and deferred items		22,063	–12,352
Cashflow from business operations		72,118	45,808
Movement in government paper	2	34,331	–4,451
Movement in banks, deposits not on demand	3	58,136	144,882
Movement in loans	4	–498,357	–956,947
Movements in shares	6	45	–61
Movement in banks, liabilities not on demand	12	–8,216	–14,829
Movement in funds entrusted	13	742,056	993,736
Other movements from operating activities		–10,568	–3,410
Cashflow from operating activities		**389,545**	**204,728**
Cashflow from investment activities			
Investment in interest-bearing securities	5	–456,180	–1,041,277
Disinvestment in interest-bearing securities	5	427,362	1,061,934
Investment in participating interests	7	–3,572	–4,208
Disinvestment in participating interests	7	–	–
Net investments in:			
• intangible fixed assets	8	–12,639	–8,598
• property and equipment	9	–5,884	–23,192
Cashflow from investment activities		**–50,913**	**–15,341**
Cashflow from financing activities			
Redemption in subordinated liabilities	17	–5,250	–
Increase in equity		97,308	39,621
Payment of cash dividend		–3,777	–4,117
Purchases of depository receipts for own shares		–	–6
Cashflow from financing activities		**88,281**	**35,498**
Net cashflow		**426,913**	**224,885**
Cash and cash equivalents at beginning of the year		584,562	359,677
Cash and cash equivalents at the end of the year		**1,011,475**	**584,562**
On demand deposits with central banks	1	732,219	285,819
On demand deposits with banks	3	279,256	298,743
Cash and cash equivalents at the end of the year		**1,011,475**	**584,562**
Supplementary disclosure of the cashflow from operating activities			
Interest paid		–34,737	–41,225
Interest received		176,878	185,448
Tax on profit paid		–14,397	–15,054
Dividend received from investments		179	101

[1] References relate to the notes starting on page 81. These form an integral part of the consolidated annual accounts.

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 (N.V.) under Dutch law (Chamber of Commerce 30062415). 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.

Basis of preparation

The Annual Accounts were prepared in accordance with the legal requirements for the Annual Accounts of banks contained in Title 9 Book 2 of The Netherlands Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board. The Annual Accounts relate to the thirty-sixth 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 historical 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.

Comparison with previous year

Before 2016, property for own use was stated at the current cost, which was derived from the replacement cost. Due to the changes in the Dutch laws and regulations ('Besluit actuele waarde') the accounting standards have been changed as per January 1, 2016 where replacement cost is replaced by actual cost. We assessed the effect of this change in cooperation with an appraiser and determined that it does not have an effect on the valuation of the property for own use. Consequently, this change in accounting policy has no effect on the profit and loss statement as well as equity.

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 of Triodos Bank N.V. 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’.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

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 as a statutory reserve.

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.

Cash

Cash represent cash in hand and cash balances at central banks. Cash is carried at nominal value.

Government paper

All government paper 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.

Banks

Receivables on banks 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.

Loans

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.

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 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 collective credit provision and is based on statistics. The IBNR is calculated by multiplying the exposure at default with the probability of default, the loss given default and the loss incubation period.

Interest-bearing securities

All 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.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an participation based on the net asset value is negative, it will be stated at nil. If Triodos Bank N.V. can be held fully or partially liable for the debts of the participation, or has the intention of enabling the participation to settle its debts, a provision is recognised for this.

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. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

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. Parts of the investments in this banking system have been impaired as a result of the decision to replace some functionalities in 2017.

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 ten years. No impairment was recognised based on the remaining usefullness of the contracts.

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 actual 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.

The difference between the proceeds on disposal of equipment and net carrying value is recognised in the profit and loss account under Other income.

Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please go to note 9.

Other assets

Other assets are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for other assets.

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. Other provisions may contain costs of unsettled claims, legal proceedings or other estimated costs for expected cash outflows that qualify as provisions under the Dutch accounting principles.

Funds entrusted

On initial recognition funds entrusted are recognised at fair value. After initial recognition funds entrusted are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Other liabilities

On initial recognition other liabilities are recognised at fair value. After initial recognition other liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

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

Derivative financial instruments consisting of foreign currency forward contracts and interest swaps are initially recognised at fair value, with subsequent measurement at each balance sheet date except if the cost model for hedge accounting is applied. Fair values are obtained from quoted market prices in active markets, except for interest rate swaps, whose fair values are determined by discounted cash flow analysis against prevailing market interest rates. Changes in the fair value are included in the profit and loss account, as result on financial transactions.

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.

Net interest income recognition

Interest income and expenses are recognised in accordance with the effective interest method. The application of this method includes the amortisation of any discount or premium or other differences (including transaction costs and applicable commissions) between the initial carrying amount of an interest-bearing instrument and the amount at maturity, based on the effective interest method.

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).

Deferred tax assets arising from operating losses are reviewed at each reporting date. To the extent that future taxable profits do not exceed the tax losses recognised, an impairment loss is recognised.

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 and gives details of the source of cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arise from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

Segment reporting

The segments (branches and business units) are reported in a manner consistent with the internal reporting provided to the Executive Board, which is responsible for allocating resources and assessing performance. All transactions between segments are eliminated as intercompany revenues and expenses in Group Functions. Segment assets, liabilities, income and results are measured based on our accounting policies. Segment assets, liabilities, income and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are conducted at arm's length. The geographical analyses are based on the location of the office from which the transactions are originated.

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:

	2016	2015
On demand deposit Dutch Central Bank	607,398	157,282
On demand deposit Belgian Central Bank	14,193	12,376
On demand deposit German Central Bank	9,981	1,798
On demand deposit Spanish Central Bank	56,995	112,749
On demand deposit United KIngdom Central Bank	39,085	–
Cash in ATM's	4,567	1,614
Balance sheet value as at 31 December	**732,219**	**285,819**

2. Government Paper

	2016	2015
Spanish treasury bonds	162,500	140,000
United Kingdom treasury bonds	16,402	73,233
	178,902	**213,233**

The movement in the Goverment paper is as follows:

	2016	2015
Balance sheet value as at 1 January	213,233	208,782
Purchase	268,114	382,397
Repayments	–292,486	–380,268
Sale	–	–
Exchange rate results on foreign currencies	–9,959	2,322
Balance sheet value as at 31 December	**178,902**	**213,233**

3. Banks

	2016	2015
On demand deposits with banks	279,256	298,743
Deposits with banks	188,273	246,409
	467,529	**545,152**

An amount of EUR 29.7 million of the deposits is encumbered (2015: EUR 0 million). These are on demand deposits at Cecabank (EUR 1 million), ING Bank (EUR 13 million), Rabobank (EUR 15 million) and Mastercard (EUR 0.7 million). All other deposits can be freely disposed of.

Banks classified by residual maturity:

	2016	2015
On demand	279,256	298,743
1 to 3 months	187,273	245,409
3 months to 1 year	–	–
1 to 5 years	1,000	1,000
Longer than 5 years	–	–
	467,529	**545,152**

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

	2016	2015
ABN Amro	109,514	119,930
Banco Cooperativo	25,754	26,436
Barclays	1,172	55,919
Caja de Ingenieros	4,316	–
Cecabank	19,055	–
Coventry	58,580	40,680
DZ Bank	22,158	27,819
ING Bank	90,321	55,285
KBC Bank	19,905	–
Van Lanschot Bank	555	1,384
Nationwide Building Society	23,432	40,680
Rabobank	40,420	101,936
Royal Bank of Scotland	32,756	51,894
Yorkshire Bank	14,059	20,340
Other	5,532	2,849
	467,529	**545,152**

4. Loans

	2016	2015
Loans	5,765,388	5,283,743
Provision for doubtful debts	–57,050	–68,051
	5,708,338	**5,215,692**

This relates to loans to customers.

Loans classified by residual maturity:

	2016	2015
Payable on demand	192,884	218,517
1 to 3 months	631,471	730,377
3 months to 1 year	429,912	359,261
1 to 5 years	1,526,954	1,202,835
Longer than 5 years	2,984,167	2,772,753
	5,765,388	**5,283,743**

EUR 571.0 million (2015: EUR 726.5 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:

	2016 Specific	2016 Collective	2016 Total	2015 Specific	2015 Collective	2015 Total
Balance sheet value as at 1 January	65,493	2,558	68,051	66,717	997	67,714
Addition	9,623	1,102	10,725	11,796	1,778	13,574
Write-off	−14,735	–	−14,735	−7,682	–	−7,682
Release	−6,050	−248	−6,298	−5,591	−228	−5,819
Exchange rate differences	−652	−41	−693	253	11	264
Balance sheet value as at 31 December	**53,679**	**3,371**	**57,050**	**65,493**	**2,558**	**68,051**

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 3.3 million (2015: EUR 2.6 million).

EUR 0.2 million of the addition to the provision relates to interest that has been invoiced but has not been received (2015: EUR 0.4 million).

A breakdown related to received collateral, relevant industries, sectors and per geographic region can be found in the chapter 'Risk Management' starting on page 149.

5. Interest-bearing Securities

	2016	2015
Dutch Government bonds	104,800	119,800
Belgian Government bonds	260,600	285,600
Spanish Government bonds	301,100	332,300
United Kingdom Government bonds	91,035	87,733
Other bonds	961,251	864,535
	1,718,786	**1,689,968**

The balance sheet value of interest bearing securities as at 31 December can be broken down as follows:

Issuer	2016 Listed	2016 Non-listed	2016 term of maturity less than a year	2016 term of maturity more than a year	2016 Of which Green bond[1]
Public sector entities					
Kingdom of Spain, government	301,100	–	66,100	235,000	–
Belgium, government	260,600	–	10,000	250,600	–
The Netherlands, government	104,800	–	22,300	82,500	–
Comunidad Autonoma de Madrid, Spain	92,240	–	3,675	88,565	–
European Investment Bank	91,716	–	–	91,716	66,716
United Kingdom, government	91,033	–	10,545	80,488	5,858
Instituto de Crédito Official (government guaranteed), Spain	84,384	–	68,500	15,884	25,000
Region Wallonne, Belgium	40,000	40,000	10,000	70,000	–
Nordic Investment Bank, Finland	40,000	–	–	40,000	40,000
La Commanauté Francaise de Belgique, Belgium	15,000	10,000	15,000	10,000	–
Xunta de Galicia, Spain	12,000	–	2,000	10,000	–
Junta de Castilla y Leon, Spain	10,000	–	–	10,000	–
Comunidad Autonoma de Aragon, Spain	7,300	–	7,300	–	–
Freistaat Bayern, Germany	3,300	–	3,300	–	–
Deutschsprachigen Gemeinschaft Belgiens, Belgium	–	20,000	–	20,000	–
Provincie Vlaams-Brabant, Belgium	–	6,000	–	6,000	–
Brussels Region, Belgium	–	5,000	–	5,000	–
Total public sector entities	**1,153,473**	**81,000**	**218,720**	**1,015,753**	**137,574**

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.

Issuer	2016 Listed	2016 Non-listed	2016 term of maturity less than a year	2016 term of maturity more than a year	2016 Of which Green bond[1]
Non-public sector entities					
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO), The Netherlands	140,000	40,000	130,000	50,000	140,000
NRW Bank (government guaranteed), Germany	54,560	–	15,000	39,560	54,560
Landwirtschaftliche Rentenbank, Germany	50,000	–	–	50,000	50,000
Nederlandse Waterschapsbank, The Netherlands	26,895	–	–	26,895	12,000
ABN AMRO Bank N.V., The Netherlands	26,500	–	–	26,500	26,500
Coöperative Rabobank U.A., The Netherlands	25,000	–	–	25,000	25,000
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	18,858	–	–	18,858	18,858
ING Bank N.V., The Netherlands	13,000	–	–	13,000	13,000
Investitionsbank Berlin, Germany	10,000	–	10,000	–	–
Bank Nederlandse Gemeenten (BNG), The Netherlands	6,000	–	–	6,000	–
Cofinimmo SA N.V., Belgium	5,000	–	–	5,000	5,000
Ethias Vie, Belgium	500	–	–	500	–
Société Régionale Wallonne du Transport (government guaranteed), Belgium	–	30,000	–	30,000	–
Aquafin NV, Belgium	–	18,000	2,000	16,000	18,000
Société Publique de Gestion de l'Eau SA, Belgium	–	15,000	15,000	–	–
Société Wallonne du Crédit Social (government guaranteed), Belgium	–	5,000	–	5,000	–
Total non-public sector entities	**376,313**	**108,000**	**172,000**	**312,313**	**362,918**
Total	**1,529,786**	**189,000**	**390,720**	**1,328,066**	**500,492**

[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.

Issuer	2015 Listed	2015 Non-listed	2015 term of maturity less than a year	2015 term of maturity more than a year	2015 Of which Green bond[1]
Public sector entities					
Kingdom of Spain, government	332,300	–	143,200	189,100	–
Belgium, government	285,600	–	25,000	260,600	–
The Netherlands, government	119,800	–	15,000	104,800	–
European Investment Bank	96,780	–	10,000	86,780	61,780
Instituto de Crédito Official (government guaranteed), Spain	96,672	–	44,172	52,500	25,000
United Kingdom, government	87,733	–	–	87,733	–
Region Wallonne, Belgium	40,000	20,000	–	60,000	–
Nordic Investment Bank, Finland	40,000	–	–	40,000	40,000
Comunidad Autonoma de Madrid, Spain	23,365	–	–	23,365	–
La Commanauté Francaise de Belgique, Belgium	15,000	10,000	–	25,000	–
Freistaat Bayern, Germany	10,800	–	7,500	3,300	–
Junta de Castilla y Leon, Spain	10,000	–	–	10,000	–
Xunta de Galicia, Spain	10,000	–	–	10,000	–
Comunidad Autonoma de Aragon, Spain	6,500	–	–	6,500	–
Provincie Vlaams-Brabant, Belgium	–	6,000	–	6,000	–
Brussels Region, Belgium	–	5,000	–	5,000	–
Total public sector entities	**1,174,550**	**41,000**	**244,872**	**970,678**	**126,780**

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.

Issuer	2015 Listed	2015 Non-listed	2015 term of maturity less than a year	2015 term of maturity more than a year	2015 Of which Green bond[1]
Non-public sector entities					
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO), The Netherlands	170,000	40,000	30,000	180,000	170,000
Landwirtschaftliche Rentenbank, Germany	50,000	–	–	50,000	50,000
Bank Nederlandse Gemeenten (BNG), The Netherlands	36,683	–	30,683	6,000	–
NRW Bank (government guaranteed), Germany	34,560	–	–	34,560	34,560
Nederlandse Waterschapsbank, The Netherlands	26,895	–	–	26,895	12,000
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	19,780	–	–	19,780	19,780
ABN AMRO Bank N.V., The Netherlands	16,000	–	–	16,000	16,000
Investitionsbank Berlin, Germany	10,000	–	–	10,000	–
Ethias Vie, Belgium	500	–	–	500	–
Société Régionale Wallonne du Transport (government guaranteed), Belgium	–	30,000	–	30,000	–
Aquafin NV, Belgium	–	20,000	2,000	18,000	20,000
Société Publique de Gestion de l'Eau SA, Belgium	–	15,000	–	15,000	–
Société Wallonne du Crédit Social (government guaranteed), Belgium	–	5,000	–	5,000	–
Total non-public sector entities	**364,418**	**110,000**	**62,683**	**411,735**	**322,340**
Total	**1,538,968**	**151,000**	**307,555**	**1,382,413**	**449,120**

[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 44.2 million at the Dutch Central Bank (2015: EUR 45.5 million) and EUR 22.8 million at a bank in The Netherlands (2015: EUR 23.5 million). The security for drawn loans amounts to EUR 6.0 million (2015: EUR 4.3 million) at a bank in Spain.

In connection with differences between the acquisition prices and redemption values, as at 31 December 2016 an amount of EUR 39.6 million (2015: EUR 39.8 million) has been included under Prepayments and accrued income and an amount of EUR 1.0 million (2015: EUR 1.5 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 41,975 thousand which equals the notional value of the interest rate swaps (2015: EUR 1,000 thousand). The fair value of the interest rate swaps as at 31 december 2016 is EUR 181.0 thousand (2015: EUR 0.1 thousand). 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:

	2016	2015
Balance sheet value as at 1 January	1,689,968	1,710,625
Purchase	469,955	1,036,128
Repayments	–400,362	–1,061,934
Sale	–27,000	–
Exchange rate results on foreign currencies	–13,775	5,149
Balance sheet value as at 31 December	**1,718,786**	**1,689,968**

6. Shares

	2016	2015
S.W.I.F.T. SCRL	20	20
Triodos Multi Impact Fund	–	45
	20	65

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 were held in the framework of the Triodos Investment Management activities.

The movement in shares is as follows:

	2016	2015
Balance sheet value as at 1 January	65	4
Purchase	–	62
Sales	–45	–1
Balance sheet value as at 31 December	**20**	**65**

7. Participating Interests

	2016	2015
Other participating interests	**16,411**	**13,803**

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 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) Triodos Bank estimates the fair value through the net asset value. The other participating interests can be broken down as follows.

	2016	2015
New Resource Bank, San Francisco[1]	5,191	5,809
Merkur Bank KGaA, Copenhagen[1]	1,233	1,151
Cultura Bank Sparebank, Oslo[1]	110	104
GLS Gemeinschaftsbank eG, Bochum[1]	50	50
Banca Popolare Etica Scpa, Padova[1]	130	130
Ekobanken Medlemsbank, Järna[1]	51	52
Social Enterprise Finance Australia Limited, Sydney	469	420
Bpifrance Financement S.A., Maisons-Alfort.	117	117
Sustainability – Finance – Real Economies SICAV-SIF public limited liability company, Luxembourg	1,469	1,728
Sustainalytics Holding B.V., Amsterdam	2,472	2,473
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague	1,680	1,769
Thrive Renewables Plc, Bristol	3,025	–
Visa Inc, San Francisco[1]	364	–
La Bolsa Social, plataforma de financiación participativa, S.A., Madrid	50	–
	16,411	**13,803**

1 Credit institution

The movement of the participating interests is as follows:

	2016	2015
Balance sheet value as at 1 January	13,803	8,720
Acquisitions	3,302	2,185
Increase of capital	270	2,023
Revaluation	−1,269	313
Repayment of capital	–	–
Exchange rate results on foreign currencies	305	562
Balance sheet value as at 31 December	**16,411**	**13,803**

The participation in the New Resource Bank is carried at fair value. Until 2015 the fair value was estimated through the net asset value because of low trading activity on the stock exchange market. As the trading activity has increased on the stock market, the fair value of this participation is based on the public share price starting 2016. The effect of this change in estimation of the fair value is a devaluation in the amount of EUR 863 against the profit and loss account.

8. Intangible Fixed Assets

	2016	2015
Development costs for information systems	20,799	14,231
Management contracts	1,965	2,166
Computer software	2,395	2,192
	25,159	**18,589**

The development costs for information systems

The development costs for information systems contain costs for the development of the Bank's ICT systems in The Netherlands, Spain and Germany. Parts of the investments in this banking system have been impaired as a result of the decision to replace some functionalities in 2017.

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

	2016	2015
Purchase value as at 1 January	30,209	23,199
Cumulative amortisation as at 1 January	–15,978	–14,451
Balance sheet value as at 1 January	14,231	8,748
Capitalised expenses	11,134	7,243
Amortisation[1]	–2,838	–1,760
Impairments	–1,697	–
Exchange rate results on foreign currencies	–31	–
Balance sheet value as at 31 December	**20,799**	**14,231**
Purchase value as at 31 December	35,095	30,209
Cumulative amortisation as at 31 December	–14,296	–15,978
Balance sheet value as at 31 December	**20,799**	**14,231**

1 excluding disposal in the amount of EUR 6.2 million (2015: EUR 0.2 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 in 2006, Triodos Bank paid EUR 4 million for this to Stichting Triodos Holding.

The movement in management contracts is as follows:

	2016	2015
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	–1,864	–1,663
Balance sheet value as at 1 January	2,166	2,367
Amortisation	–201	–201
Balance sheet value as at 31 December	**1,965**	**2,166**
Purchase value as at 31 December	4,030	4,030
Cumulative amortisation as at 31 December	–2,065	–1,864
Balance sheet value as at 31 December	**1,965**	**2,166**

Computer software

Computer software relate to software that has been purchased.

The movement in computer software is as follows:

	2016	2015
Purchase value as at 1 January	4,329	4,196
Cumulative amortisation as at 1 January	–2,137	–1,947
Balance sheet value as at 1 January	2,192	2,249
Purchase	1,536	1,355
Amortisation	–1,333	–1,412
Balance sheet value as at 31 December	**2,395**	**2,192**
Purchase value as at 31 December	4,284	4,329
Cumulative amortisation as at 31 December	–1,889	–2,137
Balance sheet value as at 31 December	**2,395**	**2,192**

9. Property and Equipment

	2016	2015
Property for own use	40,288	41,628
Equipment	16,437	16,764
	56,725	**58,392**

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

	2016	2015
Purchase value as at 1 January	47,866	29,100
Cumulative revaluation as at 1 January	–2,269	–2,269
Cumulative depreciation as at 1 January	–3,969	–3,497
Balance sheet as at 1 January	41,628	23,334
Purchase	1,688	19,081
Depreciation	–820	–473
Revaluation	–	–
Exchange rate differences	–2,208	–314
Balance sheet value as at 31 December	**40,288**	**41,628**
Purchase value as at 31 December	47,327	47,866
Cumulative revaluation as at 31 December	–2,269	–2,269
Cumulative depreciation as at 31 December	–4,770	–3,969
Balance sheet value as at 31 December	**40,288**	**41,628**

The property for own use was valued by an external appraiser in November 2013. A valuation is carried out at least every five years by an external appraiser.

The movement in equipment is as follows:

	2016	2015
Purchase value as at 1 January	37,543	34,414
Cumulative depreciation as at 1 January	–20,779	–17,927
Balance sheet value as at 1 January	16,764	16,487
Purchase	4,196	4,487
Sale[1]	–	–376
Depreciation[1]	–4,219	–3,977
Exchange rate differences	–304	143
Balance sheet value as at 31 December	**16,437**	**16,764**
Purchase value as at 31 December	36,571	37,543
Cumulative depreciation as at 31 December	–20,134	–20,779
Balance sheet value as at 31 December	**16,437**	**16,764**

1 excluding disposal in the amount of EUR 4.6 million (2015: EUR 1.2 million).

10. Other Assets

	2016	2015
Assets not in use[1]	11,319	8,507
Receivable regarding the deposit guarantee scheme	4,551	4,551
Other	8,930	5,096
	24,800	**18,154**

1 Assets not in use relates to obtained collateral on written off loans.

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:

	2016	2015
Premium on investments in interest bearing securities	39,603	39,653
Interest receivable	37,449	39,770
Deferred taxes	9,653	8,044
Derivatives	35,747	38,541
Other prepayments and accrued income	29,897	26,276
Balance sheet value as at 31 December	**152,349**	**152,284**

The deferred tax asset relates for an amount of EUR 7.3 million (2015: EUR 6.9 million) to tax losses incurred by the German branch for which it is expected that these will be fully recovered against future profits. No compensation is expected for 2017, but for the years thereafter. Under the German corporate income tax code tax losses have no expiration date.

Breakdown of derivatives by remaining term to maturity and fair value:

	Notional amount				Fair value
2016	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
Currency contracts:					
OTC:					
Forwards	273,638	234,566	33,367	5,705	18,671
Non deliverable forwards	63,502	16,961	41,309	5,232	7,932
Swap	144,411	90,803	53,608	–	9,144
Total derivates	**481,551**	**342,330**	**128,284**	**10,937**	**35,747**

	Notional amount				Fair value
2015	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
Currency contracts:					
OTC:					
Forwards	308,366	277,767	30,599	–	27,312
Non deliverable forwards	39,774	13,212	26,562	–	7,002
Swap	70,833	64,621	6,212	–	4,227
Total derivates	**418,973**	**355,600**	**63,373**	**–**	**38,541**

Triodos Bank entered into currency contracts with Triodos Investment Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position are almost the same.

Liabilities

12. Banks

	2016	2015
Deposits from banks	**31,582**	**39,798**

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:

	2016	2015
Payable on demand	–	–
1 to 3 months	920	996
3 months to 1 year	3,732	2,127
1 to 5 years	18,188	20,988
Longer than 5 years	8,742	15,687
	31,582	**39,798**

13. Funds Entrusted

	2016	2015
Savings	5,207,837	4,866,530
Other funds entrusted	2,816,783	2,416,034
	8,024,620	**7,282,564**

Savings are defined as:
- savings accounts (with or without notice) of natural persons and non-profit institutions
- fixed term deposits of natural persons and non-profit institutions.

Other funds entrusted are defined as:
- current accounts of natural persons and non-profit institutions
- all accounts of governments, financial institutions (excluding banks) and non-financial corporations.

Funds entrusted classified by residual maturity:

	2016 Savings	2016 Other funds entrusted	2016 Total	2015 Savings	2015 Other funds entrusted	2015 Total
Payable on demand	3,904,560	2,581,973	6,486,533	3,466,843	2,154,481	5,621,324
1 to 3 months	536,535	140,249	676,784	564,581	144,490	709,071
3 months to 1 year	368,693	48,522	417,215	366,877	67,051	433,928
1 to 5 years	350,611	41,717	392,328	400,208	46,745	446,953
Longer than 5 years	47,438	4,322	51,760	68,021	3,267	71,288
	5,207,837	**2,816,783**	**8,024,620**	**4,866,530**	**2,416,034**	**7,282,564**

14. Other Liabilities

This item consists of various amounts payable, including Dutch and foreign taxation and social security contributions totalling EUR 9.0 million (2015: EUR 11.9 million). These items are short term liabilities (< 1 year).

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:

	2016	2015
Discount on investments	970	1,460
Interest payable	10,807	13,109
Deferred taxes	4,582	3,646
Derivates	34,652	37,508
Other accruals and deferred income	49,991	23,117
Balance sheet value as at 31 December	**101,002**	**78,840**

The deferred tax liability relates for an amount of EUR 2.0 million to a taxable temporary difference following the tax losses incurred by the German Branch over the period 2009 – 2011 amounting to EUR 8.1 million which have been offset against taxable income in the Triodos Dutch corporate income tax return over the same period. The Dutch corporate income tax act 1969 allowed income tax deduction on losses incurred by foreign branches of a Dutch resident taxpayer in so far that these tax losses could not be recovered in the country of residence till 2011. This Dutch income tax deduction is subsequently reversed when the branch recovers profitability and the incurred tax losses are offset in the local income tax return, resulting in a taxable temporary difference. Under the German corporate income tax code tax losses have no expiration date.

The deferred tax item further relates to 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.

Breakdown of derivatives by remaining term to maturity and fair value:

2016	Notional amount Total	<= 1 year	> 1 year <= 5 years	> 5 years	Fair value
Currency contracts:					
OTC:					
Forwards	290,582	251,510	33,367	5,705	19,211
Non deliverable forwards	63,502	16,961	41,309	5,232	7,598
Swap	128,803	75,195	53,608	–	7,843
Total derivates	**482,887**	**343,666**	**128,284**	**10,937**	**34,652**

2015	Notional amount Total	<= 1 year	> 1 year <= 5 years	> 5 years	Fair value
Currency contracts:					
OTC:					
Forwards	315,531	284,012	31,519	–	26,840
Non deliverable forwards	39,720	13,158	26,562	–	6,798
Swap	64,191	58,899	5,292	–	3,870
Total derivates	**419,442**	**356,069**	**63,373**	**–**	**37,508**

Triodos Bank entered into currency contracts with Triodos Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position are almost the same.

16. Provisions

	2016	2015
Building maintenance	1,614	2,743
Other provisions	1,739	695
	3,353	**3,438**

The movement of the provisions is as follows:

	2016	2015
Balance sheet value as at 1 January	3,438	1,377
Addition	1,599	2,138
Withdrawal	–368	–75
Release	–1,063	–4
Exchange rate differences	–253	2
Balance sheet value as at 31 December	**3,353**	**3,438**

17. Subordinated Liabilities

This related to a 10-year bond loan dated 12 July 2006. The nominal interest rate was 5.625% and the issue price was at 99.314%. The bond was subordinated to other liabilities. The bond matured on 12 July 2016.

The movement in subordinated liabilities is as follows:

	2016	2015
Balance sheet value as at 1 January	5,250	5,250
Withdrawal	–5,250	–
Balance sheet value as at 31 December	**–**	**5,250**

18. Equity

The equity stated on the consolidated balance sheet is equal to that stated on the parent company balance sheet. Further disclosure is included in the Notes to the company Annual Accounts. More details on capital ratios are included in the Solvency chapter starting on page 142.

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 19 May 2017 are entitled to the final dividend for the financial year 2016. 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 2016, minus the number of depository receipts purchased by Triodos Bank. The final proposal will be submitted at the Annual General Meeting.

The proposed appropriation of profit (in thousands of EUR) is as follows:

Net profit	29,324
Addition to the other reserves	–7,702
Dividend (EUR 1.95 per depository receipt)	**21,622**

Fair values

The following table sets out the fair value of the financial instruments held as at 31 December 2016. The fair value of listed government paper and interest-bearing securities is the market value. The fair value of unlisted government paper and interest-bearing securities is public quoted information if available or nominal 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 loans includes floating rate UK business banking loans, for which the interest percentage contains a floor. For these loans the fair value is determined by calculating the present value of the contractual cash flows of the loan (based on forward rates) plus the present value of the expected cash flows of the floor, assuming interest rates develop accordingly to the forward curve. Therefore, the time value of the embedded derivative (the interest rate floors) is ignored. An assumed prepayment rate of 5% is also included. We did not include a term structure in the spread. Including the time value of the floors would result in a loan valuation EUR 9.2 million higher. 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 respectively government paper and interest-bearing securities.

	2016 Balance sheet value	2016 Fair value	2015 Balance sheet value	2015 Fair value
Assets				
Cash	732,219	732,219	285,819	285,819
Government paper including discounts	179,062	179,223	213,135	213,220
Banks	467,529	467,472	545,152	545,309
Loans	5,708,338	5,866,087	5,215,692	5,233,553
Interest-bearing securities including premiums/discounts	1,757,259	1,822,073	1,728,259	1,788,324
Shares	20	20	65	65
Participating interests	16,411	16,411	13,803	13,803
Other	219,430	169,310[1]	207,768	191,952[1]
	9,080,268	**9,252,815**	**8,209,693**	**8,272,045**
Liabilities				
Banks	31,582	32,347	39,798	39,798
Funds entrusted	8,024,620	8,046,043	7,282,564	7,297,280
Other	120,207	120,207	106,814	107,004
Equity	903,859	903,859	780,517	780,517
Revaluation on equity	–	150,359	–	47,446
	9,080,268	**9,252,815**	**8,209,693**	**8,272,045**

1 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.

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.

	2016	2015
Credit substitute guarantees	9,400	8,175
Non-credit substitute guarantees	65,773	54,885
	75,173	**63,060**

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks.

Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:
- Rental obligations
- Obligations to purchase sustainable goods, such as wind turbines.
- Obligations to decommission equipment or reinstate property (mostly related to project finance provided by Triodos Bank).

20. Irrevocable Facilities

These relate to the total liabilities in respect of irrevocable undertakings, which may lead to a further loan.

	2016	2015
Undrawn debit limits on current accounts and credit cards	171,051	138,485
Accepted loans not yet paid out	599,285	498,748
Valid loan offers not yet accepted	152,488	77,565
Other facilities	2,686	2,874
	925,510	**717,672**

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 Financial Supervision Act. The funds entrusted insured under the deposit guarantee scheme amounts to EUR 6,393 million (2015: EUR 5,758 million). In 2016 the annually ex-ante contribution to the Deposit Guarantee Fund started in order to reach a target level of 0.8% of the insured funds entrusted in The Netherlands in 2024. The contribution to the Deposit Quarantee Fund amount to EUR 5.9 million in 2016.

Value Added Tax

As per July 1, 2015 the Belgian tax office enacted administrative decision E.T.127.577 (‘the Decision’) following the Belgian interpretation of the Skandia ruling by the European Court of Justice. As a result of the Decision services provided by Triodos Bank NV’s head office in The Netherlands to Triodos Bank Belgian branch are deemed subject to value added tax (‘VAT’) in Belgium as of this date (except for those services which are VAT exempt).

As a result, Triodos Bank Belgian branch incurs VAT on these services which is then rendered effectively non-tax deductible through the VAT exempt services provided by Triodos Bank Belgian branch towards its clients. Adding to that Triodos Bank Belgian branch faces double VAT taxation for externally bought supplies or services by Triodos Bank NV’s head office in The Netherlands which are allocated to Triodos Bank Belgian branch.

Triodos Bank is of the view that the Decision is not in line with Belgian and European Law, a view which is supported by its tax and legal advisors. Triodos Bank has contacted the Belgian tax authorities to discuss its position on the matter. As such Triodos Bank has not recognised a provision for this, but has decided to disclose this matter as a contingent liability in the annual accounts.

Should the case be decided against Triodos Bank, then the amount involved to settle the Belgian VAT incurred by Triodos Bank Belgian branch till balance sheet date would amount to approximately EUR 2.6 million.

Rental commitments

in thousands of EUR

Location	Amount per annum	Residual term
Zeist, The Netherlands	530	24 months
Zeist, The Netherlands	166	12 months
Zeist, The Netherlands	410	24 months
Berlin, Germany	7	1 month
Brussels, Belgium	823	84 months
Edinburgh, United Kingdom	31	93 months
Albacete, Spain	9	2 months
Badajoz, Spain	26	36 months
Barcelona, Spain	58	11 months
Bilbao, Spain	14	3 months
Gerona, Spain	12	25 months
Granada, Spain	31	6 months
La Coruña, Spain	12	9 months
Las Palmas, Spain	9	3 months
Madrid, Spain	230	11 months
Madrid, Spain	35	3 months
Madrid, Spain	19	3 months
Malaga, Spain	80	24 months
Murcia, Spain	24	7 months
Oviedo, Spain	22	3 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	16	7 months
Valladolid, Spain	22	3 months
Vigo, Spain	65	3 months
Zaragoza, Spain	15	12 months
Frankfurt, Germany	182	30 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 882.

Commitments for software use

in thousands of EUR

The following commitments have been entered for software use:
- A fixed annual payment of EUR 121 regarding a mortgage tool.
- For a period of at least 2 years a variable annual charge of approximately EUR 330 regarding the use of a banking system.
- For a period of at least 7 years a variable annual charge of approximately EUR 2,260 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 785.
- Services relating payment transactions for a period of at least 4 years with an variable annual charge of approximately EUR 4,670.
- Services relating payment transactions for a period of at least 1 year with an variable annual charge of approximately EUR 110.
- Services relating payment transactions for a period of at least 5 years with an annual charge of approximately EUR 97.
- Services relating payment transactions for a period of at least 4 years with an annual charge of approximately EUR 33.
- Services relating payment transactions for a period of at least 4 years with an annual charge of approximately EUR 23.
- Services relating protection of payment systems for a period of at least 0.5 years with an variable annual charge of approximately EUR 300.
- Services relating maintenance of building equipment for a period of at least 2 years with an annual charge of EUR 32.
- Services relating disaster recovery for a period of at least 2 years with an annual charge of EUR 6.
- 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 600.
- Services relating archive storage and destruction for a period of at least 2 years with an variable annual charge of approximately EUR 32.
- Services relating a marketing campaign amounting EUR 220.

Triodos Bank has been working on the realisation of a new office building since 2011, with the objective to start using the building in 2016. Due to various factors, the effective start of the construction work has been postponed to 2017. Completion of the new office is now scheduled for 2018. Total direct construction costs for the building amounts to EUR 49 million excluding VAT. Triodos Bank has an obligation for a perpetually renewable groundlease as of 2017 for an annual amount of EUR 0.2 million.

Income

21. Interest Income

	2016	2015
Loans	152,893	156,229
Banks	867	1,316
Government papers and interest-bearing securities	20,483	25,091
Other investments	314	116
	174,557	**182,752**

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. The interest-bearing securities item includes transaction results in the amount of EUR 0.4 million (2015: nill).

22. Interest Expense

	2016	2015
Funds entrusted	28,909	37,997
Subordinated liabilities	160	299
Banks	2,822	1,454
Other	544	105
	32,435	**39,855**

23. Investment Income

	2016	2015
Dividend from other participations	179	101
	179	**101**

24. Commission Income

	2016	2015
Guarantee commission	521	778
Share register	2,265	2,733
Payment transactions	18,953	16,501
Lending	14,780	12,018
Asset Management	6,918	6,799
Management fees	32,429	31,600
Other commission income	1,051	642
	76,917	**71,071**

25. Commission Expense

	2016	2015
Commission to agents	190	350
Asset Management	982	1,104
Other commission expense	2,338	1,942
	3,510	**3,396**

26. Result on Financial Transactions

	2016	2015
Exchange results for foreign currency transactions	–311	110
Transaction results on currency forward contracts	715	664
	404	**774**

27. Other Income

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

Visa Inc. acquired Visa Europe. Through our Credit Card provider network in Spain (ServiRed), Triodos Bank indirectly participated in Visa Europe. ServiRed decided to distribute the receivables of the Visa transaction. Consequently, Triodos Bank received EUR 1.3 million (before tax) in cash and shares in Visa Inc. This one-time income is reported as other income.

Expenses

28. Co-worker and Other Administrative Expenses

	2016	2015
Co-worker costs:		
• salary expenses	63,832	58,580
• pension expenses	8,242	7,327
• social security expenses	11,602	11,391
• temporary co-workers	10,266	9,602
• other staff costs	7,580	8,138
• capitalised co-worker costs	–3,788	–2,672
	97,734	**92,366**
Other administrative expenses:		
• office costs	5,238	5,096
• IT costs	11,105	7,916
• external administration costs	8,713	6,607
• travel and lodging expenses	3,799	3,676
• fees for advice and auditor	6,937	6,177
• advertising charges	6,935	8,187
• accommodation expenses	8,336	6,192
• other expenses	11,835	6,170
	62,898	**50,021**
	160,632	**142,387**
Average number FTE's during the year	**1,094.9**	**979.1**

Pension expenses

	2016	2015
Pension expenses, defined contribution schemes	3,124	3,088
Pension expenses, defined benefit pension schemes	5,118	4,239
	8,242	**7,327**

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 51,978 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 51,978, 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.

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 Regulation of the Dutch Central Bank on Sound Remuneration Policies and the EBA Guidelines 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 realizing the mission of Triodos Bank.

This International Remuneration and Nomination Policy has been revised in 2016 and was approved by the Supervisory Board on November 11th, 2016.

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 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 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 EUR 500 for each co-worker. This can be paid in cash or in Triodos Bank NV depository receipts. For 2016 no collective end-of-year token of appreciation 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 members of the Executive Board refrain from this award.
• 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 9.9 in 2016 (it was 9.8 in 2015)), 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 ar available on the www.triodos.com website.

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

	2016 Amount outstanding	2016 Average interest rate	2016 Repayments	2015 Amount outstanding	2015 Average interest rate	2015 Repayments
Pierre Aeby	125	2.2%	–	125	3.5%	–
Jellie Banga	579	2.0%	–	579	2.0%	–

No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of Board of SAAT. For reasons of principle, no share option scheme is offered to members of the Executive Board, Supervisory Board members or members of Board of SAAT.

Remuneration paid to the Executive Board

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

	2016	2015
Fixed salary expenses	778	754
Variable salary expense[1]	–	–
Pension expenses	74	68
Pension allowance for salary above EUR 100.000	115	96
Private use company car	43	43
Social expenses	34	35
	1,044	**996**

1 In 2016 no collective end-of-year Token of Appreciation (2015: EUR 500) per person was granted to theTriodos Bank co-workers. We incorrectly stated in the annual report 2015 that an end-of-year Token of Appreciation was also granted to the Executive Board.

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

	2016	2015
Peter Blom, Chair	300	291
Pierre Aeby	253	245
Jellie Banga	225	218
	778	**754**

Remuneration paid to the Supervisory Board

The remuneration paid to the Supervisory Board is as follows:

Amounts in EUR	2016 Remuneration	2016 Renumeration Committees	2016 Compensation for travel time	2016 Total	2015 Total
Ernst-Jan Boers	17,500	4,000	2,000	23,500	23,000
David Carrington	17,500	4,000	11,000	32,500	33,083
Marcos Eguiguren Huerta (until 22 May 2015)	–	–	–	–	12,959
Aart Jan de Geus (Chair)	25,000	3,000	2,000	30,000	32,000
Mathieu van den Hoogenband	17,500	4,250	7,000	28,750	25,750
Udo Philipp (as from 22 May 2015)	17,500	3,000	9,000	29,500	14,958
Margot Scheltema (until 22 May 2015)	–	–	–	–	9,375
Carla van der Weerdt	17,500	5,000	3,000	25,500	22,083
	112,500	**23,250**	**34,000**	**169,750**	**173,208**

The following fees apply (per annum):
- EUR 17,500 Member of the Supervisory Board
- EUR 25,000 Chair of the Supervisory Board
- EUR 4,000 Member of the Audit & Risk Committee;
- EUR 5,000 Chair of the Audit & Risk Committee;
- EUR 3,000 Members of the Nomination and Compensation Committee;
- EUR 4,250 Chair of the Nomination and Compensation Committee.

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

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):

	2016	2016	2016	2015
Amounts in EUR	Remuneration	Compensation for travel time	Total	Total
Marjatta van Boeschoten	7,000	6,000	13,000	12,000
Sandra Castaneda Elena	7,000	5,000	12,000	12,000
Frans de Clerck	7,000	8,000	15,000	16,000
Willem Lageweg (as per 20 May 2016)	4,083	–	4,083	–
Mike Nawas	7,000	9,000	16,000	17,000
Josephine de Zwaan (Chair)	10,000	8,000	18,000	14,000
	42,083	**36,000**	**78,083**	**71,000**

The following fees apply (per annum):
- EUR 7,000 Member of the Board of SAAT;
- EUR 10,000 Chair of the Board of SAAT.

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

Auditor's fees

The table below specifies the fees of the PricewaterhouseCoopers Accountants NV ('PwC Accountants NV') audit firm that relates to services concerning the financial year (2015: KPMG).

The column Other PwC network specifies the fees that were invoiced by PwC units with the exception of PwC Accountants NV.

2016	PwC Accountants NV	Other PwC network	Total PwC network
Audit of the financial statements	464	287	751
Other audit-related engagements	204	–	204
Tax-related advisory services	–	–	–
Other non-audit services	–	–	–
Total	**668**	**287**	**955**

2015	KPMG Accountants NV	Other KPMG network	Total KPMG network
Audit of the financial statements	649	305	954
Other audit-related engagements	95	–	95
Tax-related advisory services	–	7[1]	7
Other non-audit services	–	–	–
Total	**744**	**312**	**1,056**

1 This relates to contractual agreements agreed and signed in 2012.

Other expenses

The other expenses for 2015 include a positive adjustment of EUR 0.8 million regarding the estimated loss from the deposit guarantee scheme. In 2016 the Depository Guarantee Scheme costs, included in this category, amounted to EUR 5.9 million.

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

	2016	2015
Amortisation of intangible fixed assets	4,372	3,329
Impairment of intangible fixed assets	1,697	–
Depreciation of property and equipment	5,038	4,504
Impairment of property for own use	–	–
	11,107	**7,833**

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. A valuation is carried out at least every five years by an external appraiser.

30. Impairments Loan Portfolio and Other Receivables

This item consists of expenses associated with write-downs on loans and other receivables.

	2016	2015
Addition to provision doubtful debts	10,725	13,574
Correction on addition to provision doubtful debts regarding interest that has been invoiced but not received	−244	−427
Release of provision doubtful debts	−6,298	−5,819
Impairments other receivables	1,528	251
Total expense	**5,711**	**7,579**

31. Taxation on Operating Result

	2016	2015
Taxation to be paid	10,072	14,045
Deferred taxation	–701	–772
	9,371	**13,273**

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

	2016	2015
Result before taxation	38,695	54,000
Statutory tax rate	25.0%	25.0%
Statutory tax amount	9,674	13,500
Difference arising from other tax rates abroad, exemptions and non-deductible items	–298	–222
Restatement of deferred taxation items as the result of amended tax rates	–5	–5
Effective tax amount	**9,371**	**13,273**
Effective tax rate	**24.2%**	**24.6%**

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 acts 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, Triodos Investment Advisory Services and Triodos Mees Pierson obtain information for research into sustainability from Sustainalytics at competitive rates.

Segment Reporting

Key Figures 2016 by Branch and Business Unit

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	3,212,861	1,656,570	1,076,587	1,860,438
Number of accounts	384,651	73,696	52,209	234,737
Loans	2,333,628	1,323,859	831,564	969,194
Number of loans	34,154	3,286	1,290	8,905
Balance sheet total	3,741,424	1,895,244	1,268,564	2,048,448
Funds under management[1]				
Total assets under management	**3,741,424**	**1,895,244**	**1,268,564**	**2,048,448**
Total income	66,643	41,332	28,593	36,829
Operating expenses	−47,564	−28,050	−22,407	−34,464
Impairments loan portfolio	−2,144	−378	81	−3,019
Value adjustments to participations				
Operating result	16,935	12,904	6,267	−654
Taxation on operating result	−3,981	−3,830	−1,137	730
Net profit	**12,954**	**9,074**	**5,130**	**76**
Average number of FTE's during the year	171.9	117.7	130.3	266.5
Operating expenses/total income	71%	68%	78%	94%

1 Note that at the time this statement was prepared, the Annual Accounts of funds under management are subject to approval of the annual general meeting.

Bank Germany	Total banking activities	Investment Management	Investment Advisory Services	Private Banking	Other	Elimination intercompany transactions	Total
224,322	8,030,778					–6,158	8,024,620
14,445	759,738						759,738
251,081	5,709,326					–988	5,708,338
3,130	50,765						50,765
308,194	9,261,874				1,306,975	–1,487,611	9,081,238
		3,301,926		1,053,192	17,981		4,373,099
308,194	**9,261,874**	**3,301,926**		**1,053,192**	**1,324,956**	**–1,487,611**	**13,454,337**
7,080	180,477	30,780	647	5,342	3,705	–3,321	217,630
–8,607	–141,092	–22,848	–263	–4,274	–6,621	3,359	–171,739
–251	–5,711						–5,711
					–1,485		–1,485
–1,778	33,674	7,932	384	1,068	–4,401	38	38,695
395	–7,823	–1,983	–96	–262	802	–9	–9,371
–1,383	**25,851**	**5,949**	**288**	**806**	**–3,599**	**29**	**29,324**
42.9	729.3	131.4	0.7	18.7	214.9		1,094.9
122%	78%	74%	41%	80%			79%

Key Figures 2015 by Branch and Business Unit

in thousands of EUR	Bank 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 of loans	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[1]				
Total assets under management	**3,228,930**	**1,700,551**	**1,364,613**	**1,868,983**
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
Net profit	**15,845**	**8,240**	**9,101**	**2,930**
Average number of FTE's during the year	149.8	112.2	110.8	248.5
Operating expenses/total income	62%	68%	59%	82%

1 Note that at the time this statement was prepared, the Annual Accounts of funds under management are subject to approval of the annual general meeting.

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
272,858	**8,435,935**	**3,144,561**		**920,178**	**1,247,145**	**–1,449,683**	**12,298,136**
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
–1,774	**34,342**	**5,806**	**265**	**592**	**–306**	**28**	**40,727**
40.1	661.4	112.4	3.6	18.9	182.8		979.1
128%	70%	73%	79%	84%			71%

Key Figures 2016 by Country

in thousands of EUR	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	104,620	41,332
Operating expenses	–79,131	–28,050
Impairments loan portfolio	–2,144	–378
Value adjustments to participations	–1,485	
Operating result	**21,860**	**12,904**
Taxation on operating result	–5,517	–3,830
Net profit	**16,343**	**9,074**
Public subsidies received	–	–
Average number of FTE's during the year	528.8	117.7

Taxation

Triodos Bank's approach to tax reflects its values. It sees paying taxes not as a burden, but as a contribution to the societies that the bank operates in. Taxes are an important instrument to fund education, infrastructure and systems. As such, companies should pay taxes as an important part of their role as a responsible business. A breakdown of the corporate income tax incurred by Triodos Bank NV in the countries where it is active is included in the table above. Triodos Bank continues working on improving the disclosures.

	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		
	28,593	36,829	7,080	2,497	–3,321	217,630
	–22,407	–34,464	–8,607	–2,439	3,359	–171,739
	81	–3,019	–251	–		–5,711
						–1,485
	6,267	**–654**	**–1,778**	**58**	**38**	**38,695**
	–1,137	730	395	–3	–9	–9,371
	5,130	**76**	**–1,383**	**55**	**29**	**29,324**
	–	–	–	–		–
	130.3	266.5	42.9	8.7		1,094.9

Key Figures 2015 by Country

in thousands of EUR	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	
Operating result	**28,994**	**11,819**
Taxation on operating result	–6,829	–3,579
Net profit	**22,165**	**8,240**
Public subsidies received	–	–
Average number of FTE's during the year	467.4	112.2

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
11,582	**3,891**	**–2,368**	**45**	**37**	**54,000**
–2,481	–961	594	–8	–9	–13,273
9,101	**2,930**	**–1,774**	**37**	**28**	**40,727**
–	–	–	–		–
110.8	248.5	40.1	0.0		979.1

Lending by Sector in 2016 after intercompany eliminations

	Total			The Netherlands			Belgium
in thousands of EUR	amount	%	number	amount	%	number	amount
Environment							
Organic farming	130,867	2.3	823	33,244	1.4	274	3,046
Organic food	85,673	1.5	835	23,476	1.0	325	14,483
Renewable energy	1,371,741	24.0	939	175,002	7.5	81	493,539
Sustainable property	502,385	8.8	481	262,101	11.3	183	171,224
Environmental technology	69,578	1.2	250	26,858	1.2	34	17,560
	2,160,244	**37.8**	**3,328**	**520,681**	**22.4**	**897**	**699,852**
Social							
Retail non-food	14,027	0.3	194	4,804	0.2	67	813
Production	18,181	0.3	125	3,461	0.1	35	11,883
Professional services	59,781	1.0	416	33,474	1.4	114	10,977
Social housing	377,448	6.7	377	48,764	2.1	148	63,109
Healthcare	726,548	12.7	1,240	238,632	10.2	448	209,921
Social projects	140,175	2.5	526	1,400	0.1	14	18,022
Fair trade	3,813	0.1	32	305	0.0	6	1,600
Development cooperation	16,150	0.3	35	8,207	0.4	7	3,798
	1,356,123	**23.9**	**2,945**	**339,047**	**14.5**	**839**	**320,123**
Culture							
Education	219,433	3.8	522	32,670	1.4	83	70,358
Child care	11,990	0.2	86	7,600	0.3	60	2,896
Arts and culture	339,567	5.9	806	241,082	10.3	226	33,529
Philosophy of life	86,529	1.5	326	18,499	0.8	72	6,008
Recreation	142,676	2.5	352	98,687	4.2	167	8,808
	800,195	**13.9**	**2,092**	**398,538**	**17.0**	**608**	**121,599**
Private loans	813,650	14.3	42,350	533,325	22.9	31,763	172,355
Municipality loans	578,126	10.1	50	541,049	23.2	47	9,930
Total	**5,708,338**	**100.0**	**50,765**	**2,332,640**	**100.0**	**34,154**	**1,323,859**

Belgium		United Kingdom				Spain			Germany	
%	number	amount	%	number	amount	%	number	amount	%	number
0.2	57	51,280	6.2	261	43,088	4.4	224	209	0.1	7
1.1	98	7,918	1.0	51	33,197	3.4	335	6,599	2.6	26
37.3	341	205,378	24.7	179	346,631	35.8	278	151,191	60.3	60
12.9	164	36,511	4.4	25	21,115	2.2	96	11,434	4.6	13
1.3	39	7,134	0.8	11	17,999	1.9	125	27	0.0	41
52.8	**699**	**308,221**	**37.1**	**527**	**462,030**	**47.7**	**1,058**	**169,460**	**67.6**	**147**
0.1	13	5,813	0.7	13	2,573	0.3	64	24	0.0	37
0.9	54	305	0.0	7	2,307	0.2	27	225	0.1	2
0.8	68	11,953	1.4	49	3,351	0.3	82	26	0.0	103
4.8	37	265,075	31.9	177	500	0.1	9	0	0.0	6
15.9	297	118,012	14.2	104	119,986	12.4	333	39,997	15.9	58
1.4	103	17,093	2.0	88	102,531	10.6	317	1,129	0.4	4
0.1	12	1,428	0.2	5	480	0.0	9	–	0.0	–
0.3	17	298	0.0	1	3,847	0.4	10	–	0.0	–
24.3	**601**	**419,977**	**50.4**	**444**	**235,575**	**24.3**	**851**	**41,401**	**16.4**	**210**
5.3	192	22,425	2.7	46	64,359	6.6	174	29,621	11.8	27
0.2	12	489	0.1	3	741	0.1	10	264	0.1	1
2.5	128	14,786	1.8	54	49,537	5.1	375	633	0.3	23
0.4	27	46,486	5.6	165	13,435	1.4	57	2,101	0.8	5
0.7	42	19,180	2.3	51	15,996	1.7	83	5	0.0	9
9.1	**401**	**103,366**	**12.5**	**319**	**144,068**	**14.9**	**699**	**32,624**	**13.0**	**65**
13.0	1,584	–	0.0	–	107,721	11.1	6,296	249	0.1	2,707
0.8	1	–	0.0	–	19,800	2.0	1	7,347	2.9	1
100.0	**3,286**	**831,564**	**100.0**	**1,290**	**969,194**	**100.0**	**8,905**	**251,081**	**100.0**	**3,130**

Lending by Sector in 2015 after intercompany eliminations

	Total			The Netherlands			Belgium
in thousands of EUR	amount	%	number	amount	%	number	amount
Environment							
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
	1,953,836	**37.5**	**3,102**	**525,813**	**24.1**	**949**	**566,816**
Social							
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
	1,227,271	**23.5**	**2,696**	**268,181**	**12.3**	**810**	**287,924**
Culture							
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
	703,370	**13.5**	**1,895**	**323,385**	**15.0**	**566**	**106,816**
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
Total	**5,215,692**	**100.0**	**44,418**	**2,178,147**	**100.0**	**32,121**	**1,158,488**

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	–
48.9	**589**	**295,978**	**35.2**	**521**	**440,477**	**53.3**	**973**	**124,752**	**59.4**	**70**
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	0.0	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	–
24.9	**571**	**422,694**	**50.0**	**433**	**193,260**	**23.5**	**733**	**55,212**	**26.3**	**149**
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
9.2	**366**	**121,712**	**14.5**	**334**	**131,310**	**15.8**	**590**	**20,147**	**9.6**	**39**
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
100.0	**2,875**	**843,078**	**100.0**	**1,290**	**825,932**	**100.0**	**6,133**	**210,047**	**100.0**	**1,999**

Capital Instruments Main Features

Triodos Bank has issued one capital instrument:

Shares

The main features are:

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)	EUR 839.4. For a specification see the solvency chapter on page 142.
Nominal amount of instrument	The nominal amount per share is EUR 50. At reporting date 11,088,308 shares were issued and fully paid up so that the total nominal amount is EUR 554.4.
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 to 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
If convertible, fully or partially	Not applicable
If convertible, fully or partially	Not applicable
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 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.

	2016 Amount at disclosure date	2016 Residual amount of regulation EU 575/2013	2015 Amount at disclosure date	2015 Residual amount of regulation EU 575/2013
Capital instruments and the related share premium accounts of which: ordinary shares	705,572		608,264	
Retained earnings[1]	–		–	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	168,963		131,526	
Independently reviewed interim profits net of any foreseeable charge or dividend[1]	–		–	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**874,535**		**739,790**	
Additional value adjustments	–7,216		–	
Intangible assets (net of related tax liability)	–22,932	–	–17,134	–
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in CRR Article 38 (3) are met)	–4,672	–3,114	–2,779	–4,169
Regulatory adjustments relating to unrealised gains and losses pursuant to CRR Articles 467 and 468				
Of which: adjustment for unrealised gains on participating interests	–193		–185	
Of which: adjustment for unrealised gains on property	–82		–117	
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**–35,095**		**–20,215**	
Common Equity Tier 1 (CET1) capital	**839,440**		**719,575**	

Additional Tier 1 (AT1) capital	**–**	**–**
Tier 1 capital (T1 = CET1 + AT1)	**839,440**	**719,575**
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts[2]	–	557
Tier 2 (T2) capital before regulatory adjustments	**–**	**557**
Tier 2 (T2) capital	**–**	**557**
Total capital (TC = T1 + T2)	**839,440**	**720,132**
Risk weighted assets of residual amount not deducted from capital	–	–
Of which: items not deducted from Common Equity Tier 1 (CET1) capital	–	–
Total risk weighted assets	**4,368,752**	**3,786,145**
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of risk exposure amount)[3]	19.21%	19.01%
Tier 1 (as a percentage of risk exposure amount)[4]	19.21%	19.01%
Total capital (as a percentage of risk exposure amount)	19.21%	19.02%
Institution specific buffer requirement (CET1 requirement in accordance with CRR 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)	0.63%	0.00%
of which: capital conservation buffer requirement	0.63%	0.00%
of which: countercyclical buffer requirement	0%	0%
of which: systemic risk buffer requirement	0%	0%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.21%	11.01%

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)	3,734	3,374
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)	5,191	5,809
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)	1,868	1,096

1 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.

2 These are Subordinated liabilities which are weighted for 0% (2015: 10.6%) in the capital, due to the maturity which is shorter than 5 years. The bond matured on 12 July 2016.

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

4 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:

	2016	2015
Risk weighted exposure amount for credit risk	3,970,008	3,423,679
Risk exposure amount for market risk	–	–
Risk exposure amount for operational risk	386,756	353,028
Risk exposure amount for credit valuation adjustment	11,988	9,438
Total risk weighted assets	**4,368,752**	**3,786,145**

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

	2016	2015
Risk-weighted assets	3,518,340	3,103,020
Risk-weighted off-balance sheet items	403,442	277,521
Risk-weighted derivatives	48,226	43,138
Risk weighted exposure amount for credit risk	**3,970,008**	**3,423,679**

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.

	2016	2015
Bottom line of 2% of the actual total capital	16,789	14,403
Net open foreign currency position	11,893	10,282
Capital requirement percentage	0%	0%
Capital requirement amount for market risk (m)	–	–
Risk exposure amount for market risk (m/8%)	–	–

Triodos Bank uses the basic indicator approach (BIA) for operational risk. The capital requirement is 15% of the average relevant income of the previous three years. For Triodos Bank the relevant income is equal to the total income.

	2016	2015
Relevant income for BIA 2013	n/a	163,665
Relevant income for BIA 2014	189,591	189,591
Relevant income for BIA 2015	211,589	211,589
Relevant income for BIA 2016	217,630	n/a
Average income previous three years	206,270	188,282
Capital requirement percentage	15%	15%
Capital requirement amount for operational risk (cror)	30,941	28,242
Risk exposure amount for operational risk (cror/8%)	386,756	353,028

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.

	2016	2015
Capital charge according the standardised method	959	755
Risk exposure amount for credit valuation adjustment (capital charge / 8%)	11,988	9,438

Countercyclical buffer

Geographical distribution of credit exposure values relevant for the calculation of the countercyclical buffer (effective from 2016):

2016	General credit exposure values[1]	Own funds requirements	Own funds requirements weights	Countercyclical capital buffer rate
Country:				
Australia	469	38	0%	0.00%
Belgium	923,706	58,577	19%	0.00%
Switzerland	29	1	0%	0.00%
Chile	229	6	0%	0.00%
Germany	267,803	17,637	6%	0.00%
Denmark	5,767	461	0%	0.00%
Spain	1,064,080	64,144	21%	0.00%
France	393,930	29,464	10%	0.00%
United Kingdom	865,463	40,910	13%	0.00%
Greece	123	10	0%	0.00%
Ireland	45,375	3,490	1%	0.00%
Italy	2,143	171	0%	0.00%
Luxembourg	22,117	1,882	1%	0.00%
Netherlands	1,515,546	88,545	29%	0.00%
Norway	112	9	0%	1.50%
New Zealand	291	6	0%	0.00%
Sweden	55	4	0%	1.50%
United States	5,512	1,064	0%	0.00%
Other countries	18	–	0%	0.00%
Total	**5,112,768**	**306,419**		

[1] The general credit risk exposure value is the exposure value after credit risk mitigation and after conversion factor for off balance exposures. This value relates to all exposure classes excluding central governments and central banks, regional governments and local authorities, public sector entities, multilateral development banks and institutions.

Amount of institution-specific countercyclical capital buffer effective from 2016:

	2016
Total risk exposure amount	–
Triodos Bank specific countercyclical capital buffer rate	0.000065%
Triodos Bank specific countercyclical capital buffer requirement	1

Leverage Ratio

in thousands of EUR

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

	2016	2015
Summary reconciliation of accounting assets and leverage ratio exposures		
Total assets as per published financial statements	9,081,238	8,211,151
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	22,009	13,723
Adjustment for securities financial transactions	–	–
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	480,112	369,525
Other adjustments	–30,801	–21,673
Leverage ratio exposure	**9,552,558**	**8,572,726**
On Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)		
On Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	9,044,521	8,171,152
Asset amounts deducted in determining Tier 1 capital	–29,831	–20,215
Total on balance sheet exposure (excluding derivatives and securities financing transactions) (d)	**9,014,690**	**8,150,937**
Derivatives exposures		
Replacement cost (mark to market-method)	36,113	38,809
Add-on amount for potential future exposure (mark to market-method)	21,643	13,455
Total derivatives exposure (e)	**57,756**	**52,264**
Off balance sheet exposures		
Off balance sheet exposures at gross notional amount	1,000,683	780,732
Adjustment for conversion to credit equivalent amounts	–520,571	–411,207
Total off balance sheet exposure (f)	**480,112**	**369,525**
Tier 1 capital (c)	**839,440**	**719,575**
Total exposure (g) (d+e+f)	**9,552,558**	**8,572,726**

	2016	2015
Leverage ratio ultimo year (c/g)	**8.8%**	**8.4%**
Total on balance sheet exposures (excluding derivatives and securities financing transactions), of which:	9,044,521	8,171,152
Trading book exposures	–	–
Banking book exposures, of which:	9,044,521	8,171,152
Covered bonds	–	–
Exposures treated as sovereigns	3,797,240	3,420,800
Exposures to regional governments, MDB, International organisations and PSE not treated as soevereings	49,323	59,191
Institutions	572,601	627,344
Secured by mortgages of immovable properties	1,676,372	1,378,113
Retail exposures	191,449	238,025
Corporate	2,454,545	2,164,956
Exposures in default	139,924	152,517
Other exposures (eg equity, securisations and other non-credit obligation assets)	163,067	130,206

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

The leverage ratio is 8.8% (2015: 8.4%) 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 2016 the leverage ratio is 8.8% (2015: 8.4%). The leverage ratio was mainly affected by growth of the on-balance positions and growth of equity.

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 (separated from the first line function) are located in the bank's branches and business units, 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 and also perform the risk control function.

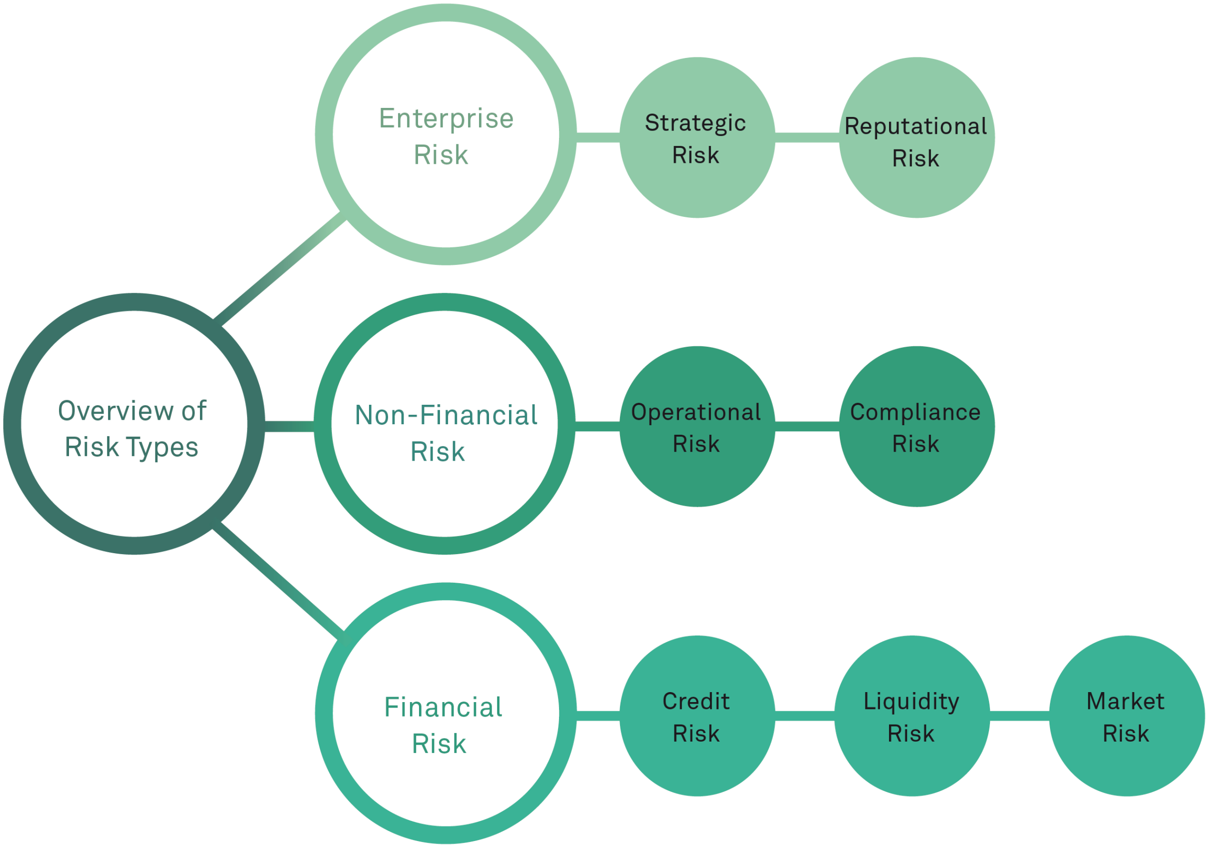
The third line of defense is the Internal Audit function providing independent and objective assurance of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. This includes the effectiveness and efficiency of the internal controls in the first and second lines 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 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 Director Risk and Compliance provides relevant independent information, analyses and expert judgement on risk exposures, and advices on proposals and risk decisions made by the Executive Board and business or support units as to whether they are consistent with the institution's risk appetite. The Director Risk and Compliance recommends improvements to the risk management framework and options to remedy breaches of risk policies, procedures and limits.

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 Executive Board delegated 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. The Product Approval Committee has the authority to approve new products and review existing products; and
- For Enterprise Risk, the Enterprise Risk Committee has authority to decide on strategic 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 Director Risk and Compliance 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 the risks of 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 business unit level for each business unit, every three years, with an annual update.

Triodos Bank considers its banking model to have a modest 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. Triodos Bank has identified at corporate level the following strategic risks to take into account:

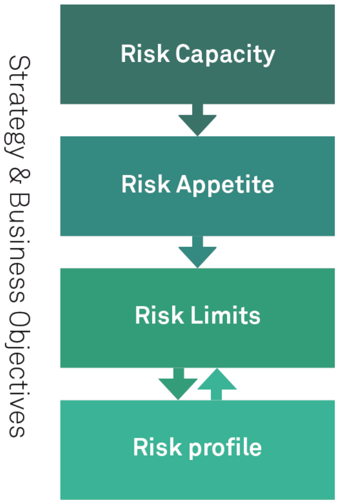
- Political and social risk: political uncertainty in the countries we operate in and at EU level and public discontent which lead to more volatility;
- Economic risk: increasing volatility as a result of political uncertainty, decreasing business confidence which leads to lower investment levels, intervention of central banks to stimulate economic growth may continue longer than expected with lower interest rates as a result;
- Technological risk: Fintechs create new fields of competition and raise customer expectations which challenge our relationship approach, increasing cybercrime will force to spend more efford to safe systems;
- Legal risk: regulations like BRRD, CRR/CRD, PSD2 and MIFID II are still under development and can result in requirements that influences our business model.

Mitigating strategies are discussed and applied as appropriate and depending on the situation at hand. Over the past year, two of the mentioned risks have materialised and are expected to continue in the foreseeable future. These are the continuing low interest rate environment and the regulatory pressure. The first has led to a decreased margin and consequently lower profitability than foreseen. The second one has led to the need for additional co-workers, system adaptation and processes in order to implement new regulatory requirements. Without the intention to judge the new regulatory regimes, it is fair to say that most of the involved resources would otherwise have been employed elsewhere, and therefore represent an additional cost and lost (commercial) opportunity

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.



- The maximum level of risk the financial institution can assume given its current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment (e.g. technical infrastructure, risk management capabilities, expertise) and obligations, also from a conduct perspective, to depositors, policyholders, shareholders, fixed income investors, as well as other customers and stakeholders.

- The aggregate level and types of risk a financial institution is willing to assume within its risk capacity to achieve its strategic objectives and business plan.
- Directly related to an entity's risk capacity as well as its culture, desired level of risk / return, capability and business strategy.

- Quantitative measures based on forward looking assumptions that allocate the financial institution's aggregate risk appetite statement (e.g. measure of loss or negative events) to business lines, legal entities as relevant, specific risk categories, concentrations, and as appropriate, other levels.

- Point in time assessment of the financial institution's gross and, as appropriate, net risk exposures (after taking into account mitigants) aggregated within and across each relevant risk category based on forward looking assumptions.

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.

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 some of the risk types.

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

The objective of the Enterprise Risk Management (ERM) report is to create a single point of reference for all risk related activities within Triodos Bank. The ERM report 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.

Every risk discipline reports on a monthly basis (e.g. Non Financial Risk Report, ALM Report and Business Banking Credit Risk Report) or on a quarterly basis (e.g. Non Financial Risk Report and 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 ERM report which provides insights into the Triodos Bank risk profile in relation to its accepted risk appetite.

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.

Reputation 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

Credit risk is the risk that a counterparty doesn't fulfil its financial obligations. 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.

In order to manage credit risk Triodos Bank developed an internal rating based system, resulting in a probability of default. Furthermore Triodos Bank has developed loss given default, allowing us to calculate the expected loss and the economic capital under the advanced approach.

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. Obligors 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 assets 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 (unlikelyness 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, exposures to a group of connected clients 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 group of connected clients 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.

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 collective credit 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 collective credit provision and is based on statistics. The IBNR is calculated by multiplying the exposure at default with the probability of default, the loss given default and the loss incubation period. In 2016, in view of the growing mortgage portfolio, Triodos Bank has added an IBNR provision for mortgages. Triodos Bank portfolio has no specific provisions of any relevance in its mortgage loan portfolio and has therefore chosen to use market statistics to define this additional provision.

In 2016, the net additions to the provision for doubtful debts, as a percentage of the average loan portfolio, was 0.10% (2015: 0.16%). The total of provisions related to the outstanding credits is 1.0% (2015: 1.3%) 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 as part of the ERM report.

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

	2016	2015
Balance sheet value as at 1 January	186,249	189,664
Classified as bad debt during the year	17,317	36,762
Interest charged on bad loans	2,571	3,924
Release of bad loans / transfer to not impaired	–32,233	–18,740
Bad loans written off	–14,734	–13,089
Repayments	–6,244	–13,138
Exchange rate result	–2,301	866
Balance sheet value as at 31 December	**150,625**	**186,249**

Bad debts and past due receivables per sector

2016	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	9,209	2,820	417	2
Building materials	–	–	–	304
Construction and infrastructure	–	–	–	66
Consumer products (non-food)	6,996	1,139	−1,625	2
Retail	1,438	650	338	165
Services	15,828	2,969	−600	201
Healthcare and social work	30,931	7,641	2,952	1,299
Agriculture and fishing	20,870	10,180	205	4,760
Media	2,590	425	135	391
Utilities	12,885	6,361	−176	2
Private individuals	1,261	310	182	3
Leisure and tourism	23,942	10,202	1,344	1,385
Transport & logistics	1,737	38	38	32
Real Estate	3,750	1,193	2	2,319
Food and beverages	7,079	6,019	112	1,581
Other sectors	12,109	7,103	2,387	5,931
Total	**150,625**	**57,050**	**5,711**	**18,443**

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
Total	**186,249**	**68,051**	**7,579**	**22,990**

Bad debts and past due receivables per country

2016	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	10,280	4,282	378	443
Germany	7,872	5,216	251	418
Ireland	3,052	742	–99	922
The Netherlands	79,334	34,160	2,144	1,356
Spain	39,577	9,772	3,019	12,026
United Kingdom	10,510	2,878	18	3,278
Total	**150,625**	**57,050**	**5,711**	**18,443**

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
Total	**186,249**	**68,051**	**7,579**	**22,990**

Credit risk investment portfolio

Liquidity not invested in loans to customers is invested in deposits with banks (including Central Banks) or bonds. Triodos Bank's policy is to invest the liquidity in the countries where it has branches. The bond portfolio of Triodos Bank comprises of (local) government bonds (from countries where Triodos Bank has a branch) and investment grade bonds issued by European supranational organisations (e.g. European Investment Bank), Financial Institutions and corporates.

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 maturity periods will not exceed three months. All counterparty limits for banks are set by either the Executive Board or 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 bank at 25% of its Tier 1 capital plus (if available) Tier 2 with a maximum of one third of Tier 1 capital. 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 Financial Institutions and with funds managed by Triodos Investment Management. Triodos Bank services these funds by providing hedges for the foreign exchange risk of these funds' investments.

Triodos Bank has limited exposure to credit risk resulting from outstanding Interest Rate Swaps (IRS). The IRS are all centrally cleared with the LCH Clearnet. The daily margining minimises the (potential) credit risks.

Overview of derivates exposure value

Derivates	2016	2015
Gross positive fair value currency forward contracts	36,113	38,809
Gross positive fair value Interest Rate SWAPs (IRS)	–	–
Netting benefits	–	–
Netted current credit exposure	21,643	13,455
Collateral held	–	–
Net derivatives credit exposure	**57,756**	**52,264**
Current replacement cost	36,113	38,809
Potential future credit exposure	21,643	13,455
Exposure value	**57,756**	**52,264**

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 multipling the notional amounts with prescribed percentages.

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 a sufficient credit rating and by having 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. Triodos Bank doesn't have a trading book, but interest rate risk is present in the banking book.

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 forward positions in foreign currencies mainly reflect the currency derivatives of Triodos Investment Funds which are nearly fully hedged.

The foreign exchange position 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.

2016	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	1,081,884	1,078,536	642	–	3,990	–
USD	8,858	891	402,027	402,721	7,273	–
NOK	110	–	–	–	110	–
PEN	–	–	–	–	–	–
DKK	–	–	10,278	10,278	–	–
AUD	469	–	–	–	469	–
SEK	126	75	5,744	5,744	51	–
INR	–	–	56,717	56,717	–	–
IRD	–	–	6,720	6,720	–	–
Total	**1,091,447**	**1,079,502**	**482,128**	**482,180**	**11,893**	**–**

Net open foreign currency position (total of net positions debit and credit): 11,893

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	–	–
Total	**1,170,086**	**1,159,334**	**418,981**	**419,451**	**10,282**	**–**

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

Interest Rate Risk in the Banking Book

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. In these models, 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 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.

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 and the maturity of the portfolio, prepayments are increasing. Therefore, behavioural assumptions have been developed in the risk model and the level of prepayments is 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 manages the duration of liquid marketable investments to maintain its interest rate risk exposure. Triodos Bank also uses interest rate swaps in order to maintain its interest rate risk exposure, within defined limits.

The key interest rate risk indicators for 2016 are comparable to the situation as at the end of 2015. The duration of equity increased from 3.9 years ultimo 2015 to 4.4 years ultimo 2016. The 1 year Earnings at Risk increased from 1.2% ultimo 2015 to 1.8% ultimo 2016 (in case of a decreasing interest rate scenario by 2%, where the resulting market rates are floored at 0%). The Economic Value of Equity (EVE) at Risk increased from 7.9% ultimo 2015 to 8.5% ultimo 2016 (in case of a +2% interest rate scenario). The Outlier Criterion increased from 8.8% ultimo 2015 to 11.4% ultimo 2016.

For the EUR portfolio, the duration of equity increased from 4.3 years ultimo 2015 to 4.7 years ultimo 2016. The 1 year Earnings at Risk for EUR increased from 1.2% ultimo 2015 to 1.8% ultimo 2016. The EUR EVE at Risk increased from 8.7% ultimo 2015 to 9.2% ultimo 2016.

For the GBP portfolio, the duration of equity increased from -13.4 years ultimo 2015 to -0.3 years ultimo 2016. The 1 year Earnings at Risk for GBP decreased from 2.8% ultimo 2015 to 1.7% ultimo 2016. The GBP EVE at Risk decreased from 67.1% ultimo 2015 to 9.8% ultimo 2016. These numbers can be quite volatile due to the fact that Triodos Bank has no GBP capital. The EVE of the GBP book therefore fluctuates significantly (in relative terms).

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 with the exception of funds entrusted. For funds entrusted without a fixed interest rate term, the outcome of the quantitative savings and current account model, as mentioned before, is used.

2016	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	732,219	–	–	–	–	732,219
Government paper	–	53,544	125,518	–	–	179,062
Banks	351,894	114,635	–	1,000	–	467,529
Loans	884,283	856,089	885,764	1,591,001	1,351,289	5,568,426
Interest-bearing securities	–	264,166	342,617	802,861	347,615	1,757,259
Total	**1,968,396**	**1,288,434**	**1,353,899**	**2,394,862**	**1,698,904**	**8,704,495**
Interest-bearing liabilities						
Banks	212	719	4,298	17,626	8,727	31,582
Funds entrusted	21,186	1,446,578	2,256,884	2,779,729	1,510,431	8,014,808
Subordinated liabilities	–	–	–	–	–	–
Total	**21,398**	**1,447,297**	**2,261,182**	**2,797,355**	**1,519,158**	**8,046,390**

2015	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
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
Total	**1,270,070**	**1,880,004**	**1,115,076**	**2,142,485**	**1,548,039**	**7,955,674**
Interest-bearing liabilities						
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
Total	**36,002**	**1,293,809**	**2,016,302**	**2,580,620**	**1,387,706**	**7,314,439**

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 fulfill 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 significant 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 liquidity stress indicators and trigger levels for management actions. 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 (SREP). 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 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 a 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).

2016	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**105,307**		**8,974,961**	
Equity instruments	–	–	16,431	16,431
Debt securities	75,613	79,493	1,878,751	1,921,804
Other assets	29,694		7,079,779	

2015	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	**76,631**		**8,133,055**	
Equity instruments	–	–	13,868	13,868
Debt securities	76,631	80,546	1,884,251	1,920,818
Other assets	–		6,234,936	

Equity instruments relate to balance sheet items shares and participating interests.
Debt securities relate to balance sheet items government paper and interest-bearing securities.
Carrying amounts are balance sheet amounts including premium on investments, discount on investments and accrued interest.

2016	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**–**	**–**
Equity instruments	–	–
Debt securities	–	–
Other collateral received	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–

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

2016	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	103,119	–

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	–

Liquidity coverage ratio

Amounts in millions of EUR	2016 Total amount	2016 Weighted amount	2015 Total amount	2015 Weighted amount
Stock of high quality liquid assets:				
Total stock of high quality liquid assets	1,883	1,883	1,609	1,609
Total cash outflow	7,462	1,175	7,672	1,093
Total cash inflow	801	585	1,057	736
Cap on cash inflows		585		736
Net cash outflow		590		357
Liquidity Coverage Ratio		**319%**		**451%**

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	2016 Total amount	2016 Weighted amount	2015 Total amount	2015 Weighted amount
Total available stable funding	9,002	7,503	8,130	7,113
Total required stable funding	10,045	5,025	8,953	4,507
Net stable funding ratio		**149%**		**158%**

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

Operational 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 2016 operational risk tools further increased in use and were brought further in line with the current scale and complexity of the organisation.

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 where the non financial risks aspects are discussed including compliance and IT risk, meets 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 2016 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.

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.

Compliance risks are identified, assessed, mitigated, monitored and reported via a compliance risk management cycle. Controls to mitigate compliance risks are embedded in business processes. In 2016 Triodos Bank continued to enhance its controls related to anti-money laundering, counter terrorist financing, sanctions and the protection of personal data.

There were no significant incidents in 2016 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, also 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 2016 available capital has been at sufficient levels at all times. In 2016 new equity of (net) EUR 97 million was issued to finance Triodos Bank's further growth. In addition, a retained portion of the 2016 profit will be added to the bank's reserves.

Regulation

Triodos Bank takes fulfilling its regulatory obligations seriously. It recognises that, alongside the culture of an organisation, regulatory obligations 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 was 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 subjected to the Supervisory Review and Evaluation Process (SREP) of the Dutch Central Bank on a yearly basis.

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 governance 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 and the simple approach for credit risk mitigation. 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 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 142.

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:

- Strategic risk, i.e. the potential result of adverse changes in the external environment that could impact the bank;
- 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;
• Operational risk, related to the expected growth of the organisation.

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.

	Credit rating agency used	
Exposure class	2016	2015
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

2016	1	2	3	4	Grand Total
Sum of net exposure value					
Banks	446,897	360,137	166,431	–	973,465
Corporates	27,250	46,253	–	501	74,004
Grand Total	**474,147**	**406,390**	**166,431**	**501**	**1,047,469**

2016	1	2	3	4	Grand Total
Sum of fully adjusted exposure value					
Banks	133,325	362,181	79,672	–	575,178
Corporates	27,250	16,112	–	501	43,863
Grand Total	**160,575**	**378,293**	**79,672**	**501**	**619,041**

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

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

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.

Triodos Bank uses the standardised approach for credit risk and the simple approach for credit risk mitigation.

Risk-weighted value per exposure class 2016 (asset class)

in thousands of EUR	Average net exposure value	Net exposure value ultimo year	Credit risk mitigation
Exposure class:			
Central governments and central banks	1,536,074	1,703,360	524,878
Regional governments and local authorities	1,088,766	1,089,729	363,857
Public sector entities	69,257	79,323	-30,000
Multilateral Developments Banks	135,351	132,660	–
Institutions	1,028,133	986,895	-402,141
Corporates	3,164,432	3,433,279	-282,485
Retail exposures	389,496	362,805	-20,701
Secured by mortgages on immovable property	1,829,803	1,982,732	-144,023
Exposures in default	162,794	166,411	-9,385
High risk	5,916	7,230	–
Equity	11,946	11,816	–
Other items	108,848	116,877	–
Total	**9,530,816**	**10,073,117**	**–**
Whereof:			
Assets	8,585,131	9,014,692	–
Off-balance sheet items	890,674	1,000,669	–
Derivatives	55,011	57,756	–
Total	**9,530,816**	**10,073,117**	**–**

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
2,228,238	–	–	–	–
1,453,586	141	11	–	–
49,323	9,865	789	–	30,000
132,660	–	–	–	–
584,754	129,766	10,381	–	405,901
3,150,794	2,670,491	213,639	111,022	283,292
342,104	178,196	14,256	4,538	20,722
1,838,709	676,227	54,098	2,080	144,023
157,026	167,210	13,377	5,983	9,386
7,230	8,830	707	–	–
11,816	19,603	1,568	–	–
116,877	109,679	8,775	–	–
10,073,117	**3,970,008**	**317,601**	**123,623**	**893,324**
9,014,692	3,518,340	281,468	101,247	876,081
1,000,669	403,442	32,275	22,376	17,243
57,756	48,226	3,858	–	–
10,073,117	**3,970,008**	**317,601**	**123,623**	**893,324**

Risk-weighted value per exposure class 2015 (asset class)

in thousands of EUR	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	–
Total	**8,414,711**	**8,988,507**	**–**
Whereof:			
Assets	7,646,838	8,155,567	–
Off-balance sheet items	718,266	780,676	–
Derivatives	49,607	52,264	–
Total	**8,414,711**	**8,988,507**	**–**

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	–	–
8,988,507	**3,423,679**	**273,894**	**143,004**	**846,053**
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	–	–
8,988,507	**3,423,679**	**273,894**	**143,004**	**846,053**

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 net replacement costs plus potential future credit exposures.

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; 250% for significant investments in financial sector entities that are not deducted from own funds; 100% for other investments.
• 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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Distribution of the exposures 2016 by industry or counterparty type

in thousands of EUR	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Banks and financial intermediation	724,988	–	–	132,660	986,895
Basic materials	–	–	–	–	–
Building materials	–	–	–	–	–
Construction and infrastructure	–	–	–	–	–
Consumer products (non-food)	–	–	–	–	–
Retail	–	–	–	–	–
Services	–	–	–	–	–
Healthcare and social work	–	–	–	–	–
Agriculture and fishing	–	–	–	–	–
Media	–	–	–	–	–
Utilities	–	–	28,881	–	–
Public Administration	978,372	842,296	–	–	–
Private individuals	–	–	–	–	–
Technology	–	–	–	–	–
Leisure and tourism	–	–	–	–	–
Transport and logistics	–	–	–	–	–
Real estate	–	–	–	–	–
Insurance and pension funds	–	–	–	–	–
Food and beverages	–	–	–	–	–
Other sectors	–	247,433	50,442	–	–
Total	**1,703,360**	**1,089,729**	**79,323**	**132,660**	**986,895**

Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	High risk	Equity exposures	Other exposures	Total exposures
45,692	–	–	4,551	4,205	9,343	–	1,908,334
28,383	1,753	–	379	–	–	–	30,515
5,676	1,398	5,251	2,423	–	–	–	14,748
230	422	242	63	–	–	–	957
292	919	842	440	–	–	–	2,493
9,281	2,667	6,842	842	–	–	–	19,632
366,855	13,773	196,034	29,773	–	2,473	–	608,908
222,625	24,351	288,812	39,242	–	–	–	575,030
24,244	13,264	83,103	21,140	–	–	–	141,751
56,034	517	3,512	9,209	–	–	–	69,272
1,532,440	14,017	3,885	9,021	3,025	–	–	1,591,269
–	–	–	–	–	–	–	1,820,668
90,403	178,276	647,740	1,397	–	–	–	917,816
–	–	–	–	–	–	–	–
102,659	14,738	24,839	19,840	–	–	–	162,076
36,599	1,147	2,154	1,000	–	–	–	40,900
526,695	20,156	334,300	14,733	–	–	–	895,884
500	–	–	–	–	–	–	500
35,802	12,811	36,375	5,275	–	–	–	90,263
348,869	62,596	348,801	7,083	–	–	116,877	1,182,101
3,433,279	**362,805**	**1,982,732**	**166,411**	**7,230**	**11,816**	**116,877**	**10,073,117**

Distribution of the exposures 2015 by industry or counterparty type

in thousands of EUR	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	–	–
Total	**1,368,787**	**1,087,803**	**59,191**	**138,042**	**1,069,370**

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
2,895,584	**416,186**	**1,676,873**	**159,176**	**4,602**	**12,075**	**100,818**	**8,988,507**

Risk-weighted value per sector

2016	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Banks and financial intermediation	1,908,334	19	195,516	5	10
Basic materials	30,515	–	12,687	–	42
Building materials	14,748	–	9,948	–	67
Construction and infrastructure	957	–	460	–	48
Consumer products (non-food)	2,493	–	1,301	–	52
Retail	19,632	–	12,697	–	65
Services	608,908	6	419,140	11	69
Healthcare and social work	575,030	6	339,026	9	59
Agriculture and fishing	141,751	1	82,040	2	58
Media	69,272	1	54,869	1	79
Utilities	1,591,269	16	1,338,839	34	84
Public Administration	1,820,668	18	–	–	–
Private individuals	917,816	9	357,874	9	39
Technology	–	–	–	–	–
Leisure and tourism	162,076	2	122,555	3	76
Transport and logistics	40,900	–	6,529	–	16
Real estate	895,884	9	494,395	13	55
Insurance and pension funds	500	–	500	–	100
Food and beverages	90,263	1	54,324	1	60
Other sectors	1,182,101	12	467,308	12	40
Total	**10,073,117**	**100**	**3,970,008**	**100**	**39**

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
Total	**8,988,507**	**100**	**3,423,679**	**100**	**38**

These are the formal sectors as used in supervisory reporting. Risk-weighted value is attributed to the sector of the direct counterparty.

Geographic distribution 2016 of the exposures

in thousands of EUR	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral Development Banks	Institutions
Australia	–	–	–	–	–
Belgium	288,940	136,570	–	–	74,023
Chile	–	–	–	–	–
Denmark	–	–	–	–	1,034
Finland	–	–	–	40,000	–
France	186	–	–	–	3,937
Germany	9,981	140,939	–	–	155,931
Greece	–	–	–	–	–
Ireland	–	–	–	–	964
Italy	–	–	–	–	–
Luxembourg	–	–	–	92,660	–
The Netherlands	716,135	661,317	79,323	–	441,367
New Zealand	–	–	–	–	–
Norway	–	–	–	–	–
Spain	537,080	150,903	–	–	178,913
Sweden	–	–	–	–	–
Switzerland	–	–	–	–	–
United Kingdom	151,038	–	–	–	130,726
United States	–	–	–	–	–
Other countries	–	–	–	–	–
Total	**1,703,360**	**1,089,729**	**79,323**	**132,660**	**986,895**

Corporates	Retail	Secured by mortgages on immovable property	Exposures in default	High risk	Equity exposures	Other exposures	Total exposures
–	–	–	–	–	469	–	469
969,978	63,633	209,322	11,480	–	–	3,543	1,757,489
–	–	229	–	–	–	–	229
4,534	–	–	–	–	1,233	–	6,801
–	–	–	–	–	–	–	40,000
425,447	46	2,915	351	–	117	632	433,631
193,317	4,689	73,816	2,809	–	50	3,565	585,097
–	2	–	122	–	–	–	124
39,770	1,413	1,180	4,378	–	–	–	47,705
2,009	8	–	–	–	130	–	2,147
19,305	–	–	–	4,155	–	–	116,120
849,928	243,743	735,840	60,784	–	4,152	55,216	3,847,805
–	3	290	–	–	–	–	293
–	2	–	–	–	110	–	112
601,156	17,219	427,149	69,260	50	–	35,501	2,017,231
–	8	–	–	–	51	–	59
–	4	27	–	–	–	–	31
327,835	32,000	531,964	17,219	3,025	–	18,420	1,212,227
–	7	–	8	–	5,504	–	5,519
–	28	–	–	–	–	–	28
3,433,279	**362,805**	**1,982,732**	**166,411**	**7,230**	**11,816**	**116,877**	**10,073,117**

Geographic distribution 2015 of the exposures

in thousands of EUR	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	–	–	–	–	–
Total	**1,368,787**	**1,087,803**	**59,191**	**138,042**	**1,069,370**

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
2,895,584	**416,186**	**1,676,873**	**159,176**	**4,602**	**12,075**	**100,818**	**8,988,507**

Risk-weighted value per country

2016	Net exposure value	%	Risk-weighted value	%	Average risk weight %
Australia	469	–	469	–	100
Belgium	1,757,489	18	746,039	19	42
Chile	229	–	80	–	35
Denmark	6,801	–	5,974	–	88
Finland	40,000	–	–	–	–
France	433,631	4	369,282	9	85
Germany	585,097	6	224,919	6	38
Greece	124	–	123	–	99
Ireland	47,705	1	43,818	1	92
Italy	2,147	–	2,142	–	100
Luxembourg	116,120	1	23,523	1	20
The Netherlands	3,847,805	38	1,180,990	30	31
New Zealand	293	–	78	–	27
Norway	112	–	111	–	99
Spain	2,017,231	20	821,563	21	41
Sweden	59	–	54	–	92
Switzerland	31	–	11	–	35
United Kingdom	1,212,227	12	537,517	13	44
United States	5,519	–	13,300	–	241
Other countries	28	–	15	–	54
Total	**10,073,117**	**100**	**3,970,008**	**100**	**39**

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
Total	**8,988,507**	**100**	**3,423,679**	**100**	**38**

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.

2016	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	741,427	133,457	171,804	400,249	256,423	1,703,360
Regional governments and local authorities	5,206	521,437	101,858	216,603	244,625	1,089,729
Public sector entities	573	–	–	43,250	35,500	79,323
Multilateral Developments Banks	315	–	25,032	107,313	–	132,660
Banks	281,850	245,133	171,481	245,070	31,208	974,742
Corporates	112,880	77,884	251,344	934,906	1,344,154	2,721,168
Retail exposures	38,711	2,933	8,702	37,492	123,999	211,837
Secured by mortgages on immovable property	34,719	24,851	65,105	340,159	1,354,816	1,819,650
Past due items	63,082	3,259	8,831	43,204	30,610	148,986
High risk	4,544	–	–	–	–	4,544
Equity	11,816	–	–	–	–	11,816
Other items	116,877	–	–	–	–	116,877
Total	**1,412,000**	**1,008,954**	**804,157**	**2,368,246**	**3,421,335**	**9,014,692**

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
Total	**1,028,816**	**1,193,069**	**667,489**	**2,350,321**	**2,915,872**	**8,155,567**

Company Balance Sheet as at 31 December 2016

Before appropriation of profit in thousands of EUR	Reference[1]	31.12.2016	31.12.2015
Assets			
Cash		732,219	285,819
Government paper		178,902	213,233
Banks	32	464,466	539,432
Loans		5,709,325	5,216,637
Interest-bearing securities		1,718,786	1,689,968
Shares	33	20	20
Participating interests	34	40,697	37,347
Intangible fixed assets	35	21,552	14,448
Property and equipment	36	35,748	37,591
Other assets		40,732	35,876
Prepayments and accrued income		143,597	143,684
Total assets		**9,086,044**	**8,214,055**
Liabilities			
Banks		31,582	39,798
Funds entrusted	37	8,030,741	7,292,317
Other liabilities		17,235	19,489
Accruals and deferred income		100,211	74,231
Provisions	38	2,416	2,453
Total liabilities		**8,182,185**	**7,428,288**
Subordinated liabilities		**–**	**5,250**
Capital	39	554,415	484,329
Share premium reserve	40	151,157	123,935
Revaluation reserve	41	689	503
Statutory reserve	42	18,540	11,286
Other reserves	43	149,734	119,737
Result for the period		29,324	40,727
Equity		**903,859**	**780,517**
Total equity and liabilities		**9,086,044**	**8,214,055**
Contingent liabilities		75,173	63,060
Irrevocable facilities		925,510	717,672
		1,000,683	**780,732**

[1] References relate to the notes starting on page 198. These form an integral part of the parent company annual accounts.

Company Profit and Loss Account for 2016

in thousands of EUR	Reference[1]	2016	2015
Income			
Interest income	44	174,552	182,725
Interest expense	45	–32,434	–39,840
Interest		**142,118**	**142,885**
Income from other participations	46	179	101
Investment income		**179**	**101**
Commission income	47	44,439	39,547
Commission expense	48	–3,895	–3,771
Commission		**40,544**	**35,776**
Result on financial transactions	49	426	671
Other income	50	1,519	141
Other income		**1,945**	**812**
Total income		**184,786**	**179,574**
Expenses			
Co-worker and other administrative expenses	51	137,714	119,957
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	52	9,546	6,422
Operating expenses		**147,260**	**126,379**
Impairments loan portfolio and other receivables	53	5,711	7,579
Value adjustments to participating interests		1,485	–210
Total expenses		**154,456**	**133,748**
Operating result before taxation		**30,330**	**45,826**
Taxation on operating result	54	–7,246	–11,186
Result on participating interests after taxation		6,240	6,087
Net profit		**29,324**	**40,727**

[1] References relate to the notes starting on page 198. These form an integral part of the parent company annual accounts.

Company Statement of Changes in the Equity for 2016

in thousands of EUR
Equity as at 1 January 2015
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 the period
Equity as at 31 December 2015
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 the period
Equity as at 31 December 2016

	Share capital	Share Premium	Revaluation reserve	Statutory reserve	Other reserve	Result for the period	Total equity
	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**
	60,347	36,961					97,308
	9,739	−9,739					–
			176				176
			10		−10		–
				311			311
					21,368	−21,368	–
						−19,359	−19,359
					15,582		15,582
					–		–
				6,943	−6,943		–
					–		–
						29,324	29,324
	554,415	**151,157**	**689**	**18,540**	**149,734**	**29,324**	**903,859**

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.

For those items not included in these Notes, please see the Notes to the consolidated Annual Accounts.

Assets

32. Banks

	2016	2015
On demand deposits with banks	276,192	293,023
Deposits with banks	188,274	246,409
	464,466	**539,432**

An amount of EUR 29.7 million of the deposits is encumbered (2015: EUR 0 million). These are on demand deposits at Cecabank (EUR 1 million), ING Bank (EUR 13 million), Rabobank (EUR 15 million) and Mastercard (EUR 0.7 million). All other deposits can be freely disposed of.

33. Shares

	2016	2015
S.W.I.F.T. SCRL	20	20
	20	**20**

The movement in shares is as follows:

	2016	2015
Balance sheet value as at 1 January	20	4
Purchase	–	17
Sales	–	–1
Balance sheet value as at 31 December	**20**	**20**

34. Participating Interests

	2016	2015
Participating interests in group companies	22,979	22,376
Other participating interests	17,718	14,971
	40,697	**37,347**

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:

	2016	2015
Balance sheet value as at 1 January	37,347	26,177
Acquisitions	3,302	2,185
Incorporations	–	–
Increase of capital	270	2,023
Result on participating interests	6,240	6,087
Transfer from or to provision for negative equity of participating interests	–	–
Dividend paid	–5,498	–
Revaluation	–1,269	313
Repayment of capital	–	–
Sale	–	–
Exchange rate result on foreign currency	305	562
Balance sheet value as at 31 December	**40,697**	**37,347**

35. Intangible Fixed Assets

	2016	2015
Development costs for information systems	19,561	12,652
Computer software	1,991	1,796
	21,552	**14,448**

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:

	2016	2015
Purchase value as at 1 January	28,187	22,237
Cumulative amortisation as at 1 January	–15,535	–14,263
Balance sheet value as at 1 January	12,652	7,974
Capitalised expenses	11,067	6,183
Amortisation	–2,430	–1,505
Impairments	–1,697	–
Exchange rate result on foreign currency	–31	–
Balance sheet value as at 31 December	**19,561**	**12,652**
Purchase value as at 31 December	33,006	28,187
Cumulative amortisation as at 31 December	–13,445	–15,535
Balance sheet value as at 31 December	**19,561**	**12,652**

Computer software

Computer software relate to software that has been purchased.
The movement in computer software is as follows:

	2016	2015
Purchase value as at 1 January	3,804	3,885
Cumulative amortisation as at 1 January	–2,008	–1,947
Balance sheet value as at 1 January	1,796	1,938
Purchase	1,416	1,141
Amortisation	–1,221	–1,283
Balance sheet value as at 31 December	**1,991**	**1,796**
Purchase value as at 31 December	3,640	3,804
Cumulative amortisation as at 31 December	–1,649	–2,008
Balance sheet value as at 31 December	**1,991**	**1,796**

36. Property and Equipment

	2016	2015
Property for own use	20,326	22,290
Equipment	15,422	15,301
	35,748	**37,591**

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

	2016	2015
Purchase value as at 1 January	25,211	9,045
Cumulative revaluation as at 1 January	−2,302	−2,302
Cumulative depreciation as at 1 January	−619	−462
Balance sheet value as at 1 January	22,290	6,281
Purchase	748	16,481
Depreciation	−504	−158
Revaluation	–	–
Exchange rate differences	−2,208	−314
Balance sheet value as at 31 December	**20,326**	**22,290**
Purchase value as at 31 December	23,732	25,211
Cumulative revaluation as at 31 December	−2,302	−2,302
Cumulative depreciation as at 31 December	−1,104	−619
Balance sheet value as at 31 December	**20,326**	**22,290**

The movement in equipment is as follows:

	2016	2015
Purchase value as at 1 January	31,398	28,333
Cumulative depreciation as at 1 January	–16,097	–13,756
Balance sheet value as at 1 January	15,301	14,577
Purchase	4,119	4,423
Sale[1]	–	–376
Depreciation[1]	–3,694	–3,466
Exchange rate differences	–304	143
Balance sheet value as at 31 December	**15,422**	**15,301**
Purchase value as at 31 December	30,866	31,398
Cumulative depreciation as at 31 December	–15,444	–16,097
Balance sheet value as at 31 December	**15,422**	**15,301**

1 excluding disposal in the amount of EUR 4.0 million (2015: EUR 1.2 million).

Liabilities

37. Funds Entrusted

	2016	2015
Savings accounts	5,207,838	4,866,530
Other funds entrusted	2,822,903	2,425,787
	8,030,741	**7,292,317**

The Other funds entrusted item includes an amount of EUR 6.2 million (2015: EUR 9.8 million) for deposits from consolidated participating interests.

Savings are defined as:
- savings accounts (with or without notice) of natural persons and non-profit institutions
- fixed term deposits of natural persons and non-profit institutions

Other funds entrusted are defined as:
- current accounts of natural persons and non-profit institutions
- all accounts of governments, financial institutions (excluding banks) and non-financial corporations

Funds entrusted classified by residual maturity:

	2016 Savings	2016 Other funds entrusted	2016 Total	2015 Savings	2015 Other funds entrusted	2015 Total
Payable on demand	3,904,560	2,588,094	6,492,654	3,466,843	2,164,234	5,631,077
1 to 3 months	536,535	140,249	676,784	564,581	144,490	709,071
3 months to 1 year	368,693	48,522	417,215	366,877	67,051	433,928
1 to 5 years	350,611	41,717	392,328	400,208	46,745	446,953
Longer than 5 years	47,438	4,322	51,760	68,021	3,267	71,288
	5,207,837	**2,822,904**	**8,030,741**	**4,866,530**	**2,425,787**	**7,292,317**

38. Provisions

	2016	2015
Building maintenance	846	–
Other provisions	1,570	2,453
	2,416	**2,453**

A building maintenance provision has been created in 2016 because Triodos Bank acquired a building ultimo 2015. The movement of the provisions is as follows:

	2016	2015
Balance sheet value as at 1 January	2,453	581
Addition	1,390	1,873
Withdrawal	−353	–
Release	−821	−4
Exchange rate differences	−253	3
Balance sheet value as at 31 December	**2,416**	**2,453**

39. Capital

The authorised capital totals EUR 1.5 billion and is divided into 30 million shares, each with a nominal value of EUR 50. At year-end, there were 11,088,308 shares (2015: 9,686,584 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 11,088,308 depository receipts (2015: 9,686,584 depository receipts), each with a nominal value 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:

	2016	2015
Number of shares as at 1 January	9,686,584	9,014,634
Increase of share capital	1,206,942	497,165
Stock dividend	194,782	174,785
Number of shares as at 31 December	**11,088,308**	**9,686,584**

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

	2016	2015
Development costs	20,611	13,668
Conversion differences	–2,071	–2,382
	18,540	**11,286**

Development costs

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

	2016	2015
Balance sheet value as at 1 January	13,668	8,455
Transfer of other reserve	6,943	5,213
Balance sheet value as at 31 December	**20,611**	**13,668**

Conversion differences

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

	2016	2015
Balance sheet value as at 1 January	–2,382	–2,945
Exchange results on participating interests	311	563
Balance sheet value as at 31 December	**–2,071**	**–2,382**

43. Other Reserves

The movement in other reserves includes purchasing of own depository receipts. At year-end 2016, Triodos Bank had not purchased own depository receipts (2015: nil).

Income

44. Interest Income

	2016	2015
Loans	152,893	156,229
Banks	862	1,308
Government papers and interest-bearing securities	20,483	25,091
Other investments	314	97
	174,552	**182,725**

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. The interest-bearing securities item includes transaction results in the amount of EUR 0.4 million (2015: nill).

45. Interest Expense

	2016	2015
Funds entrusted	28,911	37,987
Subordinated liabilities	160	299
Banks	2,819	1,453
Other	544	101
	32,434	**39,840**

46. Investment Income

	2016	2015
Dividend from other participations	179	101
	179	**101**

47. Commission Income

	2016	2015
Guarantee commission	521	778
Share register	2,265	2,733
Payment transactions	18,953	16,501
Lending	14,780	12,018
Asset Management	5,501	5,441
Management fees	1,368	1,438
Other commission income	1,051	638
	44,439	**39,547**

48. Commission Expense

	2016	2015
Commission to agents	190	350
Asset Management	1,361	1,465
Other commission expense	2,344	1,956
	3,895	**3,771**

49. Result on Financial Transactions

	2016	2015
Exchange results for foreign currency transactions	–289	7
Transaction results on currency forward contracts	715	664
	426	**671**

50. Other Income

This relates to fees for other services performed and results from asset disposals. Visa Inc. acquired Visa Europe. Through our Credit Card provider network in Spain (ServiRed), Triodos Bank indirectly participated in Visa Europe. ServiRed decided to distribute the receivables of the Visa transaction. Consequently, Triodos Bank received EUR 1.3 million (before tax) in cash and shares in Visa Inc. This one-time income is reported as other income.

Expenses

51. Co-worker and Other Administrative Expenses

	2016	2015
Co-worker costs:		
• salary expenses	52,993	48,964
• pension expenses	6,447	5,707
• social security expenses	10,062	9,840
• temporary co-workers	9,170	8,010
• other staff costs	6,399	7,126
• capitalised co-worker costs	–3,788	–2,078
	81,283	**77,569**
Other administrative expenses:		
• office costs	4,725	4,701
• IT costs	10,621	7,660
• external administration costs	8,713	6,607
• travel and lodging expenses	2,804	2,759
• fees for advice and auditor	5,760	5,755
• advertising charges	6,666	7,875
• accommodation expenses	8,022	5,633
• other expenses	9,120	1,398
	56,431	**42,388**
	137,714	**119,957**

Other expenses

The other expenses for 2015 include a positive adjustment of EUR 0.8 million regarding the estimated loss from the deposit guarantee scheme. In 2016 the Depository Guarantee Scheme costs, included in this category, amounted to EUR 5.9 million.

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

	2016	2015
Amortisation of intangible fixed assets	3,651	2,743
Impairment of intangible fixed assets	1,697	–
Depreciation of property and equipment	4,198	3,679
Impairment of property for own use	–	–
	9,546	**6,422**

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. A valuation is carried out at least every five years by an external appraiser.

53. Impairments Loan Portfolio and other Receivables

This item consists of expenses associated with write-downs on loans and other receivables.

	2016	2015
Addition to provision doubtful debts	10,725	13,574
Correction on addition to provision doubtful debts regarding interest that has been invoiced but not received	–244	–427
Release of provision doubtful debts	–6,298	–5,819
Impairments other receivables	1,528	251
	5,711	**7,579**

54. Taxation on Operating Result

	2016	2015
Taxation to be paid	7,950	11,962
Deferred taxation	–704	–776
	7,246	**11,186**

55. Subsequent Events

On 16 March Triodos Bank announced that the activities of Triodos MeesPierson, a joint venture between Triodos Bank Private Banking and ABN AMRO MeesPierson, will be transferred to the respective parent companies as per 1 January 2018, subject to relevant regulatory approval. Until that point Triodos Bank will continue these activities.

Zeist, 24 March 2017

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

Executive Board
Peter Blom, Chair
Pierre Aeby
Jellie Banga

Other Information

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

General

Triodos Bank N.V. (‘the Bank’) renders sustainable banking services to its customers. This includes financing of companies, institutions and projects that adds cultural value and benefits people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society. This purpose makes that customers and other stakeholders are interested in more than just the financial performance of the Bank.

Our assurance procedures therefore consisted of an audit of the annual accounts (‘the financial statements’) of Triodos Bank N.V. and limited assurance procedures (review procedures) over the sustainability information in the Bank’s Annual Report.

Our scope can be summarised as follows:

Triodos Bank N.V.
Annual Report 2016

Consolidated and company financial statements
Audit scope
Reasonable assurance

Sustainability Information (refer to assurance report)
Review scope
Limited assurance

Other information in the Annual Report
Verified consistency with financial statements and performed procedures in line with Dutch Standard 720
No assurance

Independent auditor's report

To: the general meeting and supervisory board of Triodos Bank N.V.

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Triodos Bank N.V. as at 31 December 2016, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited
We have audited the accompanying financial statements 2016 of Triodos Bank N.V., Zeist ('the Bank'). The financial statements include the consolidated financial statements of Triodos Bank N.V. and its subsidiaries (together: the group) and the company financial statements.

The financial statements comprise:
- the consolidated and company balance sheet as at 31 December 2016;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

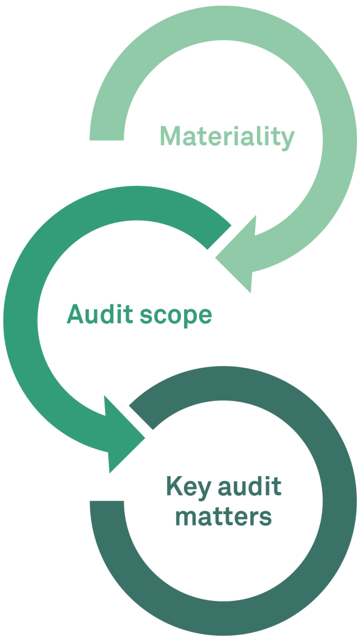
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context
The Bank operates in a low interest environment and being a banking institution active across Europe, is subject to regulatory developments. During 2016, these development significantly impacted the Bank's profitability, amongst other things as a result of regulatory costs (such as contributions to the Depository Guarantee Scheme and Resolution Fund) and banking taxes. We have addressed these developments in the context of our audit as explained below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Executive Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Complex items relevant to the audit of banks in general include loan impairments related to their main business of providing loans to customers, the fair value measurement of financial instruments, the valuation of deferred tax assets, which is dependent on future profitability, and a contingent liability relating to potential VAT charges on intra-company transactions. These items have therefore been included as key audit matters and are elaborated upon below. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Board that may represent a risk of material misstatement due to fraud. Laws and regulations and changes therein have significant impact on the banking business and have therefore been addressed to the extent it was relevant to our audit.

The outlines of our audit approach were as follows:



Materiality

• Overall materiality: €1.9 million, which represents 5% of profit before tax.

Audit scope

• We conducted audit work on the five branches, head office and Triodos Investment Management B.V.

• Site visits were conducted to all branches.

• Audit coverage: 98% of consolidated revenue and 98% of consolidated total assets.

Key audit matters

• Valuation of the loan portfolio

• Fair value of financial instruments

• Valuation of deferred tax assets

• Disclosure of a contingent liability relating to potential VAT charges on intra-company transactions

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole as follows:

Overall group materiality	€1.9 million
How we determined it	5% of profit before tax
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the Bank.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.4 million and €1.9 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €97 thousand as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

Triodos Bank N.V. operates five branches across Europe and is the parent company of a group of legal entities. The financial information of this group is included in the consolidated financial statements of Triodos Bank N.V.

The group audit focused on the significant components including the five branches, head office and Triodos Investment Management B.V. These components were subject to audits of their complete financial information as those components are individually financially significant to the group.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	98%
Profit before tax	99%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the Triodos Bank head office and the Dutch branch the group engagement team performed the audit work. For Triodos Investment Management B.V. we used a component team from the Netherlands and for the Belgian, German, Spanish and the UK branches we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. Since this concerned a first year audit, the group engagement team decided to visit all component teams and branches at least once. Furthermore, detailed instructions were sent to component teams and several update calls were held to discuss the instructions and the progress and outcome of the work performed.

The group consolidation, financial statement disclosures and a number of complex items were audited by the group engagement team at the head office. These include derivatives, impairment of incurred but not reported losses and fair value disclosures.

Banks in general depend heavily on an effective and efficient information technology (IT) environment. We engaged our IT specialists to assist us in assessing the information technology general controls ('ITGCs') at the Bank for the purpose of and where relevant for the audit. This includes the policies and procedures used by the Bank to ensure IT operates as intended and provides reliable data for financial reporting purposes. Furthermore, our IT specialists supported us in our key report testing and application controls testing. Our approach was tailored towards the fact that the Bank operates an in-house developed IT system as well as external IT systems throughout the group.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a bank. In addition to banking and IT specialists, we therefore included valuation experts, treasury specialists and tax specialists in our team.

By performing the procedures above at components, combined with additional procedures at head office level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

First year audit considerations
Prior to becoming the Bank's auditors in 2016, we developed our transition plan starting in August 2015. We carried out a comprehensive process of understanding the strategy of the Bank, its business, its environment including internal controls and IT systems, and the way this impacts the Bank's financial reporting and internal controls framework. Additionally, we carried out a review of the predecessor auditor's files and discussed the outcome thereof to confirm our understanding of the opening balance sheet and internal controls within the Bank. Based on these procedures, we prepared our risk assessment and audit plan which have both been discussed with the Executive Board and the Audit and Risk Committee.

We discussed and agreed our audit plan with the Audit and Risk Committee in May 2016 and we reported key observations from our half-year review.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were the most significant in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
Valuation of the loan portfolio	
See 'The use of estimates and assumptions in the preparation of the financial statements' on page 81 and 'Banks and loans' on page 83 of the accounting principles and note 4 'Loans' on page 90. Given the size of the loan portfolio of €5,765 million (note 4 'Loans' in the financial statements) and the need for management to apply judgement in the determination of impairments, we consider this to be a significant element in our audit. This means that differences in judgements and changes in assumptions may result in higher or lower impairment charges. The Bank assesses whether there is an indication of a possible impairment of loans on an individual basis. As of 31 December 2016, the specific allowance for impairment amounts to €53.7 million (note 4 'Loans' in the financial statements). In accordance with Part 9 of Book 2 of the Dutch Civil Code, impairments are based on incurred losses at balance sheet date. When a trigger is identified, the Bank determines the level of impairment which includes judgements on elements such as: • the estimation of expected future cash flows; • their timing; and • the market value of the underlying collateral. Management's judgements change over time as new information becomes available, or as recovery	Our audit procedures included an assessment of the overall governance of the credit and impairment process of the Bank and the testing of operational effectiveness of the key controls directly related to: • the identification of impairment triggers; • the parameters and data applied in the impairment models; and • the review and approval by management on the outcomes of the individual impairments and the impairment models. We determined that we could rely on these controls for the purpose of our audit. We examined the methodology that is applied by the Bank in determining specific impairments. Based on a risk assessment we tested a sample of specific loan loss provisions to verify the judgemental elements such as: • classification as performing or non-performing loans based on the existence or non-existence of triggering events; • nature and accuracy of the expected future cash flows based on the source from which the cash flows arise; • the accuracy of the applied discount rate given the applicable latest interest rate; and • the valuation of the corresponding collateral based on appraisal reports and other external information.

strategies evolve, resulting in revised scenarios to individual impairments. The Bank has controls in place by which the Bank regularly reviews the methodology and assumptions used for estimating both the amounts and timing of future cash flows, to reduce any differences between loss estimates and actual loss experiences.

Furthermore, the Bank estimates an impairment for incurred but not reported losses (IBNR). As of 31 December 2016, the IBNR amounts to €3.4 million (note 4 'Loans' in the financial statements). For loans that are individually not impaired, the Bank determines, based on experience and historical loss data, whether further impairment losses are present in the portfolio. The key parameters used in this calculation are:

- the exposure at default ('EAD');
- probability of default ('PD');
- the loss given default ('LGD'); and
- the loss identification period ('LIP').

We assessed the completeness of the provision through reconciliation of past due listings and loans with low credit ratings as compared to the detailed listing of the specific loan loss provision.

We examined the methodology that is applied, as well as the calculation used by the Bank in determining the IBNR. We assessed the assumptions applied by management with respect to the PD, LGD and LIP parameters by reperforming the extraction of data used and performing back-testing procedures on the parameters applied. Furthermore, we tested the outcome of the model based on historical loss information and reconciled the EAD to the banking system.

We also assessed the completeness and accuracy of the disclosures relating to impairments of loans at amortised cost to assess compliance with disclosure requirements included in Part 9 of Book 2 of the Dutch Civil Code.

In our view, the recognised impairments of management were within a reasonable range of outcomes in the context of the overall loan portfolio and the related uncertainties and sensitivities as disclosed in the financial statements.

Key audit matter	How our audit addressed the matter

Fair value of financial instruments

See 'Financial Instruments' on page 83, 'Participating interests' on page 84 and 'Derivatives and hedge accounting' on page 86 of the accounting principles, note 7 'Participating interests' on page 98, note 11 'Prepayments and accrued income' on page 104, note 15 'Accruals and deferred income' on page 107, and 'Fair values' on page 110.

As of 31 December 2016, the items carried at fair value in the financial statements concern:

- Participating interests amounting to €16.4 million at 31 December 2016.

Our audit procedures included an assessment of the overall governance of the treasury and investment process of the Bank and the testing of operational effectiveness of the key controls with respect to financial instrument deal capturing and source data management. We determined that we could rely on these controls for the purpose of our audit.

We used our internal valuation specialists to assist us in performing our substantive audit procedures. For every type of financial instrument, we have tested the outcome of management's valuations of the illiquid market financial instruments by:

• Derivatives amounting to €35.7 million on the asset side and €34.6 million on the liability side of the balance sheet. Loans, government paper and interest-bearing securities are valued at amortised cost. The fair values, disclosed in 'Fair values' on page 110 of the financial statements, amount to €5.9 billion, €179 million and €1.8 billion respectively. Quoted prices from liquid market sources can be obtained for a portion of the portfolio. The areas that involved significant audit effort and judgement relate to the valuation of illiquid instruments that are valued based on models and assumptions that are not market observable. These areas have a higher potential risk of being affected by error or bias and therefore need our specific focus in our audit.	• assessing the appropriateness of the classification as either an instrument measured based on quoted prices from liquid market sources or instruments in an illiquid market; • evaluating the appropriateness of the valuation models used considering market practices; • comparing on a sample basis the observable input data against externally available market data and evaluating the adequacy of the unobservable inputs applied; and • independently reperforming management's valuation using our own valuation tools for a sample of instruments. We found no significant differences in the liquid versus illiquid market classification of the financial instruments nor in the testing of the input data. In comparing the models with market practices and reperforming the valuations for a sample ourselves, we found that the estimates made by management were within an acceptable range considered in the context of the estimation uncertainty in the fair valuation of the financial instruments. Finally, we assessed whether the Bank's disclosures in the consolidated financial statements in relation to the valuation of financial instruments are compliant with the disclosure requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Key audit matter	How our audit addressed the matter
Valuation of deferred tax assets *See 'Taxation on operating result' on page 86 of the accounting policies and note 11 'Prepayments and Accrued Income' on page 104.* The deferred tax assets amount to €9.7 million, of which €7.3 million relates to a deferred tax asset of historically incurred losses of the German branch that are expected to be offset against future taxable profits and which have an unlimited duration. We consider this deferred tax asset to be key audit matter given the fact that the valuation is dependent on	To test the deferred tax asset relating to the German branch we performed the following procedures: • Assessing the recoverability by agreeing the forecasted future taxable profits with the approved management forecast for the German branch. • Challenging the approved management forecast for feasibility and historical accuracy. This also includes that assumptions used within management forecasts are acceptable within the relevant tax regime, are reasonable and are consistent with those used elsewhere by the German branch.

management's estimation on future profitability. The German branch has not been able to achieve a break-even point yet. In 2016, a loss was reported, resulting in a further increase of the deferred tax asset. This indicates a risk that the tax losses of the German branch may not be (fully) recoverable in the foreseeable future. Management expects the branch to be profit making within two years. The branch is performing in line with expectations (i.e. management's plan, budgets and forecasts).	• Back testing prior year estimates against actual results and the analysis made by management of any differences between prior year estimates against actuals, and challenging this by obtaining corroborating evidence. • Considering the existence of any local expiry periods together with any applicable restrictions in recovery for each individual jurisdiction. We considered the fact that German tax law allows indefinite recovery of net operating losses through future taxable income. In our view the recognised deferred tax asset related to the German branch is within a reasonable range of outcomes.

Key audit matter	How our audit addressed the matter
Disclosure of a contingent liability relating to potential VAT charges on intra-company transactions *See 'Value added tax' in note 20 under 'Irrevocable facilities' on page 112.* The Bank disclosed a contingent liability relating to possible value added tax ('VAT') charges on intra-company transactions. Following jurisprudence around VAT treatment in Europe on intra-company transactions, the Bank faces possible charges effective since 1 July 2015. The Bank is of the opinion that it has good arguments to not have to pay these charges. The outcome of the process is not known and management is of the opinion that disclosing this matter is the appropriate response. If management would have to pay the charges, the impact would be a charge to the income statement of €2.6 million as of 31 December 2016. Inclusion of this position as an off-balance sheet liability as opposed to a provision on the balance sheet is dependent on the likelihood and the ability to estimate the magnitude (€2.6 million is the maximum exposure). Given the estimation uncertainty, we considered this to be a key audit matter.	We assessed the requirements with respect to provisions and off-balance sheet liabilities included in Part 9 of Book 2 of the Dutch Civil Code. We obtained an opinion from management's tax expert. We assessed the competence and capabilities of this tax expert. We evaluated the content of the expert's report with the help of our tax specialist. We discussed management's position both at branch and head office level. We challenged management's point of view with respect to the likelihood of having to pay the VAT and the eligible elements. Based on these procedures we agreed management made a reasonable evaluation of the situation. We recalculated the maximum impact of the contingent liability. We found no significant differences. We assessed whether the wording as included in the off-balance sheet liabilities adequately represented the current situation and found this to be reasonable.

Report on the other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:
- Key figures;
- About this Report;
- Triodos Bank Group Structure 2016;
- Our Purpose: Sustainable Banking;
- Triodos Bank Business Model: Creating Value;
- Executive Board Report;
- Sustainable Development Goals;
- Corporate Governance;
- Supervisory Board Report;
- Other Information; and
- Report by the Foundation for the Administration of Triodos Bank Shares (SAAT).

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Executive Board Report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Triodos Bank N.V. at the recommendation of the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 22 May 2015. We are the auditors of the Bank as of the financial year 2016.

Responsibilities for the financial statements and the audit

Responsibilities of the Executive Board and the supervisory board for the financial statements

The Executive Board is responsible for:
- the preparation and fair presentation of the financial statements, in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements 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 Bank's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going-concern basis of accounting unless the Executive Board either intends to liquidate the Bank 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 Bank's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Bank's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Assurance report of the independent auditor

To: the general meeting and supervisory board of Triodos Bank N.V.

Report on the sustainability information 2016

Our conclusion

Based on our review procedures performed, nothing has come to our attention that causes us to believe that the sustainability information included in the Annual Report 2016 of Triodos Bank does not present, in all material respects, a reliable and adequate view of:
- the policies with regard to sustainability and business operations; and
- the events related thereto and achievements for the year ended 31 December 2016;

in accordance with the sustainability reporting Guidelines version G4 of the GRI and the internally applied reporting criteria.

What we have reviewed
The sustainability information contains a representation of the policy and business operations of Triodos Bank N.V. at Zeist ('Triodos') regarding sustainability and the events and achievements related thereto for 2016.

We have reviewed the sustainability information for the year ended 31 December 2016, as included in the following sections in the Annual Report 2016 ('the sustainability information') of Triodos:

- Our Purpose: Sustainable Banking page 11
- Triodos Bank Business Model: Creating Value page 12-13
- Executive Board Report sections page 14-43
    - Our Stakeholders
    - Strategic Objectives
    - Results
    - Co-worker Report
    - Environmental Report
- Appendix on pages 238-245.

The links to external sources or websites in the sustainability information are not part of the sustainability information itself, reviewed by us. Therefore we do not provide assurance over information outside of this sustainability information.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements on corporate social responsibility reports). This review engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of this report.

Independence and quality control

We are independent of Triodos Bank N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, the Dutch auditor independence regulations for assurance engagements) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, the Dutch Code of Ethics for Professional Accountants and regulation with respect to Rules of Professional Conduct).

We apply the 'Nadere voorschriften accountantskantoren ter zake van assuranceopdrachten (RA/AA)' and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

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

Reporting criteria

Triodos developed its reporting criteria on the basis of the sustainability reporting GRI Standards: Comprehensive option, as disclosed in on page 8 of the Annual Report 2016. The information in the scope of this assurance engagement needs to be read and understood in conjunction with these reporting criteria. The Executive Board is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Inherent limitations
The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments based on assumptions. This means that the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the Annual Report.

Our review approach

Materiality
Based on our professional judgement we determined specific materiality levels for each part of the sustainability information. When evaluating our materiality levels, we take into account the relevance of information for both stakeholders and the organisation, based on the materiality analysis performed by Triodos.

In reviewing the quantitative information in the Annual Report we assessed possible deviations versus the percentage set out below.

Indicators	*Materiality level*	*Reference to theme, aspect, performance indicator in the Annual Report*
Impact	5%	pages 38-40
Environment	5%	pages 244-245
People	5%	pages 238-243

Scope of the group review
All procedure were performed by the central engagement team. The central review team assessed the local working papers of the branches. The consolidation was reviewed by the central engagement team at the head office.

Key review matter
Key review matters are those matters that, in our professional judgement, were the most significant in our review of the sustainability information. We have communicated our key review matter to the Executive Board and supervisory board.

The key review matter is not a comprehensive reflection of all matters discussed. We described the key review matter and included a summary of the review procedures we performed on this matter.

This key review matter was addressed in the context of our review of the sustainability information as a whole and in forming our conclusion thereon. We do not provide a separate conclusion on this matter or on specific elements of the sustainability information. Any comments we make on the results of our procedures should be read in this context.

Key review matter	How our review addressed the matter
Quality of the reporting process on the non-financial indicators *Refer to 'Targets and benchmarks' on page 21.* Triodos reports on non-financial figures as supportive and informative indicators on the sustainability goals. In reporting non-financial data, Triodos strives for transparency of the impact it makes through its activities. Obtaining the relevant impact information is labour intensive and involves the usage of spreadsheets. This leads to an increased risk of material misstatement. Given the significance of the non-financial data in Triodos' Annual Report and the nature of the process as described above, we have included this matter as a key review matter.	Our procedures included an assessment of the internal control environment around the non-financial reporting process of Triodos. We have reviewed the Triodos' impact manual which defines criteria and details the process for gathering data. We performed analytical procedures to identify unusual trends and testing procedures to verify the accuracy of the data. To address the nature of the information gathering process, which is manual in nature and contains the use of spreadsheets, we performed additional substantive procedures to obtain limited assurance concerning the completeness and accuracy of the sustainability information. Our procedures did not reveal any significant differences.

Responsibilities for the sustainability report and the assurance engagement

Responsibilities of the Executive Board
The Executive Board Triodos is responsible for the preparation of the sustainability information in accordance with the GRI Standards and the internally applied reporting criteria as disclosed on page 8 of the sustainability information, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policies are summarised in the section 'About This Report'. The Executive Board is also responsible for such internal control as it determines necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review assignment in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.
A review aims to obtain a limited level of assurance. Procedures performed to obtain a limited level of assurance aim to determine the plausibility of information and are less extensive than a reasonable assurance engagement. The procedures performed consisted primarily of making inquiries of staff within the entity and applying analytical procedures on the sustainability information. The level of assurance obtained in review engagements is therefore substantially less than the assurance obtained in an audit engagement.

Misstatements 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 this sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

Procedures performed
We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures consisted of:
• Performing an external environment analysis, and obtaining insight into relevant social themes and issues and the characteristics of the organisation.
• Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialog and the reasonableness of management's estimates.
• Evaluating the design and implementation of the reporting systems and processes related to the sustainability information.
• Interviewing management (or relevant co-workers) at corporate and branch level responsible for the sustainability strategy and policies.
• Interviewing relevant staff responsible for providing sustainability information, carrying out internal control procedures on the data and consolidating the data in the sustainability information.
• An analytical review of the data and trends submitted for consolidation at corporate level.

We have discussed our observations with management.

From the matters communicated with Triodos, we determine those matters that were the most significant in the review of the sustainability information and are therefore the key review matters. We describe these matters in our assurance 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.

Amsterdam, 24 March 2017

PricewaterhouseCoopers Accountants N.V.

G.J. Heuvelink RA

Appendix to our auditor's report on the financial statements 2016 of Triodos Bank N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things, of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Bank's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the supervisory board, we determine those matters that were of most significance in 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 communicating the matter is in the public interest.

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

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 61 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 2016, please refer to page 233 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.

Discussions and meetings take place with Triodos Bank during the year 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

The Board of SAAT is Triodos Bank's sole shareholder. As such, at the General Meeting in Zeist on 20 May 2016, 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.

The Board of SAAT approved the following proposals:
• adoption of the 2015 Annual Accounts and the proposed dividend
• discharge of the members of the Executive Board of responsibility for their management during the financial year 2015
• discharge of the members of the Supervisory Board of responsibility for their supervision during the financial year 2015
• 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
• authorisation of the Executive Board to set a registration date.

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 strategic focus areas and Triodos Bank's impact 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, capitalisation, relevant banking ratios, financial return and the pay-out ratio (dividend policy), depository receipts and aspects of the internal market, and stakeholder interaction.

A webcast from the General Meeting is available at www.triodos.com/agm.

Annual Meeting of Depository Receipt Holders

The Annual Meeting of Depository Receipt Holders was held on 20 May 2016 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 UK 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 appointment of Willem Lageweg, and the reappointment of Frans de Clerck, Sandra Castañeda Elena and Josephine de Zwaan as members of the Board of SAAT.

The results of the annual survey of depository receipt holders, which was completed by 7,100 respondents, compared to 4,500 in 2015, 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, as they did in 2015. Excerpts from the results can be found at www.triodos.com/corporateinformation.

Meetings and decisions of the Board of SAAT

During 2016, the Board of SAAT convened four times in person and several times by telephone. The Board of SAAT also had four 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 changing external landscape including the growing polarisation of groups and the challenges this presents for Triodos Bank to fulfil its mission. The Board 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 and its areas of focus in particular, 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.

• Education and alignment on the roots of Triodos Bank.

• The balance between impact, risk and return. Considering these three elements together helps clarify the performance of Triodos Bank and its 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. The low interest rate environment, which has a significant impact on Triodos Bank's business model, was also discussed.

• 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.

• During the year Triodos Bank's strategic focus areas, as an outcome of the 2025 perspective work were shared and considered in the context of the continuity and long-term financial resilience of Triodos Bank. The discussion was supported by input from depository receipt holders in an annual survey during 2016 which included exploring their opinion on what are the most material issues for Triodos Bank. This information contributed to the materiality analysis highlighted in the Executive Board Report.

• In addition, the 2015 Annual Report (and later the 2016 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, including on the long term perspective of the bank, client and depository receipt holders days and informal discussions with depository receipt holders in the UK, Belgium, Germany, Spain and The Netherlands.

• Keeping a close look at developments regarding stakeholder participation, shareholding and corporate governance but also the sectors where Triodos Bank is active

• Attending annual shareholder meetings of investment funds managed by Triodos Investment Management.

• Annual meeting with a delegation of the Supervisory Board regarding the assessment of the Annual Report.

• Appointment process of new Supervisory Board candidates. 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.
• Discussion and documentation of its vision on how to fulfil SAAT's role.
• The permanent education of the SAAT Board through internal training.
• The presentation of a new candidate for the Board of SAAT to a delegation of the Supervisory Board and the Executive Board in order to prepare approval of the new candidate, and the three members to be reappointed, according to the articles of association (6.4) of SAAT.

The Board of SAAT did not seek any external advice, in order to carry out its responsibilities, during 2016.

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 six members, from the various countries where Triodos Bank has branches: three Dutch, a British, a Belgian and Spanish national(s).

The composition of the Board changed in 2016, because of the appointment of Willem Lageweg by the Annual Meeting of Depository Receipt Holders of 20 May 2016.

For information about the remuneration of the members of the Board of SAAT, please refer to the Triodos Bank annual accounts on page 124.

The Board of SAAT expects that it will again be able to deepen its role as a committed shareholder in 2017. 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.

Zeist, 24 March 2017

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

SAAT's registered office is Nieuweroordweg 1, 3704 EC, Zeist, The Netherlands.

SAAT statement of shares

Statement of the shares taken in trust and the issued depository receipts of Triodos Bank N.V. as at 31 December 2016.

in thousands of EUR	**31.12.2016**	**31.12.2015**
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	554,415	484,329
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	554,415	484,329

Basis of preparation

The SAAT statement of shares as at 31 December 2016 of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT') is based on the nominal value of the total number of issued shares by Triodos Bank N.V. that are held in custody by SAAT, versus the total number of issued depository receipts on the shares of Triodos Bank by SAAT to the depository receipt holders.

The purpose of this statement is to provide the depository receipts holders insight to whether the total issued shares by Triodos Bank reconcile to the total issued depository receipts by SAAT.

Zeist, 24 March 2017

Board
Josephine de Zwaan, Chair
Marjatta van Boeschoten
Sandra Castaneda Elena
Frans de Clerck
Willem Lageweg
Mike Nawas

Independent auditor's report

To: the board of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT')

Report on the SAAT statement of shares

Our opinion

In our opinion, the above SAAT statement of shares as at 31 December 2016 is prepared, in all material respects, in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares.

What we have audited
We have audited the SAAT statement of shares as at 31 December 2016 of Stichting Administratiekantoor Aandelen Triodos Bank, Zeist ('the Foundation').

The financial reporting framework that has been applied in the preparation of the SAAT statement of shares is the number of shares and certificates respectively times the nominal value as set out in the basis of preparation note to the SAAT statement of shares.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the SAAT statement of shares' of our report.

Independence
We are independent of Stichting Administratiekantoor Aandelen Triodos Bank in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Emphasis of matter – Basis of accounting and restriction on use

We draw attention to the basis of preparation note to the SAAT statement of shares, which describes the basis of accounting. The SAAT statement of sharers as at 31 December 2016 is prepared by the board of SAAT to report to the depository receipt holders . As a result, it may not be suitable for another purpose. Our report is addressed to the board of SAAT, to whom we own a duty of care. Our opinion is not modified in respect of this matter.

Responsibilities for the SAAT statement of shares and the audit

Responsibilities of the board for the SAAT statement of shares

The board is responsible for:
• the preparation of the SAAT statement of shares in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares; and for
• such internal control as the board determines is necessary to enable the preparation of the SAAT statement of shares that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the SAAT statement of shares

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the SAAT statement of shares is free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the SAAT statement of shares.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 March 2017
PricewaterhouseCoopers Accountants N.V.

G.J. Heuvelink RA

Appendix to our auditor's report on the SAAT statement of shares as at 31 December 2016 of Stichting Administratiekantoor Aandelen Triodos Bank

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the SAAT statement of shares and explained what an audit involves.

The auditor's responsibilities for the audit of the SAAT statement of shares

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the SAAT statement of shares as a whole is free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the SAAT statement of shares, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Evaluating the overall presentation, structure and content of the SAAT statement of shares, including the disclosures, and evaluating whether the SAAT statement of shares represents the underlying transactions and events free from material misstatement.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 was involved in this firm as an advisor to the board until 2016. 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 and an advisor of Fairphone BV. 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 2020. 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 was 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 2020. She is of Spanish nationality and owns 54 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 2020. He is of Belgian nationality and owns 211 Triodos Bank depository receipts.

Willem Lageweg (1951)

Willem Lageweg was CEO of MVO Netherlands, a centre of excellence which encourages corporate social responsibility among companies until July 2016. Now he holds a number of administrative, supervisory and advisory positions, including at the Louis Bolk Institute, SIB Kenya, Close the Gap, Institute for Positive Health, , Platform Integrity and Business Ethics and Green Deal Board. Prior to that he worked for Rabobank Netherlands where he held various positions such as spokesperson & Communications Director, Director of Cooperation and Project Director for Major Cities. He began his career at the National Cooperative Council for Agriculture and Horticulture. Willem Lageweg was first appointed in 2016 and his present term expires in 2020. He is of Dutch nationality and owns 179 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 and Environmental Statistics

Co-worker Statistics

Social key figures[1]

	2016	2015	2014	2013	2012
Number of co-workers at year-end	1,271	1,121	1,017	911	788
Average number of ftes during the year[2]	1,089	974	883	785	694
Number of ftes at year-end[2]	1,155	1,021	931	838	722
Sickness rate	2.8%	2.7%	2.6%	2.6%	3.0%

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

2 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, for Germany 40 hours and for France 35 hours).

Training expenses per co-worker

	2016	2015	2014	2013	2012
The Netherlands and Private Banking NL	1,745	1,970	2,127	1,970	1,696
Belgium	1,150	1,595	1,549	1,918	2,015
United Kingdom	1,095	432	983	934	694
Spain	467	777	1,181	1,281	1,080
Germany	741	900	2,377	2,332	1,765
France	1,327	1,757	1,735	3,186	419
Head office	2,328	2,727	2,695	2,914	2,205
Triodos Investment Management and TIAS	2,261	2,924	2,610	3,517	2,821
Average	**1,435**	**1,692**	**1,856**	**2,055**	**1,731**
Increase	–15.2%	–8.8%	–9.7%	18.7%	–14.3%

Training days per co-worker

	2016	2015	2014	2013	2012
The Netherlands and Private Banking NL	2.9	1.7	3.7	2.8	2.2
Belgium	2.7	2.3	3.5	2.8	6.0
United Kingdom	1.8	0.9	3.3	1.9	1.5
Spain	7.3	11.7	7.1	7.1	10.5
Germany	1.4	1.0	3.1	2.9	2.4
France	2.4	1.6	5.3	9.0	–
Head office	3.8	4.4	2.9	2.2	2.8
Triodos Investment Management and TIAS	1.8	2.0	3.2	2.8	2.8
Total	**3.7**	**4.6**	**4.3**	**3.7**	**4.5**

Salaries

	Ratio highest to median salary[1]					Ratio increase highest salary to increase median salary[2]				
Country	2016	2015	2014	2013	2012	2016[3]	2015	2014	2013	2012
The Netherlands	4.7	4.7	4.6	4.5	4.6	0.0	0.8	1.4	1.0	0.8
Belgium	3.0	1.9	2.9	2.8	2.9	0.0	0.9	1.4	1.4	0.9
United Kingdom	4.4	4.5	4.0	4.1	4.0	0.0	2.7	0.7	1.6	1.3
Spain	6.2	6.3	6.1	6.9	6.3	0.0	0.7	0.6	0.7	0.5
Germany	2.6	2.6	2.6	2.8	2.9	0.0	1.0	1.3	0.0	0.6
France	3.4	2.9	2.3	2.3	1.0	0.0	1.0	0.2	0.0	0.3
Total	**5.7**	**5.7**	**5.6**	**5.5**	**5.5**	**0.0**	**0.8**	**1.5**	**1.0**	**0.8**

1 Ratio of the highest-paid co-worker to the median full-time salary of all co-workers (the median is defined excluding the maximum full-time salary in line with GRI guidelines).

2 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 increase of the maximum full-time salary in line with GRI guidelines).

3 There have been no increases to the highest salaries on January 1, 2017 compared to January 1, 2016 in each country.

Fixed and variable remuneration awarded to Identified Staff in relation to year 2016, by instrument

	“Identified staff” in senior management functions	All other “Identified staff”
Number of co-workers	12	39
Remuneration (in thousands of EUR)		
Total fixed remuneration	2,351	4,483
Total variable remuneration:	10	17
of which in cash	10	17
of which in shares or share-based instruments	–	–
of which in other instruments	–	–
Total amount deferred remuneration	–	–
Welcome payments		
Number of beneficiaries	–	–
Total amount	–	–
Severence payments		
Number of beneficiaries	1	3
Total amount[1]	59	341
Maximum amount	59	152

[1] Severance payments include payments in case of voluntary leave, e.g. to facilitate a proper handover.

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

Age	2016 number	%	2015 number	%	2014 number	%	2013 number	%	2012 number	%
< 28 years	66	5	73	7	86	8	72	8	62	8
28 – 35 years	309	24	272	24	262	26	252	28	229	29
35 – 42 years	366	29	317	28	285	28	252	28	211	27
42 – 49 years	296	23	270	24	219	22	186	20	159	20
49 – 56 years	162	13	128	11	105	10	90	10	71	9
>= 56 years	72	6	61	5	60	6	59	6	56	7
Total	1,271	100	1,121	100	1,017	100	911	100	788	100
Average	40.7		40.4		39.7		39.6		39.5	

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

Years of service	2016 number	%	2015 number	%	2014 number	%	2013 number	%	2012 number	%
0 – 1 years	238	19	226	20	186	18	175	19	131	17
1 – 3 years	348	27	292	26	269	26	240	26	224	28
3 – 5 years	218	17	195	17	186	18	185	20	174	22
5 – 10 years	312	25	284	25	272	27	210	23	168	21
10 – 15 years	96	8	75	7	67	7	68	7	66	8
> 15 years	59	5	49	4	37	4	33	4	25	3
Total	1,271	100	1,121	100	1,017	100	911	100	788	100
Average	4.9		4.8		4.8		4.7		4.6	

Sickness rate

	2016	2015	2014	2013	2012
The Netherlands and Private Banking NL	3.7%	3.7%	3.1%	3.3%	3.0%
Belgium	3.5%	3.4%	2.8%	3.6%	3.4%
United Kingdom	2.2%	1.2%	0.6%	1.4%	0.9%
Spain	2.7%	2.0%	2.3%	1.9%	2.7%
Germany	2.7%	2.9%	2.1%	1.6%	4.7%
France	0.0%	0.0%	0.0%	0.0%	–
Head office	3.0%	3.0%	4.1%	3.1%	3.2%
Triodos Investment Management and TIAS	2.1%	2.1%	3.3%	3.3%	3.9%
Total	**2.8%**	**2.7%**	**2.6%**	**2.6%**	**3.0%**

Attrition

	2016	2015	2014	2013	2012
The Netherlands and Private Banking NL	5.1%	7.1%	8.6%	8.4%	10.4%
Belgium	12.3%	11.4%	3.8%	7.7%	6.8%
United Kingdom	11.9%	32.1%	16.5%	9.9%	11.3%
Spain	4.9%	15.0%	9.3%	8.9%	6.8%
Germany	7.7%	20.8%	7.0%	5.7%	9.4%
France	0.0%	0.0%	0.0%	0.0%	–
Head Office	4.7%	12.9%	10.9%	3.5%	10.0%
Triodos Investment Management and TIAS	15.8%	7.8%	10.3%	5.8%	12.5%
Total	**7.9%**	**14.0%**	**9.5%**	**7.2%**	**9.6%**

Contract type[1]

	2016 Fixed	2016 Permanent
The Netherlands and Private Banking NL	34	190
Belgium	2	125
United Kingdom	13	140
Spain	12	281
Germany	1	56
France	–	10
Head Office	48	199
Triodos Investment Management and TIAS	33	127
Total	**143**	**1,128**

1 In the General Standard Disclosures of the GRI Standards (G4-10), a new requirement has been added: 'Total number of employees by employment contract (permanent and temporary), by region'. Therefore, as of 2016 we report the number of fixed and permanent contracts at year-end.

Methodology

HR data is gathered quarterly by the HR departments of the business units with the exception of remuneration data which is gathered once a year. Local HR departments are responsible for delivering the social data of the business units. The data is consolidated and analysed at Triodos Head Office. Checks on the data are performed by the Control department and HR International in close cooperation with the local HR departments.

Environmental Statistics

Environmental key figures

absolute quantities/ftes	2016	2015	2014	2013	2012
Energy consumption					
Electricity in kWh/fte	2,329	2,533	2,686	2,759	3,045
Gas in m^3/fte	103	105	103	129	127
Business travel					
By aircraft in km/fte	4,113	4,762	5,154	6,406	5,940
By car in km/fte	1,188	1,246	1,267	1,409	1,450
By public transport km/fte	648	713	674	810	858
Commuting					
By car in km/fte	4,535	4,435	4,534	4,744	4,209
By carpool in km/fte	118	109	74	79	32
By public transport in km/fte	3,458	3,241	3,297	3,108	3,529
By bike or on foot in km/fte	601	521	575	566	628
Paper usage					
Total paper usage in kg/fte	112	180	214	209	286
Blank copy recycled paper in kg/fte	17	26	20	23	23
Letter head paper/leaflets/etc. in kg/fte	95	155	194	186	264
Letter head paper/leaflets/etc. in kg/customer	0.17	0.27	0.34	0.30	0.44
Co-workers					
Ftes	1,089	968	879	782	693
External, temporary co-workers	102	93	65	39	46
Buildings (absolute figures)					
Surface area in m^2	33,792	31,687	31,052	30,006	27,413
Volume in m^3	112,678	104,661	102,407	98,397	91,253

Emission of CO_2 (equivalents)

in thousands of kg	2016	2015	2014	2013	2012
Electricity[1]	22	1	100	96	353
Gas consumption (heating)	73	90	124	130	112
Paper	203	293	314	265	468
Public Transport	243	214	260	224	209
Car	1,499	1,324	1,145	1,046	865
Flights	1,083	1,119	1,141	1,145	936
Total	**3,123**	**3,041**	**3,084**	**2,906**	**2,953**
Minus: Compensation for CO_2 credits	–3,123	–3,041	–3,084	–2,906	–2,953
CO_2 balance (neutral)	**–**	**–**	**–**	**–**	**–**
CO_2 compensation costs per tonne (EUR)	8.40	8.40	8.40	12.50	12.50

1 Due to changes in the method of calculation, the CO_2 emission of energy has fluctuated in previous years.

Methodology

The data to calculate the final CO_2 footprint of Triodos Bank are collected by Local Environmental Managers (LEM's) in the various countries. They complete all data, including underlying evidence, in a CO_2 Management Application of the Climate Neutral Group (CNG). The LEM of The Netherlands checks if the input of all data and evidence has been done correctly. After the completion of this phase all data is consolidated by the Finance Division (four eyes principle). Finally an external auditor checks if all relevant data has been entered accurately and approves the outcome. CNG determines conversion factors for the calculation of the amount of greenhouse gas emission caused by the CO_2 production of Triodos Bank on an annual basis. The conversion factor multiplied with the outcome of the different components results in Triodos Bank's total CO_2 footprint.

Appendix – Reference Overview Disclosures Related to the Capital Requirements Regulation

Reference Overview Disclosures Related to the Capital Requirements Regulation

Source: CRR articles	Subject	Part	Page
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No. 435	Number of directorships	Executive Board and Supervisory Board Report	44, 71
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No. 435	Key areas of expertise	Supervisory Board Report	68
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No. 436	Scope of application of the Capital Requirements Regulation	Risk management	170
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No. 438	Capital requirements credit risk	Risk management	170
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No. 445	Market risk	Solvency	
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No. 447	Equities: objectives, values and gains or losses	Notes to the consolidated financial statements	97, 98, 117
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No. 450	Remuneration policy and remuneration for each of the members of the Executive and Supervisory board	Notes to the consolidated financial statements	119
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The Capital Requirements Regulation (CRR) requires disclosure of various kinds of information concerning mainly capital and risk. This table shows where this information has been published, if applicable.

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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.
It means meeting
present day needs
without compromising
those of future
generations.