Triodos Bank

Annual Report 2010

1,181,600

European households

The renewable energy projects we finance generated electricity for 1,181,600 European households, avoiding 1,624,373 tonnes of CO_2 emissions.

Triodos Bank

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

Annual General Meeting of Shareholders	20 May 2011
Ex-dividend date	25 May 2011
Dividend payment date	25 May 2011

Annual Report 2010
Triodos Bank NV.

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For more information about Triodos Bank's impact in 2010
please visit our online annual report at www.triodos.com/reports

Key figures in EUR

Amounts in millions of EUR	2010	2009	2008	2007	2006
Financial					
Equity*	362	318	204	200	124
Number of depository receipt holders	16,991	14,778	11,797	12,084	9,039
Funds entrusted	3,039	2,585	2,077	1,617	1,356
Number of accounts	278,289	228,030	169,517	130,644	102,318
Loans	2,128	1,661	1,270	1,019	854
Number	17,283	14,438	9,381	6,181	3,977
Balance sheet total*	3,495	2,985	2,363	1,885	1,539
Funds under management**	2,122	1,876	1,378	1,429	1,282
Total assets under management*	**5,617**	**4,861**	**3,741**	**3,314**	**2,821**
Total income	102.7	88.3	73.7	59.2	45.9
Operating expenses*	-78.0	-70.4	-55.5	-47.7	-36.8
Value adjustments to receivables	-9.8	-5.0	-3.2	0.6	-0.3
Value adjustments to participating interests	-0.1	-0.4	-1.0	—	—
Operating result before taxation*	14.8	12.5	14.0	12.1	8.8
Taxation on operating result*	-3.3	-2.9	-3.9	-3.1	-2.7
Net profit*	**11.5**	**9.6**	**10.1**	**9.0**	**6.1**
Solvency (BIS ratio)*	14.7%	16.5%	13.0%	16.8%	13.5%
Operating expenses/total income*	76%	80%	75%	81%	80%
Return on equity in %*	3.4%	4.1%	5.0%	5.6%	5.0%
Per share (in EUR)					
Net asset value at year end*	73	72	70	70	69
Net profit* + ***	2.45	3.00	3.51	3.85	3.40
Dividend	1.95	1.95	1.95	1.95	1.80

	2010	2009	2008	2007	2006
Social					
Number of co-workers at year end****	636	577	477	397	349
Co-worker turnover	11%	10%	14%	18%	20%
Women as percentage of management team	35%	27%	29%	33%	33%
Training costs per fte in EUR	1,521	1,318	1,240	1,189	971
Ratio between the highest and the lowest salary	8.5	8.5	7.7	7.3	7.0
Environment					
Emission of (1,000 kg)*****	2,800	2,604	2,097	1,454	1,163
CO_2 compensation	100%	100%	100%	100%	100%

* With effect from 2010, the accounting policy for pensions has changed. This is in connection with the release of the pension provision which was required under the previous accounting policy. The comparative figures for 2009 have been adjusted to reflect this change in accounting policy.
** Including funds under management with affiliated parties that have not been included in the consolidation.
*** The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.
**** Concerns all co-workers employed by Triodos Bank NV, excluding co-workers employed by the joint venture Triodos MeesPierson. The comparable figure for 2009 has been adjusted.
***** The CO_2 calculation method was changed in 2009 and the comparable figure for 2008 has been recalculated.

Key figures in pounds

Amounts in millions of pounds#	2010	2009	2008	2007	2006
Financial					
Equity*	312	283	194	147	83
Number of depository receipt holders	16,991	14,778	11,797	12,084	9,039
Funds entrusted	2,615	2,295	1,978	1,186	911
Number of accounts	278,289	228,030	169,517	130,644	102,318
Loans	1,831	1,475	1,210	747	574
Number	17,283	14,438	9,381	6,181	3,977
Balance sheet total*	3,008	2,652	2,251	1,382	1,033
Funds under management**	1,827	1,665	1,312	1,048	861
Total assets under management*	**4,835**	**4,317**	**3,563**	**2,430**	**1,894**
Total income	88.4	78.4	70.2	43.4	30.8
Operating expenses*	-67.1	-62.5	-52.9	-35.0	-24.7
Value adjustments to receivables	-8.5	-4.4	-3.1	0.5	-0.2
Value adjustments to participating interests	-0.1	-0.4	-0.9	—	—
Operating result before taxation*	12.7	11.1	13.3	8.9	5.9
Taxation on operating result*	-2.8	-2.6	-3.6	-2.3	-1.8
Net profit*	**9.9**	**8.5**	**9.7**	**6.6**	**4.1**
Solvency (BIS ratio)*	14.7%	16.5%	13.0%	16.8%	13.5%
Operating expenses/total income*	76%	80%	75%	81%	80%
Return on equity in %*	3.4%	4.1%	5.0%	5.6%	5.0%
Per share (in GBP)					
Net asset value at year end*	63	64	67	51	46
Net profit* + ***	2.111	2.66	3.34	2.82	2.28
Dividend	1.68	1.73	1.86	1.43	1.21

	2010	2009	2008	2007	2006
Social					
Number of co-workers at year end****	636	577	477	397	349
Co-worker turnover	11%	10%	14%	18%	20%
Women as percentage of management team	35%	27%	29%	33%	33%
Training costs per fte in GBP	1,309	1,171	1,176	872	652
Ratio between the highest and the lowest salary	8.5	8.5	7.7	7.3	7.0
Environment					
Emission of CO_2 (1,000 kg)*****	2,800	2,604	2,097	1,454	1,163
CO_2 compensation	100%	100%	100%	100%	100%

Converted to pounds sterling at the mid-market exchange rate applying at each year end.
* With effect from 2010, the accounting policy for pensions has changed. This is in connection with the release of the pension provision which was required under the previous accounting policy. The comparative figures for 2009 have been adjusted to reflect this change in accounting policy.
** Including funds under management with affiliated parties that have not been included in the consolidation.
*** The figure of net profit per share is calculated on the average number of issued shares in circulation during the financial year.
**** Concerns all co-workers employed by Triodos Bank NV, excluding co-workers employed by the joint venture Triodos MeesPierson. The comparable figure for 2009 has been adjusted.
***** The CO_2 calculation method was changed in 2009 and the comparable figure for 2008 has been recalculated.

Key figures in dollars

Amounts in millions of dollars#	2010	2009	2008	2007	2006
Financial					
Equity*	484	458	284	295	163
Number of depository receipt holders	16,991	14,778	11,797	12,084	9,039
Funds entrusted	4,060	3,723	2,890	2,380	1,786
Number of accounts	278,289	228,030	169,517	130,644	102,318
Loans	2,843	2,393	1,768	1,500	1,125
Number	17,283	14,438	9,381	6,181	3,977
Balance sheet total*	4,670	4,301	3,289	2,775	2,026
Funds under management**	2,835	2,701	1,918	2,104	1,689
Total assets under management*	**7,505**	**7,002**	**5,207**	**4,879**	**3,715**
Total income	137.3	127.3	102.6	87.2	60.5
Operating expenses*	-104.2	-101.4	-77.3	-70.3	-48.4
Value adjustments to receivables	-13.2	-7.2	-4.4	0.9	-0.4
Value adjustments to participating interests	-0.2	-0.7	-1.4	—	—
Operating result before taxation*	19.7	18.0	19.5	17.8	11.7
Taxation on operating result*	-4.4	-4.2	-5.4	-4.6	-3.6
Net profit*	**15.3**	**13.8**	**14.1**	**13.2**	**8.1**
Solvency (BIS ratio)*	14.7%	16.5%	13.0%	16.8%	13.5%
Operating expenses/total income*	76%	80%	75%	81%	80%
Return on equity in %*	3.4%	4.1%	5.0%	5.6%	5.0%
Per share (in USD)					
Net asset value at year end*	98	104	97	103	91
Net profit* + ***	3.27	4.32	4.88	5.67	4.48
Dividend	2.61	2.81	2.71	2.87	2.37

	2010	2009	2008	2007	2006
Social					
Number of co-workers at year end****	636	577	477	397	349
Co-worker turnover	11%	10%	14%	18%	20%
Women as percentage of management team	35%	27%	29%	33%	33%
Training costs per fte in USD	2,032	1,899	1,719	1,750	1,279
Ratio between the highest and the lowest salary	8.5	8.5	7.7	7.3	7.0
Environment					
Emission of CO2 (1,000 kg)*****	2,800	2,604	2,097	1,454	1,163
CO_2 compensation	100%	100%	100%	100%	100%

Converted to US-dollars at the mid-market exchange rate applying at each year end.
* With effect from 2010, the accounting policy for pensions has changed. This is in connection with the release of the pension provision which was required under the previous accounting policy. The comparative figures for 2009 have been adjusted to reflect this change in accounting policy.
** Including funds under management with affiliated parties that have not been included in the consolidation.
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Triodos Group structure 2011.

Foundation for the administration of Triodos Bank Shares.

- Triodos Bank
  - Investment management
    - Energy & Climate
    - Emerging markets
    - Real estate
    - Socially responsible investment (SRI)
    - Arts & Culture
    - Private equity
    - Corporate finance
  - Retail & Business banking
    - The Netherlands
    - Belgium
    - United Kingdom
    - Spain
    - Germany
  - Private banking
    - The Netherlands
    - Belgium

Executive Board report.

Introduction

Sustainable change

The world is changing. The institutions we relied on to solve our biggest problems in the past no longer have the conviction, or the means, to deal with the challenges we face in the future.

Conventional thinking supposes that as climate change, for example, is a worldwide phenomenon it requires our most powerful organisations to respond to it. For most of us, that means governments. Governments used to play a central role driving the sustainability agenda.

But as their focus shifts to balancing budgets in a post financial-crisis world, others from civil society and business are stepping in to play the principal role in building a sustainable future. Triodos Bank wants to be at the forefront of these developments.

Governments refocus

Evidence suggests some governments are shifting their focus away from solving our biggest social and environmental problems in favour of pressing economic priorities. This can mean cost cutting measures that impact sustainability policy.

In Germany, for example, the life-span of nuclear reactors has been extended by the German authorities, revising a previous agreement. Some commentators argue that this is largely driven by political and budgetary concerns and may lead to less investment in renewable energies.

In Spain, the Government proposed ending a feed-in tariff for solar projects in 2010. While this has yet to become law, its implications for the industry could be significant. At the same time in the Netherlands, Triodos Bank has wrestled with the implications of a new government's decision to withdraw a tax break linked to green funds that invest in environmental projects.

This is not all bad news. While governments still have an important role to play, and should continue to actively engage in driving the sustainability agenda forward, other institutions and individuals may be better placed to deliver concrete change.

Business and civil society take centre stage

Business and civil society are increasingly replacing governments as the key players in sustainability. Dutch energy company, Eneco, for example, has called for the removal of all energy subsidies — not just renewable energy, but nuclear, coal and other conventional sources of energy.

This type of thinking, if it's followed by action, could create a genuinely level playing field with benefits for the renewable energy industry. People as well as companies are also increasingly taking responsibility. Across Europe political activism is on the increase with large-scale protests in Germany in particular. If this discontent is channeled into positive, entrepreneurial initiatives there is enormous potential for good ideas to become viable businesses serving receptive markets – not only in renewable energy but in the organics and other sustainable sectors.

New international approaches

Business and civil society have started to occupy the sustainability landscape in Europe. These developments build on Europe's big idea of a social market economy that combines private enterprise, which harnesses the power of consumers, and government regulation to deliver better outcomes. In other parts of the world important new economic approaches have also developed. They include: American sustainable capitalism which aims to embrace the benefits of capitalism but with a long-term view.

And China's long-term strategy on energy needs where government plays a fundamental role in delivering large-scale change.

Sustainable capitalism is interesting not least because it argues that capitalism can only efficiently allocate resources if you have a proper view of the broader context, including people's well being and dignity and the planet's capacity to support us. This has practical implications. For Triodos Bank, and many others, it means there must be a price-tag or tax on carbon emissions, for example. Sustainable capitalism has great potential but should not become an ideology, because change will not come from embracing ideologies.

Triodos Bank's role

These ideas raise questions about the kind of bank Triodos wants to be. Do we help businesses that want to become more sustainable, and not just reward the ones that already are? New Resource Bank in the US, in which Triodos Bank is a cornerstone investor, supports enterprises that want to become more sustainable but don't know how, for example. It has developed a very practical 'sustainability toolkit', designed to move conventional businesses to a more sustainable future.

All our efforts aim to deliver our mission to improve people's quality of life. To do this means continually increasing our impact. So in 2010 we focused on lending more of the savings and investments that have been entrusted to the bank in ever-larger volumes. This led to a marked increase in our impact, as lending in particular grew in all our branches. However, we need to get the balance right between savings and loans, ensuring a healthy balance between the deposits we attract and the proportion of them that we lend out.

This is particularly important in a period where we have successfully attracted high volumes of deposits in some countries. We are fortunate that we can take advantage of a European network where a surplus of deposits in one country can be used productively in another. But we also want to finance more projects than before, including the breakthrough sustainable businesses of the future. We actively manage this process to make sure that we continue to grow in a balanced way.

We know that our impact is of most interest to our stakeholders, from customers and depository receipt holders to our co-workers. So this year's annual report focuses more closely on the themes that run as threads through all our work, regardless of where in the world they happen. While why and how we do what we do is of fundamental importance, what we do also matters a great deal. We want to make this more visible.

For instance, Triodos Bank's work in energy and climate allows us to play our part in dealing with the challenge of climate change, energy security and access to energy in the developing world. Given existing and emerging technologies, and the availability of capital despite the financial downturn, transitioning towards a low carbon economy is possible. But it requires a concerted effort from many organisations, businesses, producers and consumers. The financial sector is one and should play a central role. Investment decisions must not be guided anymore by short-term financial interests. Instead, they should combine long-term financial, environmental and social considerations. For us that means financing sustainable projects through our energy and climate funds, and lending across all our European branches.

In 2010, that meant our combined lending and investments in renewable energy projects generated 4,136,000 MWh of clean green energy, or the equivalent of 1,181,600 European households, avoiding 1,624,373 tonnes of CO_2 emissions.

We are also active in other areas such as arts and culture because personal creative expression is a fundamental human need, and can create and safeguard human dignity.

Art can express things that can't be put into words. There are many powerful examples of people who live in difficult circumstances, whose freedom is restricted for instance, finding other forms of self-expression. On a personal level, art can inspire and encourage change. At the level of society as a whole, art can bridge divisions and establish links between individuals and groups.

A lively cultural sector cannot be fully dependent on government subsidies but must find a range of forms of finance. Triodos Bank wants to be a catalyst for developing cultural entrepreneurship. We want to invest in artists, institutions and cultural entrepreneurs that build bridges with society and that are socially relevant. And we want this work to reach people and influence their quality of life. The number of people who experience arts and culture is not the only measure of its value but, it says something about its impact. In 2010 3.3 million people attended events and cultural events and venues financed by Triodos Bank.

We also work actively and extensively on the world stage and, since 1994, in microfinance in particular. Microfinance is the provision of financial services to low-income households and small and medium-sized enterprises in developing countries. Access to these services has a fundamental impact on the lives of millions of people.

It enables them to build their assets gradually, develop microenterprises, enhance their income earning capacity, and provide a cushion against unforeseen circumstances in the future. As microfinance becomes integrated into mainstream financial systems, it also faces problems found in the finance industry in general. In some countries strong, even aggressive growth and increased competition has led to overheating and to over-indebtedness of clients. In some cases the focus on serving clients is no longer the priority.

We started investing in developing countries because we recognized that sustainable development, and addressing poverty issues in particular, was a global issue. We believe that the key to sustainable development in developing countries is an all-inclusive financial sector that improves lives by providing transparent, financial services in a responsible way. And we firmly believe that focusing on the interests of clients is the only way to achieve long-term sustainable financial results.

In 2010 through specialised microfinance funds we provided finance to over 85 upcoming and well-established microfinance institutions in 43 countries. We also held equity stakes in 19 leading and innovative microfinance institutions. The microfinance institutions in our portfolio reach 7.4 million loan clients – of which 67% are women and 54% of whom live in rural areas – as well as 5.2 million savings clients.

As well as direct impact through our finance we developed a number of new tools in 2010 to help us increase our customer numbers and serve them better when they join us. These included the launch of a new website across the group, and a new visual identity which meant changes to all our communications, from our magazine to the way people manage their money online with us. We backed this up with improvements to our systems behind the scenes, ensuring we continue to have a robust and professional infrastructure as we grow.

We continued to increase our role influencing public

EUR 5.6 billion

The total amount of assets under management by Triodos Bank and the investment funds grew by 15% to EUR 5.6 billion.

debate about sustainability, speaking at a large number of international, regional and local events, from the Club of Rome to bespoke events for local organic farmers. Our profile in the on and offline media continues to grow in all the countries and sectors where we work, providing an important platform to share our opinion and engage in debate about the sustainability agenda.

We opened new regional offices in Spain, grew our new office in Germany rapidly, moved to a bigger office in the Netherlands and made preparations to do the same in the UK; all as part of efforts to stimulate and professionally manage growing demand for our work across Europe.

The challenges ahead

Triodos Bank has always been about getting things done. As a small bank with big impact ambitions, we want to bring sustainability closer to people's day to day needs, which means growing ourselves and influencing more of the world around us.

However while orthodox thinking has suggested big problems need big organisations to solve them, there's increasing evidence that smaller organisations are better placed to deal with today's urgent social, environmental and cultural challenges. Increasingly jobs are created from small and medium-sized enterprise, for example, rather than the dominant international corporates of the past. In many ways 'small has become the new big'. We intend to play our part as a bank, working with networks of other similarly sized, values-focused institutions. Our work in the Global Alliance for Banking on Values is an example of what this means in practice. In 2010 this network of the world's leading sustainable banks, which Triodos Bank co-founded in 2009, expanded and announced a commitment to touch the lives of a billion people by 2020. Because smaller

Statement of funds entrusted per branch

	31.12.2010		31.12.2009	
Amounts in millions of EUR	EUR	%	EUR	%
The Netherlands	1,455.6	48	1,220.3	47
Belgium	794.8	26	708.7	28
United Kingdom	433.7	14	386.5	15
Spain	334.3	11	268.7	10
Germany	20.3	1	0.4	0
Total	**3,038.7**	**100**	**2,584.6**	**100**

Statement of funds entrusted per category

	31.12.2010		31.12.2009	
Amounts in millions of EUR	EUR	%	EUR	%
Saving accounts	1,752.5	57	1,544.9	60
Deposits and time accounts	446.9	15	417.2	16
Other funds entrusted	839.3	28	622.5	24
Total	**3,038.7**	**100**	**2,584.6**	**100**

organisations, acting together, have the potential to deliver on the scale our challenges demand.

This work is urgent; from increasing evidence of social change, and the pressure it brings on communities and individuals, to the ever more obvious impact of climate change. The latter has moved beyond technical debate about whether climate change is happening, or not, to how we adapt to it. We want Triodos Bank, and its partners, to play a central role financing grounded solutions to these problems. We want to do this directly, through our work in Europe and in emerging markets around the world, and by positively influencing others around us. We hope this report – which we are producing online for the first time to provide you with more meaningful information in a more environmentally-friendly way – provides you with a compelling picture of how we went about this in 2010.

Results

Triodos Bank is committed to sustainable development, with a focus on people's quality of life. Quality of life includes, but extends beyond, the well-being of individuals, to social relationships and how we treat the environment. It does not contradict entrepreneurship and financial return, but puts them in a broader context. Indeed, this is the added value that Triodos Bank contributes. Social and economic developments underline the interest in Triodos Bank's focus on quality, people and nature. Triodos Bank is responding to this by broadening and deepening its activities.

The following are the main results achieved in 2010:

Triodos Bank (Group)

The total amount of assets under management including Triodos Bank and the investment funds grew by EUR 0.7 billion, or 15%, to EUR 5.6 billion.

The net profit for 2010 is EUR 11.5 million, 20% above 2009.

Triodos Bank increased its share capital by EUR 34 million, or 13% thanks to a depository receipt issue, marketed to Triodos Bank retail customers and investors only.

Triodos Bank finances enterprises that augment the use of renewable resources in particular, and supports projects that reduce the demand for energy and encourage cleaner use of fossil fuels. By the end of 2010, Triodos Group and its climate and energy investment funds were financing over 306 projects

7.4 million +

Our specialised microfinance funds provide finance to 85 microfinance institutions in 43 countries, serving 7.4 million loan clients.

across Europe (275 in 2009), with a generating capacity of 1,624 MW of energy (950 in 2009).

The number of co-workers increased by 10% to 636 in 2010 (577 in 2009). A framework for job classification, or job families, was introduced in the Netherlands and will be rolled out across the group in the coming two years. In 2010 a visionary leadership programme, and an improved management development programme also started, to better equip Triodos Bank's leaders for the future.

A framework for measuring Triodos Bank's wider social, cultural and environmental impact through its financing activities, was also established in 2010, and a pilot project to measure and monitor the impact of our loans in the UK branch initiated.

European Branch Network

Triodos Bank's balance sheet total grew by 17% to EUR 3.5 billion thanks to a steady growth of the funds entrusted and a successful share issue. Growth of between 15 to 20% was expected.

The funds entrusted increased by EUR 454 million, or 18%, against expected growth between 15 to 20%. Savers continued to respond to the financial crisis and wider discontent about the way banks have handled their responsibilities and rewarded their employees by turning to Triodos Bank as a positive alternative. This resulted in higher growth than expected, in The Netherlands and Belgium. This was due in part to a growing profile, and account opening processes that are more efficient and tailored for local audiences.

Growth of the loan portfolio amounted to EUR 467 million, or 28%. Expected growth was between 35 and 40%. Early in the year we refined our projections down, given the economic climate.

Triodos Bank's total number of customers increased by 18%. Expected growth was between 15% and 20%. By the end of 2010, Triodos Bank had a total of 285,000 customers.

Triodos Investment Management

Triodos Investment Management is responsible for 20 funds, totalling EUR 1.8 billion assets under management. Total growth of the investment funds was EUR 166 million, up 10%, against a target of between 25 and 30%. The impact of uncertainty around tax benefits for the Triodos Groenfonds and Triodos Cultuurfonds was responsible, in part, for lower growth than expected.

Triodos Private Banking

Private Banking increased its entrusted funds by 37% to EUR 606 million, exceeding a target of between 20 and 25% (EUR 249 million of these funds are accounted for on the balance sheet of the Dutch branch).

Triodos Bank Divisions

Triodos Bank's activity is split between three core divisions. They are Retail and Business Banking, delivered through a diversified network of European branches, responsible for around 77% of Triodos Bank's business income in 2010; Triodos Investment Management, the 100% owned subsidiary of Triodos Bank, makes up 21% of the bank's overall business income; and Triodos Private Banking, providing services to wealthier people and groups, the most recent division and to date available in the Netherlands and Belgium.

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. It brings a credible set of services to thousands of business and personal customers, and it grows sustainable banking's scale and impact. And while the values that bind its customers and co-workers are the same, there are important differences. Regulations, tax incentives and government approaches to sustainability are sometimes markedly different in diverse markets.

2010 was a turbulent year for banking, the wider economy and millions of individuals and businesses across Europe. An acute economic downturn prompted widespread government austerity measures in general, and rethinking around sustainability policy in particular. This was felt powerfully in all the European countries where we work.

Growth continued despite, and sometimes as a continuing result of the crisis and the fall-out from it. Triodos Bank in the Netherlands continued to expand rapidly, growing by more than 2,000 customers per month, and made secure purchases online possible via the bank. The Spanish branch also grew in all areas, implementing a new ICT platform, and successfully positioned itself as a 'first bank' for Spanish clients. While the German branch, in its first full year of operation, attracted around 1,000 customers.

Lending was up in all branches, with particularly growth in Belgium, the UK and Spain in 2010. In the United Kingdom lending was up by 25%, to over GBP 300 million. In Belgium the branch financed its 150th wind turbine during the year. At the same time the German branch made approximately EUR 24 million in new loans.

The financial crisis also prompted many people to reassess their banks and their finances. Some looked for a different approach, and found Triodos Bank as a credible, transparent and increasingly logical place to put their money. In the Dutch branch, funds entrusted were up by EUR 228 million, exceeding expectations of EUR 125 million. In Belgium they grew by 12% up by EUR 86 million, while the Belgian Private Banking activities grew by 28% up to EUR 49 million.

Triodos Investment Management

In addition to impact savings and payments, impact investment is an important activity at Triodos Bank. Investments take place through investment funds or investment institutions bearing the Triodos name and are managed by Triodos Investment Management BV, a 100% subsidiary of Triodos Bank.

These funds and investments are not on Triodos Bank's balance sheet. The funds publish separate annual reports and each has its own Annual General Meeting of Shareholders. There were 20 investment funds in 2010, in which individuals and institutions could invest depending on the fund. The funds invest in different themes such as microfinance, sustainable trade, organic agriculture, climate and energy, sustainable real estate, arts and culture, or in listed companies with above average environmental, social and governance (ESG) performance.

In organic farming and sustainable food, Triodos Investment Management enhanced the quality of the production and consumption of food products by financing 167 farms, suppliers and distributors. In arts and culture, it financed EUR 140 million in 25 projects. In real estate, it increased the quality and sustainability of the built environment by sustainably upgrading 15 buildings. 87 microfinance institutions were able to offer a variety of financial services to low-income people in developing countries because EUR 249 million was invested in them by the Emerging Markets funds.

Triodos Private Banking

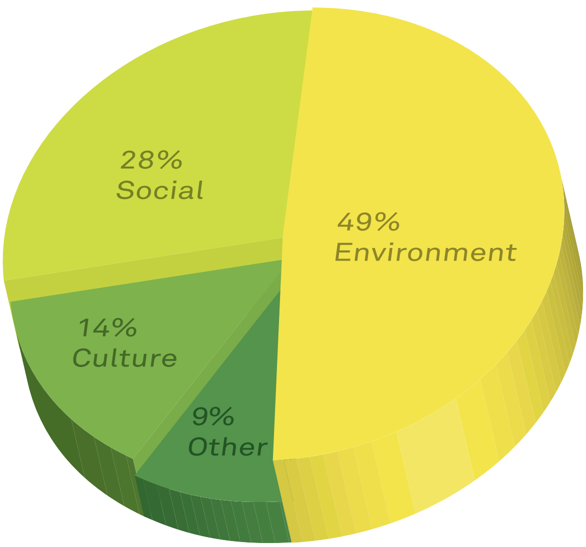
Private Banking offers a broad range of financial and non-financial services to wealthier people, foundations, associations and religious institutions. Sustainable asset management is the core service within Triodos Private Banking, and includes both Triodos investment funds and private asset management. Triodos Research, an experienced specialist department, selects which businesses are eligible for investment. With financial markets recovering in 2010 and sustainable banking increasingly popular with private investors, Private Banking increased its entrusted funds substantially and delivered a profit for the first time, ahead of plan.

Products and services

Triodos Bank's products and services offer investors and savers the opportunity to finance new and existing companies that contribute to the improvement of the environment or create social or cultural added value. 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 Triodos Bank uses to assess companies can be viewed on Triodos Bank's websites.

Lending

The growth of the loan portfolio is an important indicator of the contribution Triodos Bank makes towards a more sustainable economy. All the sectors the Bank works in qualify as sustainable and the companies and projects it finances contribute to realising Triodos Bank's mission. In 2010, there was no reason to compare the sustainability levels of the various sectors and base a core policy on the outcome of this. The Bank's main focus remains on the existing sectors in which it has already developed considerable expertise.



Outstanding loans per sector in 2010

Environment (49%, 2009: 50%)
This sector consists of renewable energy projects such as wind and solar power, biomass and hydro-electric 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 (28%, 2009: 31%)
This sector includes loans to traditional businesses and innovative enterprises and service providers with clear social objectives, such as social housing, loans to fair trade business and health care institutions.

Culture (14%, 2009: 15%)
This sector covers loans to organisations working in education, retreat centres, religious groups, cultural centres and organisations, and artists.

The lending sectors above describe the main sectors Triodos Bank is involved in. Parts of these sectors are also financed by both Triodos Bank itself and its investment funds (see investments).

In 2010, the loan portfolio grew by 28% to EUR 2,128 million (2009: 31%). This EUR 467 million growth was lower than expectations of 35%-40%. The loan portfolio as a percentage of the total amount of funds entrusted rose to 70% (2009: 64%), so Triodos Bank met its goal to lend 70% of its funds entrusted.

The quality of the loan book remained satisfactory notwithstanding the economic recession. However, a number of sectors related to agricultural production and organic waste, including energy production based on biomass, were more affected by the economic recession due to the long lasting depression in demand and high price volatility. The increased loan loss provisions resulted in EUR 9.8 million (2009: EUR 5.0 million) value adjustments, of which EUR 4.8 million (EUR 3.3 million) relate to biomass energy projects. Although the impact on the results is material, the net exposure to the biomass energy sector only represents 1.3% (EUR 27.6 million) of the total loan book. This contributed to the loan loss provision of 0.52% of the average loan book (2009:0.34%). Our long-term benchmark for provisions is 0.25%. These provisions are taken as a preventive measure to protect the bank against potential defaults by borrowers.

Savings and payments

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. This has continued to happen as large numbers of people have moved away from a discredited mainstream banking industry, in search of a more transparent alternative, that's more closely connected to the real economy. The branches offer a variety of products and services to meet this demand — from a Spanish debit card and German credit card that emphasise responsible consumption, to a successful new online product range in the UK.

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 2010, 271 organisations (2009: 463) received total donations of EUR 0.4 million (2009: EUR 0.5 million) in this way.

Investments

In addition to savings and payments, investment is an important activity at Triodos Bank. Investment takes place through investment funds or investment institutions bearing the Triodos name, and are managed by Triodos Investment Management BV. These funds and investments are not on Triodos Bank's balance sheet.

The increase in total funds entrusted to Triodos Investment Management, while lower than anticipated, reflects investors' appetite for investments that are linked to broad themes, such as renewable energy, sustainable real estate or organic agriculture.

Financial results

In 2010, Triodos Bank's income grew by 16% to EUR 103 million (2009: EUR 88 million). Triodos Investment Management contributed EUR 21 million to this figure (2009: EUR 19 million).

In 2010, commission income amounted to 34% (2009: 33%) of our total income in line with expectations.

In 2010, the ratio of operating expenses is 76% (2009: 80%). In 2009, the ratio was higher than expected as a result of the cost of a contribution to the Dutch deposit guarantee system due to the collapse of the Dutch DSB Bank.

Net profit of EUR 11.5 million was up by 20% (2009: EUR 9.6 million). Earnings per share, calculated using the average number of outstanding shares during the financial year, were EUR 2.45 (2009: EUR 3.00), a 18% decrease. The profit is placed at the disposal of the shareholders.
Triodos Bank proposes a dividend of EUR 1.95 per share (2009: EUR 1.95). This means that the pay-out ratio (the percentage of total profit distributed as dividends) will be 80% (2009:65%).

The medium-term objective is to grow the return on equity to 7% of Triodos Bank's equity in normal economic conditions. This target was not projected for 2010 per se, but should be seen as a realistic, long-term average for the type of banking activity that Triodos Bank engages in. The mature branches (The Netherlands, Belgium and the United Kingdom) have proven that they can achieve this level of profitability. As a consequence of a troubled economic and financial climate, leading to above average provisions in the loan portfolio, new investments such as a new branch in Germany, and growth in the number of savings customers in particular, the profit remained below 7% in 2010, as expected.

28%+

The loan portfolio grew by EUR 467 million or 28%.

The time frame within which Triodos Bank realises this 7% profit objective depends on the opportunities it chooses to, and can, take advantage of in a market where ‘sustainable development’ will be highlighted in the coming years. In the current market, delivering this profit objective is subject to considerable uncertainty.

Triodos Investment Management is managing 20 investment funds, totalling EUR 1.8 billion. Together these funds make a substantial contribution to the bank’s profit. Net profit in 2010 was EUR 3.8 million (2009: EUR 3.6 million).

The number of depository receipt holders increased from 14,778 to 16,991. Equity increased by 14% from EUR 318 million to EUR 362 million. In 2010, maintaining an internal market for the buying and selling of depository receipts for shares continued to operate effectively. At the end of 2010, the net asset value for each depository receipt was EUR 73, increasing from 72 at the end of 2009.

From the start of 2008, the BIS ratio (capital adequacy ratio), an important measure of a bank’s solvency, has been calculated according to the Basel II guidelines. At the end of 2010 the BIS ratio was 14.7% (2009: 16.5%), a decrease that was due to the high growth of the loan book during the year. This percentage is well above the regulatory minimum of 8%.

Risk and compliance

Risk Management

Managing risk is a fundamental part of banking. While some banks assess risk as part of a profit-maximising strategy, Triodos Bank manages risk as part of a joined-up approach to make sure it delivers financially on a sustainable, long-term basis.

In 2010 we have taken the necessary measures to comply with the Dutch Banking Code as explained below (see “Compliance with the Dutch Banking Code), and explain when we don’t as the code requires. In 2010 we improved the monitoring of credit risk with new policies and reporting, and a strengthening of the central credit risk organisation. Our Interest Rate Risk management has been upgraded, introducing a number of quantitative metric tools besides qualitative expert opinion approaches. Internal Audit will now report to the Chief Financial Officer and not the Chief Executive Officer, as required by the code. However, Internal Audit will regularly report to the Chief Executive Officer about relevant developments.

Significant progress has been made to embed risk management throughout the organisation. All business units performed strategic risk assessments to identify and manage potential risks that could impede the realisation of their business objectives. The outcome of these assessments were used as input for the Executive Board’s own risk assessment and determination of Triodos Bank’s risk appetite, or

Number of statement of depository receipts per holder

Amounts in millions of EUR	Depository receipt holders		Issued capital	
	2010	2009	2010	2009
1 - 50	8,154	7,487	10.9	9.5
51 - 500	7,805	6,470	94.0	74.5
501 - 1,000	669	537	33.6	26.7
1,001 and more	363	284	224.4	203.5
Total	**16,991**	**14,778**	**362.9**	**314.2**

the willingness to take risk in achieving its business objectives.

During the year, two internal stress test scenarios were executed with satisfactory results. We also voluntarily checked Triodos Bank's resistance against the so called "European banks stress test" with a positive outcome. In the coming years we will continue to stress test our results, liquidity and capital against new developments and scenarios.

The Risk Management section of the annual report provides a description of the main risks related to the strategy of the company, a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year, and a description of any major failings in the internal risk management and control systems which have been discovered in the financial year. These issues have been discussed on a regular basis with the Audit and Risk Committee and the Supervisory Board.

Capital requirements and Basel III regulations

At the same time as our lending and savings grow, we are and will continue to be strongly capitalised. This has become an important issue as demands for capital increase following the financial crisis. We aim for a solvency ratio of at least 12%, well above our own internal economic capital calculations, in order to guarantee a healthy and safe risk profile for our depositors. Economic capital is calculated as a result of the yearly Internal Capital Adequacy Assessment Process, which is reviewed by the Dutch Central Bank

Regulations too are changing, such as those developed by the Basel Committee on Banking Supervision, designed to build a more resilient banking sector by strengthening the solvency of the banks and introducing strict liquidity requirements. Triodos Bank already complies with both new capital and liquidity requirements, as recently published by the Basel Committee, and better known as Basel III. The regulations are required to be fully implemented by 2019.

We will need the support of existing and new investors in the future to keep meeting these requirements as we continue to grow. In 2010 we successfully raised capital from our own investors and customers, exceeding targets and raising over EUR 34 million. This has helped us to maintain a capital adequacy ratio of 14.7%, at the end of 2010, well above requirements.

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 develops and executes risk policies and procedures involving identification, measurement, assessment, mitigation and monitoring of the financial and non-financial risks and works together with management to ensure adequate adherence to these risk management policies and procedures. 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 under discussion with the Audit and Risk Committee. Triodos Bank's Internal Audit function provides additional assurance to the Executive Board by independently and objectively evaluating the adequacy and effectiveness of Triodos' corporate governance, internal controls, compliance and risk management systems. The Executive Board, under 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.

In 2011, risk management will extend and formalise the enterprise risk management framework that will be the basis for an integrated in control statement process. The Executive Board indicates that this process should lead to a statement providing positive assurance in the coming years.

On the basis of the above, Triodos Bank's Executive Board states that, with reasonable assurance, regarding its financial reporting risks, as per the end of the 2010 financial year, it has no indication that the risk management and control systems have not functioned adequately and effectively.

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. Further 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 present in every branch. The head of the Compliance department reports to the Executive Board.

There were no significant incidents in 2010 concerning compliance and integrity. Triodos Bank was not involved in any material legal proceedings or sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, privacy or product liability.

Transparency and reporting

Triodos Bank has used the guidelines of the Global Reporting Initiative (GRI) since 2001. GRI was established in 1997 by the United Nations and the Coalition for Environmentally Responsible Economics (CERES). GRI wants to organise reporting on sustainability in a consistent manner and, in this way, make performance objective and make comparison easier. Triodos Bank is an organisational stakeholder of GRI. This Annual Report uses the G3 (version 3) guidelines and the new financial sector supplements developed in 2008. We aim to consistently report to GRI's highest level (A+).

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 Triodos Bank's decisions. Therefore, unlike many other organisations, 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. The Bank 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 Triodos Bank's websites.

The Dutch Banking Code

The Dutch Banking Code (Banking Code) came into force as of January 1, 2010. Triodos Bank subscribes to the Banking Code, implemented it during 2010, and wholeheartedly embraces its goal to develop more transparent and responsible banking. The full comply-or-explain statement, as required under the Banking Code, can be accessed at Triodos Bank's website. The main themes of the Banking Code and the way they are addressed by Triodos Bank are detailed in the Corporate Governance chapter on page 24.

Prospects for 2011

Triodos Bank (Group)

Excluding unforeseen circumstances, Triodos Bank expects to achieve a positive result for 2011. At the same time we recognise that the economic downturn that has resulted from the financial crisis will continue in 2011 and presents continuing challenges for sustainable entrepreneurs and businesses active in the real economy.

European branch network

Triodos Bank's balance sheet total is expected to continue to grow by between 15 and 20%.
All branches will broaden their customer base. The number of customers is expected to grow by between 15 and 20% across the Group.
The loan portfolio and the funds entrusted are expected to increase by between 20 and 25%.
Triodos Bank has a healthy growth ambition but does not want to realise it at all costs. The loans granted in 2011 will reflect our efforts to finance front-runners in their fields; the entrepreneurs developing the sustainable industries of the future. We expect the levels of provisions for loans to return to their long-term average.

Triodos Investment Management

Triodos Investment Management is well positioned for further growth, with increasing demand from investors in impact investment. Investor interest is in both existing funds as well as new ones in various areas such as energy efficiency, renewable energy, arts and culture and sustainable food and agriculture. Growth prospects in funds with fiscal benefits in The Netherlands have become more uncertain, in the light of government decisions to change the financial benefits associated with them. In total however, we foresee a growth in funds under management of between 10 and 20% for 2011.

Private Banking

We expect interest in our private banking offering in The Netherlands and Belgium to continue to be high and anticipate growth of between 20 and 25%.

In conclusion

In 2011, Triodos Bank will actively contribute to a more sustainable future, by responding to the social, environmental and cultural challenges we face over the short, medium and long-term. In particular we expect to grow our financing of renewable energy projects and other innovations worldwide that effectively reduce our dependence on fossil fuels. Our environmental activity is, however, only one part of our growing impact. We will communicate the results of our work even more clearly and more often. We will do this by playing an active role in the public debate but also as a creative practitioner; a change agent financing meaningful projects on the ground.

Zeist, 24 February 2011

Triodos Bank Executive Board
Pierre Aeby*
Peter Blom*, Chair
Michael Jongeneel

* Statutory Director under the articles of association

Corporate Governance.

How Triodos Bank directs, administers and controls its work says a lot about who the organisation is. It has developed processes and policies, and implemented laws, to both meet its obligations and reflect its mission. Triodos Bank chooses not to list on a stock exchange, for example, to avoid a system that puts making as much profit as possible — or profit maximisation — above all else. Instead it runs a professional, profitable sustainable bank that investors invest in through a special structure. Details of the Dutch Corporate Governance Code and the Banking Code are explained below. More information about Triodos Bank's structure are available in the online annual report.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code ('the Code') does not apply directly to Triodos Bank NV, as Triodos Bank's depository receipts are not listed on any regulated market. Nevertheless, Triodos Bank endorses the principles of the Dutch Corporate Governance Code. The full comply-or-explain statement as required under the Code can be accessed at Triodos Bank's website.

Triodos Bank generally complies with the principles and best practices of the Code. However, it has also made a well-considered decision to deviate from specific points.
The first deviation relates to voting rights on shares. To protect Triodos Bank's mission and objectives as much as possible, depository receipt holders are not

Number of statement of depository receipts per holder

Amounts in millions of EUR	Depository receipt holders 2010	2009	Issued capital 2010	2009
1 - 50	8,154	7,487	10.9	9.5
51 - 500	7,805	6,470	94.0	74.5
501 – 1,000	669	537	33.6	26.7
1,001 and more	363	284	224.4	203.5
Total	**16,991**	**14,778**	**362.9**	**314.2**

Number of depository receipts per country

	Depository receipts x 1,000 2010	2009	Depository receipt holders 2010	2009
The Netherlands	3,614	3,323	10,802	10,071
Belgium	909	794	3,168	2,780
United Kingdom	117	93	1,316	1,096
Spain	334	200	1,682	814
Germany	13	11	23	17
Total	**4,987**	**4,421**	**16,991**	**14,778**

allowed to exercise voting rights on the underlying shares, which are instead exercised by The Foundation for the Administration of Triodos Bank Shares (SAAT), as outlined on page 119. Also, depository receipt holders cannot make recommendations for appointments of members of the Board of SAAT.

The second deviation relates to the term of office of the Statutory Directors. 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 company.

The third deviation relates to the fact that the Supervisory Board of Triodos Bank has an integrated Nomination and Compensation Committee and so does not provide for a separate nomination committee and remuneration committee.

Further, Triodos Bank deviates from the Code's best practice to submit all proposals to the General Meeting of Shareholders for material amendments to the Articles of Association separate agenda items. The reason for this is that Triodos Bank wants to retain the possibility, to be exercised at the discretion of the Executive Board and the Supervisory Board, to submit a proposal for multiple amendments to the Articles of Association as a single agenda item if there is a strong degree of interrelatedness between these proposed amendments.

Finally, a number of provisions of the Code regarding executive remuneration do not apply to Triodos Bank, as it does not have any share plans or option schemes. The total costs for executive remuneration, which consists of wages and pension elements only, is shown in the annual report.

Dutch Banking Code

In response to the financial crisis, the Netherlands Bankers Association (NVB) drew up the Banking Code in 2009. The aim of the code is to restore damaged consumer confidence in the financial sector. It consists of a number of recommendations and principles aimed at ensuring the very best performance by banks. The code came into effect on 1 January 2010. Triodos Bank, as a financial institution based in the Netherlands, has signed up to the code, and since then has focused considerable attention on implementing it. We will monitor, identify and address any occasions when we do not comply with the code on an ongoing basis.
The code's primary focus is on governance and 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 was and remains a key stakeholder in all our activity.
The Dutch Banking Code (Banking Code) came into force as of January 1, 2010. Triodos Bank subscribes to the Banking Code and implemented it during 2010. The full comply-or-explain statement, as required under the Banking Code, can be accessed at Triodos Bank's website. Below please find a summary of the main themes of the Banking Code and the way they are addressed by Triodos Bank.

Risk Management

Risk management is a key priority for Triodos Bank. As such the policy, procedures and tasks and responsibilities of the Executive Board and the various departments in this field comply with the recommendations contained in the code. Wherever desirable, the regulations were further tightened up in 2009 and 2010.

For example, in 2010, the Audit Committee of the Supervisory Board was expanded to become an Audit and Risk Committee. This committee will meet four times a year from 2011. The CFO was given final responsibility for the development and implementation of risk policy. The regulations of the Audit and Risk Committee are an integral part of the regulations of the Supervisory Board and can be found on Triodos Bank's main website.

The Head of Internal Audit reports directly to the Executive Board. The first point of contact is the CFO. The Head of Internal Audit has direct access to the chair of the Audit and Risk Committee and the CEO.

In 2010, the Product Approval Process was described in accordance with the recommendations of the code. This process not only guarantees that careful consideration is given to the risks for Triodos Bank from the products in question but also that the interests of, and risks for customers, are explicitly considered. The risk management function within Triodos Bank is the object of permanent evaluation, improvement and innovation. A start was made in 2010 on the establishment of an integrated Enterprise Risk Management system that is due to be completed during 2011.

Remuneration

Triodos Bank operates a remuneration policy that ties in well with the principles of the code, with a bonus policy that goes one step further than it.

The salary system at Triodos Bank is based on the conviction that the results of the bank are dependent on the combined effort of everyone working in it. Partly against that background, Triodos Bank does not operate a system of variable remuneration. This helps to prevent Triodos Bank's co-workers working more for their own gains than in the interests of the bank and its customers. This in turn means that people are recruited who deliberately opt for Triodos Bank and its objectives. Exceptional performances do receive additional remuneration, in individual cases. These rewards are never announced in advance on condition that specific targets are achieved, but in individual cases, are determined after the event, and are limited to a maximum of two monthly salaries. The remuneration of the Executive Board and managing directors is well below the median as required by the code.

If Triodos Bank has achieved good results, all co-workers receive an identical end-of-year bonus. Each co-worker received EUR 300 in 2010. Finally, Triodos Bank restricts the differences in remuneration between the highest and lowest-earned salary.

There is no share option scheme at Triodos Bank for co-workers, members of the Executive Board, the Supervisory Board or the Board of SAAT, as a matter of principle. Given its values, Triodos Bank considers that a share option scheme is not an appropriate instrument for rewarding performance.

Customer Focus

The funds entrusted to Triodos Bank by its customers are lent to businesses and organisations whose aim is to create a more sustainable society. We ensure full transparency in respect of this policy. We believe that the key to successful banking lies in maintaining long-term relationships with the individuals and businesses borrowing or saving money from us. And we have embedded this principle within the organisation, in the following way:

- Triodos Bank specifically ensures that only those products are offered that favour Triodos Bank's customers, and are provided with balanced and clear product information.
- Triodos Bank does not operate a system of variable remuneration. This prevents financial incentives being linked to the attraction and investment of

EUR 34 million

Triodos Bank increased its share capital by EUR 34 million, or 13%.

funds of our customers.

• Triodos Bank provides full transparency about where our customers' savings are used. This offers customers the opportunity to call Triodos Bank to account for its policy. A comprehensive list of the projects and businesses in which the customers' savings are invested, is available via the Triodos Bank website, allowing customers to see exactly how their money has been used.

Education

The code highlights the importance of permanent education for Executive Board members and Supervisory Board members of banks to ensure that they remain permanently informed about the latest developments in the financial sector, and recommends a programme of permanent education.

Triodos Bank has focused considerable attention on this. In 2009 and early 2010, Triodos Bank developed a structural programme of permanent education comprising multi-day meetings supervised by external experts. These meetings help provide in-depth training on the subjects referred to in the code, including duty of risk management, business model, governance and sector development. A deliberate choice was made to run a combined programme for the Supervisory Board and the Executive Board, with a view to promoting communication and understanding between both bodies.

The Chair of the Supervisory Board is responsible for implementation of the education programme.

Banker's Declaration

We believe that handling money brings special responsibilities for all co-workers with it, not just its management. So Triodos Bank fully supports the code's recommendation to explicitly formulate these responsibilities.

In 2010, all managing directors and Executive Board members signed the Triodos Bank bankers' declaration, confirming their undertaking to exercise their role in the spirit of the text of the declaration.

Our Business Principles are an important framework for the way in which we do business, and serve as the guiding principles for our co-workers in their day-to-day decision-making processes. The Triodos Bank bankers' declaration therefore ties in fully with these Principles. Following the introduction of the Banking Code, we once again assessed and further tightened up the Business Principles in 2010. The Business Principles are an integral part of the contracts of employment of all Triodos Bank

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

in percentage	2010	2009
Delta Lloyd Levensverzekering NV	6.7	7.3
Stichting Grafische Bedrijfspensioenfondsen	5.1	5.4
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	4.8	5.3
Stichting Pensioenfonds ABP	4.7	5.1
Friesland Bank NV	4.6	5.1
NAGRON Nationaal Grondbezit BV	4.0	4.5
Beheersmaatschappij Breesaap	3.2	3.5
PGGM Pensioenfonds Z&W	3.1	3.5

The above institutions are the largest of the total of 12 (2009: 13) institutions that have a participating interest of at least 1%. Their total participating interest is 41.9% (2009: 46.8%).

co-workers. In addition, the Business Principles are included in the introduction programme for new co-workers.

Corporate Governance Code and Banking 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) and the Dutch Decree implementing further accounting standards for the content of annual reports of banks dated 1 June 2010, the Executive Board of Triodos Bank NV has drafted a Corporate Governance Code and Banking Code Statement. This statement forms part of the 2010 Annual Report and is valid as of its date. The statement can be found on www.triodos.com/governance.

Supervisory Board report.

Triodos Bank is the only independent, sustainable bank offering a wide range of integrated lending and investment opportunities for sustainable sectors in a number of European countries. In this sense it is unique. Its governance structure reflects this uniqueness, and the Supervisory Board is an integral part of it.

The Supervisory Board's primary responsibility is the supervision and review of the development of Triodos Bank's operations while fulfilling its mission.

Highlights 2010

2010 continued to be a difficult economic year for many European countries, and for many developing countries. Austerity measures in much of Europe started to impact people's livelihoods, and led to changes to Government policy and in many cases diminishing financial support for the sustainability sector. In this challenging environment, the Board is pleased that Triodos Bank has been able to continue to grow and develop.

The Supervisory Board and the Executive Board discussed the development of the organisation's activities in the context of a continuing economic downturn at several meetings during the year. This includes the balance between growth in savings and loans, which includes its impact on profitability. In this context, but not limited to this particular issue, Triodos Bank's return on equity will require further attention in the near future. In the view of the Board Triodos Bank's profitability is key for its further growth.

Several discussions also took place to explore Triodos Bank's role as an opinion leader, and as a catalyst to stimulate public debate on sustainable banking and the sustainability agenda in general. The organisation's wider influence continues to grow in all the countries where it's active and it has become part of broader debates beyond these borders. The Board recognises the importance of this work and expects it to continue to develop and grow.

The Banking Code came into force in The Netherlands on 1 January 2010. Triodos Bank complied with most of the requirements of the Code prior to 2010. When it did not comply it explained why not, as the code requires. Triodos Bank values the Code very highly and puts effort in to implementing it. As a result, members of the Executive Board and all managing directors have signed a Banker's Oath, required by the Code. Triodos Bank has made the oath an integral part of its business principles, and the Supervisory Board has monitored this process.

Activities of the Supervisory Board

During its meetings and contacts with the Executive Board, the Supervisory Board discussed:

• Current and future developments, such as an overview of the financial and economic markets; Global Alliance for Banking on Values; market share situation in countries with Triodos Bank branches, with a particular focus on the new entry in Germany and the changing environment for renewable energy investments in The Netherlands and Spain.

• Finance, risk and audit issues, including minutes of the Audit and Risk committee; auditor's reports; capital raising issue; quarterly and annual reports; loan reports; Triodos Bank's stress test; Dutch Central Bank matters; and Basel III regulations.

• Corporate governance and compliance issues, such as salaries; self-evaluation; appointment of new members of the Supervisory Board; the Banking Code; and the renewal of the Supervisory Board rules and charter.

• A review of the 2009 annual report with the external auditor.

Other issues discussed during the year included:

• Establishing a long-term agenda for (strategic) issues to be discussed in the Supervisory Board over the next four years.

• Nomination and Compensation committee minutes and issues, such as an external report on executive compensation. It was decided to make some upward changes in the remuneration packages of senior staff in cases where the difference with market averages is too large, and with the benefit of the findings of a remuneration consultant.

• Other strategic issues, such as Triodos Bank's international expansion and specific participations in other sustainable (financial) institutions.

• Triodos Bank's involvement in the sustainable real estate market. Triodos Bank has decided to gradually reduce its involvement in this sector, based on market developments.

• Triodos Bank's position in the biomass market. Certain loans in this market did not develop according to Triodos Bank's expectations and adequate provisions were taken for them.

• Investment in a new office building, due to the growth of Triodos Bank's workforce.

• Triodos Ventures acquisition agreement with SBI, a leading international advisory firm in the inclusive finance industry.

The Supervisory Board's supervision and review activities are based on the Executive Board's written reports as well as presentations by senior staff. The quality of these reports has further improved during the year. The Supervisory Board is satisfied with the quality of the reports and the level of information provided.

Composition of the Supervisory Board

Triodos Bank's articles of association determine that the Supervisory Board shall consist of three or more members. At present, it consists of eight. During 2010, the composition of the Supervisory Board changed as follows:

At the Annual General Meeting of Shareholders held on 21 May 2010, current members Ms Scheltema and Mr Lamers, whose term had expired, were reappointed for another period of four years. This will be Mr Lamers' final term according to Triodos Bank's articles of association.

Ms Van der Weerdt joined the Supervisory Board at the Annual General Meeting of Shareholders in 2010, and undertook an introduction programme for new board members.
Mr Van den Hoogenband is at the end of his first term of employment and is eligible for re-appointment. The Board supports the re-appointment of Mr Van den Hoogenband for a second term of four years.

Please visit www.triodos.com/reports for a full description of all members of the Supervisory Board

Meetings of the Supervisory Board

The Supervisory Board met six times in 2010. With the exception of two meetings all board members attended these meetings. In April Mr Eguiguren and Mr Lamers, and in the November meeting Mr Lamers and Mr Voortman, were absent.

All meetings were held jointly with the Executive Board. Throughout the year, the Chair of the Supervisory Board was in close contact with the Chief Executive Officer, and the Chair of the Audit and Risk Committee was in close contact with the Chief Financial Officer. Most Supervisory board meetings were preceded by a presentation by a senior manager from the bank about their area of responsibility, followed by a discussion. This allowed the Board to gain a deeper insight in to the different activities of Triodos Bank and to get to know its senior management better.

A meeting was also held with the Board of SAAT, the Executive Board and the business unit's Managing Directors, at which all Supervisory Board members were present, to discuss Triodos Bank's future positioning in the food and agriculture market. Various members of the Supervisory Board also attended local client and/or Depository Receipt Holders meetings in the United Kingdom, Belgium and Spain. Supervisory Board members who live in the countries in which Triodos Bank operates, also maintained informal contacts with local Managing Directors and senior co-workers. The external auditor was present at the meeting at which the annual report was discussed and agreed. The Vice-Chair also participated in a meeting with the Banking Code monitoring committee.

Independence

Throughout the year, all members of the Supervisory Board were independent from the Company under the terms of the Dutch Corporate Governance Code; the composition of the Board was such that members were able to act critically and independently of one another and of the Executive Board and any particular interest.

Self-evaluation

The Supervisory Board decided to perform its annual self evaluation with an independent consultant. Interviews took place during the last quarter of 2010. The results will be discussed in the Supervisory Board's February 2011 meeting. A great deal of effort was put in to the preparation of this first evaluation so no internal evaluation took place during 2010. The scope of the evaluation included the functioning of the Committees and the individual Board Members. The Supervisory Board met once without the Executive Board, to discuss the effectiveness of both Boards and the relationship between the two. In general, the Supervisory Board judged its own effectiveness to have improved and is determined to continue this progress.

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 full Supervisory Board.

The composition of the Committees is as follows:

Audit & Risk Committee
-Ms M.A. Scheltema (Chair)
-Mr M. Eguiguren Huerta
-Mr J. Lamers

Nomination and Compensation Commitee
-Mr M.M. Frank (Chair)
-Mr H. Voortman

Audit and Risk Committee

During the year, at the request of the Supervisory Board, the Audit Committee decided to broaden its scope and to include responsibility for the supervision of the risk management framework and related activities to its mandate. It has revised its name to the Audit and Risk committee to reflect this change. This committee met on three occasions in 2010 with the Chief Financial Officer as the representative of Triodos Bank's Executive Board, and with the Head of Internal Audit.

In addition, one meeting was held with the external auditor, without the Executive Board being present. The Audit and Risk Committee reviewed, among other things, Triodos Bank's overall control framework, the quarterly results, the findings of the Internal Auditor, important accounting decisions and treasury management. An in-depth discussion was held on the topic of the necessary independence of the external auditor, Triodos Bank's internal regulations and a strategic review of the internal audit effort. The Audit and Risk Committee has been designated to perform the tasks attributed to risk committees by the Banking Code.

Nomination and Compensation Committee

The Nomination and Compensation Committee met on five occasions during the year. This committee supervises the remuneration packages of the Executive Board and monitors the remuneration of senior positions in Triodos Bank. The committee's activities in this area are limited because Triodos Bank continues not to offer bonus or share option schemes to either its Board members or co-workers.

During 2010 the committee has executed an in depth review of the compensation structure for the members of the Executive Board and Supervisory Board, with the help of an outside consultant. According to the Supervisory Board's principles and best practices, the same consultant should not be used to review the compensation structure of both Boards. But on this occasion they were, to ensure the policies for both Boards are properly aligned. In addition, the committee had a leading role in the selection process of a new Supervisory Board member and in the selection of the external consultant for the self-evaluation of the Supervisory Board.

The committee prepared the first (two day) session of a permanent education programme for the Supervisory Board and the Executive Board which draws on the expertise of a variety of highly qualified external consultants, including practicing and retired senior bankers, accountants and academics. This permanent education programme serves as implementation of the requirement of creating a lifelong learning programme pursuant to the Banking Code. In 2010 it addressed a number of issues in depth including risk management, the business model, governance as it relates to the Executive and Supervisory Boards in particular, and developments in the wider financial sector.

Zeist, 24 February 2011

Hans Voortman, Chair

3.3 million

In 2010 the cultural venues and events Triodos Bank finances were attended by 3.3 million people

Annual Accounts 2010
Triodos Bank NV.

Consolidated balance sheet as at 31 December 2010.

before appropriation of profit in thousands of EUR	Reference*	31.12.2010	31.12.2009
Assets			
Cash	1	44,814	49,073
Banks	2	595,800	663,079
Loans	3	2,127,643	1,660,935
Interest-bearing securities	4	586,672	511,018
Shares	5	4	3
Participating interests	6	2,623	2,532
Intangible fixed assets	7	14,646	13,974
Property and equipment	8	32,106	29,500
Other assets	9	21,319	5,652
Prepayments and accrued income	10	68,993	49,872
Total assets		**3,494,620**	**2,985,638**
Liabilities			
Banks	11	23,983	9,560
Funds entrusted	12	3,038,676	2,584,617
Other liabilities	13	6,817	9,886
Accruals and deferred income	14	39,910	39,943
Provisions	15	318	382
Subordinated liabilities	16	22,800	22,800
Equity	17	362,116	318,450
Total equity and liabilities		**3,494,620**	**2,985,638**
Contingent liabilities	18	43,090	37,119
Irrevocable facilities	19	734,941	338,257
		778,031	**375,376**

* References relate to the notes starting on page 44. These form an integral part of the consolidated annual accounts.

Consolidated profit and loss account for 2010.

in thousands of EUR	Reference*	2010	2009
Income			
Interest income	20	104,848	98,425
Interest expense	21	-38,030	-45,708
Interest		**66,818**	**52,717**
Commission income	22	36,027	30,071
Commission expense	23	-848	-694
Commission		**35,179**	**29,377**
Result on financial transactions	24	182	1,772
Other income	25	523	4,470
Other income		**705**	**6,242**
Total income		**102,702**	**88,336**
Expenses			
Co-worker and other administrative expenses	26	73,111	65,225
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	27	4,851	5,163
Operating expenses		**77,962**	**70,388**
Value adjustments to receivables	28	9,843	4,980
Value adjustments to participating interests		119	468
Total expenses		**87,924**	**75,836**
Operating result before taxation		14,778	12,500
Taxation on operating result	29	-3,269	-2,923
Net profit		**11,509**	**9,577**
Amounts in EUR			
Net profit per share		2.45	3.00
Dividend per share		1.95	1.95

Consolidated statement of comprehensive income for 2010.

in thousands of EUR	2010	2009
Net result	**11,509**	**9,577**
Revaluation of property, equipment and participating interest after taxation	16	15
Exchange rate results from business operations abroad after taxation	116	-35
Total amount recognised directly in equity	**132**	**-20**
Total comprehensive income	**11,641**	**9,557**

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Consolidated statement of changes in the equity for 2010.

in thousands of EUR	Share capital	Share premium
Equity as at 1 January 2009	**146,075**	**25,071**
Change in accounting policy for pensions		
Increase of share capital	72,366	29,024
Stock dividend	2,588	-2,588
Revaluation of property, equipment and participation interest after taxation		
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		
Transfer to statutory reserve for development costs		
Purchasing or sale of own depository receipts		
Result for financial year		
Equity as at 31 December 2009	**221,029**	**51,507**
Increase of share capital	24,191	10,191
Stock dividend	4,132	-4,132
Revaluation of property, equipment and participation interest after taxation		
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		
Transfer to statutory reserve for development costs		
Purchasing or sale of own depository receipts		
Result for financial year		
Equity as at 31 December 2010	**249,352**	**57,566**

Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
28	**5,906**	**16,931**	**10,140**	**204,151**
		4,137		4,137
				101,390
				—
15				15
	-35			-35
		4,470	-4,470	—
			-5,670	-5,670
		3,634		3,634
	891	-891		—
		1,251		1,251
			9,577	9,577
43	**6,762**	**29,532**	**9,577**	**318,450**
				34,382
				—
16				16
	116			116
		975	-975	—
			-8,602	-8,602
		5,801		5,801
	989	-989		—
		444		444
			11,509	11,509
59	**7,867**	**35,763**	**11,509**	**362,116**

Consolidated cashflow statement for 2010.

in thousands of EUR	2010	2009
Cashflow from operating activities		
Net profit	11,509	9,577
Adjustments for:		
• Depreciation, adjusted for depreciation charged on to related parties	4,850	5,163
• Value adjustments to receivables	9,843	4,980
• Value adjustments to participating interests	119	468
• Exchange rate differences on property and equipment	-1	-10
• Movements in provisions	-64	286
• Other movements in accrued and deferred items	-19,154	2,257
Cashflow from business operations	7,102	22,721
Movement in banks, deposits not on demand	128,978	223,567
Movement in loans	-476,551	-395,794
Movements in shares	-1	—
Movement in banks, liabilities not on demand	14,423	-909
Movement in funds entrusted	454,059	507,938
Other movements from operating activities	-18,736	-78
CASHFLOW FROM OPERATING ACTIVITIES	**109,274**	**357,445**
Cashflow from investment activities		
Net investments in:		
• Interest-bearing securities	-75,654	-241,804
• Participating interests	-78	—
• Intangible fixed assets	-2,723	-3,785
• Property and equipment	-5,404	-4,215
CASHFLOW FROM INVESTMENT ACTIVITIES	**-83,859**	**-249,804**
Cashflow from financing activities		
Increase in equity	34,382	101,390
Payment of cash dividend	-2,801	-2,036
Purchases of depository receipts for own shares	444	1,251
CASHFLOW FROM FINANCING ACTIVITIES	**32,025**	**100,605**
Net cashflow	**57,440**	**208,246**
Cash and cash equivalents at beginning of the year	358,249	150,003
Cash and cash equivalents at the end of the year	**415,689**	**358,249**
On demand deposits with central banks	44,814	49,073
On demand deposits with banks	370,875	309,176
Cash and cash equivalents at the end of the year	**415,689**	**358,249**

Notes to the consolidated financial statements.

in thousands of EUR

General

The Annual Accounts were prepared in accordance with the legal requirements for the Annual Accounts of banks contained in Section 14 Title 9 Book 2 of The Netherlands Civil Code. The Annual Accounts relate to the thirtieth financial year of Triodos Bank NV.

Consolidation principles

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

In accordance with Section 2:402 of The Netherlands Civil Code, the company profit and loss account just contains a breakdown of the net result into the Result on participating interests and the Other result.

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

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

Accounting principles

General

Unless stated otherwise, assets are stated at cost, whereby in the case of receivables a provision for doubtful debt is recognised.

Transactions in foreign currencies

Assets and liabilities related to transactions denominated in foreign currencies are converted at the spot rate on the balance sheet date. Transactions and the resulting income and charges in foreign currencies are converted at the rate applicable on the transaction date. The resulting exchange rate differences are accounted for in the profit and loss account under 'Result on financial transactions'.

Business operations abroad

Assets and liabilities relating to activities in business units abroad located outside the Eurozone are converted at the spot rate as at balance sheet date. Income and expenses for activities in foreign business units outside the Eurozone will be converted at the exchange rate as at transaction date. Any exchange rate differences arising from this will be charged or credited directly to the equity.

Change in accounting policy for pensions

Up to January 1, 2010 the accounting treatment of the company's pension schemes varied according to their characteristics and risks. For defined contribution pension schemes where the company only has a commitment to pay an agreed contribution to the pension administrator, the pension expenses consisted of the contributions owed for the financial year. For all other pension schemes, the defined benefit pension schemes, the difference between the present value of the future pension rights and the fair value of the invested pension contributions was calculated as at the balance sheet date. The pension expenses of defined benefit pension schemes was calculated actuarially based on the movement in the present value of the future pension rights, the fair value of the invested pension contributions and the actuarial results.

In 2009 the Dutch Accounting Standards Board issued guideline 271.3 'Employee benefits – Pensions'. As of January 1, 2010 application of the revised standard is mandatory, resulting in a change in accounting policy. This statement requires companies to present pension costs based on their commitments to their pension administrator. The contribution to be paid to the administration company is recognised as an expense in the profit and loss account and any premiums payable at the balance sheet date are recognised as a liability on the balance sheet date. Furthermore, at the balance sheet date companies should assess the extent to which there are additional commitments to the pension manager or employees.

This change in accounting policy has increased the bank's equity in 2009 by EUR 4.1 million. This is in connection with the release of the pension provision which was required under the previous accounting policy. The comparative figures for 2009 in the profit and loss account have been adjusted to reflect this change in accounting policy. The adjusted net result for the year ended 31 December 2009 is EUR 0.1 million higher than was presented in the 2009 Annual Report.

Banks and loans

Receivables on banks and the loans are valued at amortised cost, after deduction of a provision for doubtful debts. The value adjustment for doubtful debts is determined per item, with the value of the collateral provided being taken into account.

Government paper and interest-bearing securities

All government paper and interest-bearing securities are held in the investment portfolio. They are stated at redemption value after deduction of provisions for doubtful debts. Differences between the acquisition price and the redemption value are amortised over the remaining life of the securities. Realised changes in the value are recognised in the profit and loss account.

Shares

Shares are not held in the trading portfolio and are valued at cost.

Participating interests

Participating interests where significant influence can be exercised will be valued at net asset value.

Participating interests where no significant influence can be exercised will be carried at current value. In the case of a participating interest that is listed on an active stock exchange, the current 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 current 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. The amortisation will be determined in line with the estimated useful life.

Goodwill paid by Triodos Bank for the establishment of the branch in Spain will be amortised over a period of ten years. The remaining amortisation period is four years. Goodwill paid by Triodos Fonds Management for the acquisition of management and research activities will be amortised over five years. The remaining amortisation period is one year. No impairment for goodwill was recognised.

The development costs for the banking system will be written off over the estimated useful life from the moment the system is used. The current end-of-life date is December 2016. No impairment was recognised.

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 sixteen years. No impairment was recognised.

Computer software that has been purchased will be written off over its useful life. This period will not exceed five years.

Property and equipment

Property under development is valued at the lower of the expenditure and the expected replacement cost upon completion. The expenditure consists of payments made to third parties.

Property for own use is stated at the current cost, which is derived from the replacement cost.
A valuation is carried out at least every five years by an external appraiser. The buildings for own use are depreciated according to the straight-line method on the basis of an estimated useful economic life of 40 years. Land for own use is not depreciated.

Equipment is stated at acquisition price less straight-line depreciation on the basis of estimated useful economic life. The depreciation periods vary from three to ten years.

Provisions

The provisions mainly consist of a provision for major building maintenance.

Purchases of depository receipts for own shares

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to the Other reserves. Any balance remaining after the re-issuing of all own depository receipts purchased shall be placed at the disposal of the Annual General Meeting.

Own depository receipts for shares may be purchased up to 2% of the issued and paid-up share capital.
A decision to purchase own depository receipts may be made if the supply of existing depository receipts exceeds the demand for new depository receipts. For this, authority has been given to management by the Annual General Meeting.

Derivatives

Triodos Bank arranges risk cover for clients by means of derivatives. Valuation and determination of results for derivative financial instruments used to cover risks, i.e. hedging, is carried out using the same principles used for the underlying securities. Income and expenses arising from the financial instruments are charged or credited to the profit and loss account during the term of the contract.

Income and expenses

Income and expenses are attributed to the period to which they relate or to the period in which the service was provided.

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.

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.

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.

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 provisions for doubtful debts, determining the fair value of assets and liabilities and determining impairments. This involves assessing the situations on the basis of available financial data and information. 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.

For further details about these accounting principles, please refer to the corresponding notes to the financial statements.

Assets

1. Cash

This item consists of the on demand deposits with central banks.

2. Banks

	2010	2009
On demand deposits with banks	370,875	309,176
Deposits with banks	224,925	353,903
	595,800	**663,079**

The on demand deposits can be freely disposed of.

Banks classified by residual maturity:

	2010	2009
Payable on demand	370,875	309,176
1 to 3 months	222,925	245,632
3 months to 1 year	—	107,271
1 to 5 years	—	—
Longer than 5 years	2,000	1,000
	595,800	**663,079**

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

	2010	2009
ABN Amro	110,057	125,134
Banco Cooperativo	8,432	—
Banesto	109	7,835
Barclays	68,257	56,525
Co-operative Bank	23,236	22,520
Dexia Bank	66,281	7,383
DZ Bank	12,198	392
Friesland Bank	20,000	30,000
ING Bank	83,302	62,748
KBC Bank	12,076	16,491
Van Lanschot Bank	1,638	20,826
Lloyds TSB	—	33,217
Nationwide Building Society	23,236	5,630
Rabobank	129,574	251,979
Royal Bank of Scotland	9,766	13,148
SNS Bank	20,000	—
Other	7,638	9,251
	595,800	**663,079**

3. Loans

	2010	2009
Loans	2,148,267	1,671,327
Provision for doubtful debts	-20,624	-10,392
	2,127,643	**1,660,935**

This relates to loans to the private sector, excluding those to banks and those securitised in bonds.

Loans classified by residual maturity:

	2010	2009
Payable on demand	89,080	72,737
1 to 3 months	55,667	57,523
3 months to 1 year	213,671	119,098
1 to 5 years	537,025	425,603
Longer than 5 years	1,252,824	996,366
	2,148,267	**1,671,327**

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

	2010	2009
Balance sheet value as at 1 January	10,392	7,449
Addition	12,076	6,215
Write-off	-289	-2,685
Release	-1,598	-661
Exchange rate differences	43	74
Balance sheet value as at 31 December	**20,624**	**10,392**

The provision does not relate to contingent liabilities and irrevocable facilities not reported on the balance sheet. EUR 0.6 million of the addition to the provision relates to interest that has been invoiced for but that has not been received (2009: EUR 0.6 million).

4. Interest-bearing securities

	2010	2009
Dutch Government bonds	265,196	144,246
Belgian Government bonds	142,628	187,924
Spanish Government bonds	6,348	6,348
Other bonds	172,500	172,500
	586,672	**511,018**

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

	2010	2009
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO), The Netherlands	60,000	60,000
SNS Bank (government guaranteed), The Netherlands	29,000	29,000
Brussels Region, Belgium	15,000	15,000
De Société Publique de Gestion de l'Eau (SPGE), Belgium	15,000	15,000
Dexia Bank (government guaranteed), Belgium	13,000	13,000
Vlaamse gemeenschap, Belgium	13,000	13,000
Rabobank, The Netherlands	10,000	10,000
NIBC Bank (government guaranteed), The Netherlands	10,000	10,000
Nederlandse Waterschapsbank, The Netherlands	6,000	6,000
Cultuurinvest, Belgium	1,000	1,000
Ethias Vie, Belgium	500	500
	172,500	**172,500**

Part of the value of securities is used as collateral for a possible debit balance, amounting to EUR 5.0 million at the Dutch Central Bank (2009: EUR 5.0 million) , € 21 million at a bank in the Netherlands (2009: nil) and EUR 11.6 million (2009: EUR 11.6 million) at a bank in Belgium. The security for drawn loans amounts to EUR 6.3 million (2009: EUR 6.3 million) at a bank in Spain. The government bonds reported in this item are stock exchange listed. The other bonds are unlisted.

In connection with differences between the acquisition prices and redemption values, as at 31 December 2010 an amount of EUR 18,6 million (2009: EUR 9.3 million) has been included under Prepayments and accrued income and an amount of EUR 0.5 million (2009: EUR 0.7 million) has been included under Accruals and deferred income.

The movement in interest-bearing securities is as follows:

	2010	2009
Balance sheet value as at 1 January	511,018	269,214
Purchase	185,000	314,354
Repayments	-60,846	-20,220
Sale	-48,500	-52,330
Balance sheet value as at 31 December	**586,672**	**511,018**

5. Shares

	2010	2009
S.W.I.F.T. SCRL	3	3
Ampere Equity Fund BV	0	0
SEPA Biogasanlage Hattingen GmbH	1	0
	4	**3**

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 Ampere Equity Fund BV are held in the framework of the Triodos Investment Management activities. The shares in SEPA Biogasanlage Hattingen GmbH are held in conjunction with a granted loan.

The movement in shares is as follows:

	2010	2009
Balance sheet value as at 1 January	3	3
Purchase	1	—
Sales	—	—
Balance sheet value as at 31 December	**4**	**3**

6. Participating interests

	2010	2009
Other participating interests	**2,623**	**2,532**

This relates to a participating interest in New Resource Bank, San Francisco, Merkur Bank, Copenhagen and Cultura Bank, Oslo, where no significant influence can be exercised.

The movement in this item is as follows:

	2010	2009
Balance sheet value as at 1 January	2,532	3,020
Acquisitions	78	—
Revaluation	-103	-453
Exchange rate results on foreign currencies	116	-35
Balance sheet value as at 31 December	**2,623**	**2,532**

7. Intangible fixed assets

	2010	2009
Goodwill paid	400	505
Development costs for information systems	10,793	9,967
Management contracts	3,174	3,375
Computer software	279	127
	14,646	**13,974**

The goodwill paid relates to:
Goodwill that Triodos Fonds Management paid to Triodos Investment Management in 2004 to acquire research activities;
Goodwill that Triodos Bank paid to Triodos Investments España in 2004 , 2005 and an addition in 2009 to buy off the rights to the future profit made by the branch in Spain.

The movement in goodwill paid is as follows:

	2010	2009
Purchase value as at 1 January	900	701
Cumulative amortisation as at 1 January	-395	-330
Balance sheet value as at 1 January	505	371
Purchase	—	199
Amortisation	-105	-65
Balance sheet value as at 31 December	**400**	**505**

The development costs for information systems

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

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

	2010	2009
Purchase value as at 1 January	17,056	13,611
Cumulative amortisation as at 1 January	-7,089	-4,398
Balance sheet value as at 1 January	9,967	9,213
Capitalised expenses	2,510	3,445
Amortisation	-1,684	-1,353
Impairments	—	-1,338
Balance sheet value as at 31 December	**10,793**	**9,967**

Management contracts

The management contracts relate to contracts for the management of funds by Triodos Investment Management. When it acquired its participating interest in Triodos Investment Management, Triodos Bank paid a sum for this to Triodos Holding.

The movement in management contracts is as follows:

	2010	2009
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-655	-454
Balance sheet value as at 1 January	3,375	3,576
Amortisation	-201	-201
Balance sheet value as at 31 December	**3,174**	**3,375**

8. Property and equipment

	2010	2009
Property for own use	22,735	22,406
Equipment	9,371	7,094
	32,106	**29,500**

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

	2010	2009
Purchase value as at 1 January	24,514	22,838
Cumulative revaluation as at 1 January	-435	-435
Cumulative depreciation as at 1 January	-1,673	-1,337
Balance sheet value as at 1 January	22,406	21,066
Purchase	648	1,676
Depreciation	-319	-336
Balance sheet value as at 31 December	**22,735**	**22,406**

The movement in equipment is as follows:

	2010	2009
Purchase value as at 1 January	14,862	12,517
Cumulative depreciation as at 1 January	-7,768	-6,116
Balance sheet value as at 1 January	7,094	6,401
Purchase	4.768	2,569
Sale	-13	-30
Depreciation	-2,480	-1,856
Exchange rate differences	2	10
Balance sheet value as at 31 December	**9,371**	**7,094**

9. Other assets
The other assets include a claim regarding the deposit guarantee scheme in the amount of EUR 13.171 (2009: nil).

10. Prepayments and accrued income
This item includes sums still outstanding and not yet invoiced, advanced payments and various accrued and deferred items, including a deferred tax item amounting to EUR 3.0 million (2009: EUR 3.0 million). The deferred tax item mainly relates to losses incurred by the German and Spanish branch still to be off-set against future taxable profits.

Liabilities

11. Banks

	2010	2009
Deposits from banks	**23,983**	**9,560**

This item concerns credits held by Kreditanstalt für Wiederaufbau, Germany and Instituto de Crédito Oficial, Spain, for interest-subsidised loans in the renewable energy sector.

Deposits with banks classified by residual maturity:

	2010	2009
Payable on demand	840	—
1 to 3 months	108	262
3 months to 1 year	822	580
1 to 5 years	6,843	3,326
Longer than 5 years	15,370	5,392
	23,983	**9,560**

12. Funds entrusted

	2010	2009
Savings accounts	2,199.404	1,962,088
Other funds entrusted	839,272	622,529
	3,038,676	**2,584,617**

Funds entrusted classified by residual maturity:

	2010	2009
Payable on demand	2,497,806	2,097,124
1 to 3 months	93,796	134,489
3 months to 1 year	167,916	167,035
1 to 5 years	223,160	172,010
Longer than 5 years	55,998	13,959
	3,038,676	**2,584,617**

13. Other liabilities

This item consists of various amounts payable, including Dutch and foreign taxation and social security contributions totalling EUR 2.5 million (2009: EUR 2.4 million).

14. Accruals and deferred income

This item includes any receivables still to be invoiced, advance payments already received and various accruals and deferrals and deferred tax liability items in the amount of EUR 4.2 million (2009: EUR 3.6 million).
The deferred tax item mainly relates to future profits of the German and Spanish branch that will be taxed in The Netherlands.

15. Provisions

	2010	2009
Major building maintenance	313	249
Other provisions	5	133
	318	**382**

The movement of the provisions is as follows:

	2010	2009
Balance sheet value as at 1 January	382	6,244
Reclassification related to disposal of business	—	-48
Allocation	114	267
Withdrawal	-103	-74
Release	-75	-6,007
Balance sheet value as at 31 December	**318**	**382**

The release in 2009 relates for an amount of EUR 6 million to the change in accounting policy for pensions.

16. Subordinated liabilities

This relates to a 10-year bond loan as at 12 July 2006. The nominal interest rate is 5.625% and the issue price is 99.314%. The bonds are subordinated to all other liabilities. During the life of the bond loan, the Bank can purchase and cancel bonds, subject to the consent of the Dutch Central Bank.

The movement in subordinated liabilities is as follows:

	2010	2009
Balance sheet value as at 1 January	22,800	22,800
Withdrawal	—	—
Balance sheet value as at 31 December	**22,800**	**22,800**

17. Equity

The equity stated on the consolidated balance sheet is equal to that stated on the parent company balance sheet. For a breakdown, please see the Notes to the company Annual Accounts.

Fair values

The following table sets out the fair value of the financial instruments held as at 31 December 2010. The fair value of interest-bearing securities is the market value. The fair value of banks, loans, funds entrusted with a fixed interest term and the subordinated loan has been determined by calculating the net present value of interest and redemption, taken into account market interest rates as at the end of the year. The fair value of the other items is assumed to be equal to the balance sheet value.
The fair value of the remaining assets also includes the deferred tax item for the difference between the balance sheet value and fair value. The premium and discount not yet written off for the interest-bearing securities has been included on the balance sheet value of the interest-bearing securities.

	2010 Balance sheet Value	2010 Fair value	2009 Balance sheet value	2009 Fair value
Assets				
Cash	44,814	44,814	49,073	49,073
Banks	595,800	595,901	663,079	663,458
Loans	2,127,643	2,169,387	1,660,935	1.684,869
Interest-bearing securities including premiums/discounts	604,727	613,162	519,584	532,382
Shares	4	4	3	3
Participating interests	2,623	2,623	2,532	2,532
Other	118,505	109,109*	89,704	82,884*
	3,494,116	**3,535,000**	**2,984,910**	**3,015,201**
Liabilities				
Banks	23,983	23,983	9,560	9,560
Funds entrusted	3,038,676	3,049,258	2,584,617	2,593,196
Other	69,341	71,456	72,283	74,073
Equity	362,116	362,116	318,450	318,450
Revaluation	—	28,187	—	19,922
	3,494,116	**3,535,000**	**2,984,910**	**3,015,201**

* The fair value is negatively impacted by the tax effect of all fair value adjustments which has been posted as other.

	2010 Contract value	2010 Fair value	2009 Contract value	2009 Fair value
Derivatives				
Currency forward contracts (sale of foreign currencies)	175,488	181,211	141,447	141,592
Currency forward contracts (purchase of foreign currencies)	175,079	181,237	137,408	138,065
	350,567	**362,448**	**278,855**	**279,657**

The estimated fair values provided by financial institutions are not comparable on an individual basis, due to the major differences in valuation methods and the many estimated values. The lack of an objective method of valuation means that estimated fair values are highly subjective in respect of the assumed lives and interest rates used. This is why readers should be wary of using the information in this part of the Notes to compare the fair values of different financial institutions with one another.

Off-balance sheet liabilities

18. 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.

19. Irrevocable facilities

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

Other off-balance sheet liabilities

In addition to the contingent liabilities and irrevocable facilities reported on the balance sheet, the deposit guarantee scheme and the investor compensation scheme is applicable as stated in Article 3:259 of the Act on Financial Supervision.

Rental commitments

in thousands of EUR

Location	Amount per annum	Residual term
Zeist, The Netherlands	536	56 months
Zeist, The Netherlands	171	24 months
Brussels, Belgium	543	99 months
Bristol, United Kingdom	128	33 months
Bristol, United Kingdom	32	21 months
Barcelona, Spain	97	24 months
Bilbao, Spain	13	3 months
Madrid, Spain	17	3 months
Sevilla, Spain	45	6 months
Valencia, Spain	63	22 months
Valladolid, Spain	111	21 months
Zaragoza, Spain	14	6 months
Frankfurt, Germany	46	46 months

Lease commitments
in thousands of EUR

Lease commitments have been entered between 31 and 48 months with an annual charge of EUR 645, for a remaining period of 26 months with an annual charge of EUR 20 and for a remaining period of 23 month with an annual charge of EUR 5.

Commitments for software use
in thousands of EUR

The following commitments have been entered for software use:
• for a period of 24 months with an annual charge of EUR 114 and a reimbursement which varies according to the extent of registered volumes;
• a one-off payment of EUR 10 in 2011and a fixed annual payment of EUR 16;
• a one-off payment of EUR 71 in 2011;
• a one-off payment of EUR 164 in 2011and a fixed annual payment of EUR 27;
• for a period of at least 3 years and an variable annual charge of approximately EUR 260;
• for a period of at least 5 years and an variable annual charge of approximately EUR 250.

Other Commitments
In 2010 Triodos Bank signed a joint operating agreement with a real estate developer. The objective of this agreement is to realise a new office building for Triodos Bank before the first quarter of 2015.

Income

20. Interest income

	2010	2009
Loans	77,187	64,342
Banks	7,189	16,578
Interest-bearing securities	20,253	17,454
Other investments	219	51
	104,848	**98,425**

The interest income includes revenues derived from financial 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 2.2 million (2009: 2.0 million).

21. Interest expense

	2010	2009
Funds entrusted	36,080	44,060
Subordinated liabilities	1,297	1,269
Banks	326	23
Other	327	356
	38,030	**45,708**

22. Commission income

	2010	2009
Guarantee commission	434	409
Share register	3,314	2,710
Administrative expenses charged on	3,791	3,847
Payment transactions	2,062	1,367
Lending	2,563	1,582
Insurance brokerage	—	266
Asset Management	2,769	1,881
Management fees	20,840	17,634
Research fees	—	9
Capital issues for third parties	210	347
Other commission income	44	19
	36,027	**30,071**

23. Commission expense

	2010	2009
Commission to agents	401	427
Asset Management	259	172
Other commission expense	188	95
	848	**694**

24. Result on financial transactions

	2010	2009
Exchange results for foreign currency transactions	19	115
Transaction results on currency forward contracts	163	75
Result on unwinding interest rate contract	—	1,582
	182	1,772

25. Other income

This relates to fees for other services performed and book profits from the sale of assets.

Expenses

26. Co-worker and other administrative expenses

	2010	2009
Co-worker costs:		
• Salary expenses	30,922	26,512
• Pension expenses	3,849	3,512
• Social security expenses	5,308	3,988
• Temporary co-workers	3,282	4,148
• Other staff costs	3,735	2,765
• Capitalised co-worker costs	-1,694	-2,481
	45,402	**38,444**
Other administrative expenses:		
• Office costs	3,278	3,033
• IT costs	3,751	2,733
• External administration costs	2,821	1,907
• Travel and lodging expenses	2,068	1,886
• Fees for advice and auditor	2,499	2,778
• Advertising charges	6,263	6,195
• Accommodation expenses	4,044	3,236
• Other costs	2,985	5,013
	27,709	**26,781**
	73,111	**65,225**
Average number of co-workers on a full-time basis	**559.4**	**479.4**

Pension expenses

	2010	2009
Pension expenses, defined contribution schemes	2,035	1,682
Pension expenses, defined benefit pension schemes	1,814	1,830
	3,849	**3,512**

The pension expenses for defined contribution schemes are based on the contributions owed for the financial year. The accounting policy regarding the pension expenses for defined benefit pension schemes has been changed. Up to January1, 2010 the pension expenses for defined benefit pension schemes are based on the change in the pension rights granted. From January 1, 2010 the contribution to be paid to the administration company is recognised as an expense in the profit and loss account. The comparative figure for 2009 has been adjusted to reflect this change in accounting policy. The pension expenses for the defined benefit pension schemes are EUR 102,000 lower than was presented in the 2009 Annual report.

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 48,716 a defined 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 48,716, a defined contribution schemes applies; the commitment to the participating co-workers consists of the paying the outstanding contribution.

In The Netherlands, co-workers of related parties participate in the pension scheme, too. The total pension commitment and the resulting expenses are reported with Notes in the consolidated Annual Accounts of Triodos Bank NV. Part of the expenses are charged on to 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 the outstanding contribution. Participation in the pension scheme is obligatory for co-workers in Belgium and Spain. In Belgium, the co-workers' contribution is 2% of the salary and the employer's contribution is 6%. In Spain, the pension contribution is 1.5% of the salary, paid in full by the employer.

In the United Kingdom and Germany, participation in the pension scheme is voluntary. In the United Kingdom, the co-workers' contribution varies between 0% and 10% of the salary. The employer's contribution amounts to 3% or 10% of the salary. 88% of the co-workers in the United Kingdom participate in the pension scheme. In Germany, the co-workers' contribution is 3.33% of the salary and the employer's contribution is 6.67%. 100% of the co-workers in Germany participate in the pension scheme.

Other expenses

The other expenses include expenses regarding the deposit guarantee scheme in the amount of EUR 0.3 million (2009: EUR 2.6 million).

Remuneration policy

The salary system employed by Triodos Bank is based on the principle that the income is generated by the joint efforts of all co-workers. Salaries are set based on:
A system of job evaluation that is itself based on the tasks and difficulty of the position concerned;
Restrictions on the difference between the lowest and highest final salaries at Triodos Bank.

The salaries paid to the members of the Executive Board are set by the Supervisory Board's Nomination and Compensation Committee. The basic principles of the Triodos Bank salary system are taken into account, whereby such a salary is offered that sufficient members of qualified management personnel can be attracted and retained.

The remuneration paid to Supervisory Board members and members of the Foundation for the Administration of Triodos Bank Shares (SAAT) Board of Trustees is set at the Annual General Meeting of Shareholders.

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

	2010 Amount outstanding	2010 Average interest rate	2010 Repayments	2009 Amount outstanding	2009 Average interest rate	2009 Repayments
Pierre Aeby	125	3.6%	—	—	—	—

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

Remuneration paid to the Executive Board

The accounting policy regarding the pension expenses for defined benefit pension schemes has been changed. Up to January1, 2010 the pension expenses for defined benefit pension schemes are based on the change in the pension rights granted. From January 1, 2010 the contribution to be paid to the administration company is recognised as an expense in the profit and loss account. The comparative figure for 2009 has been adjusted to reflect this change in accounting policy. From January 1, 2010 the salary expenses of the Executive Board is presented without the reimbursement of expenses. The comparative figure for 2009 has been adjusted.

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

	2010	2009
Salary expenses	649	631
Pension expenses	141	127
Social expenses	27	26
	817	784

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

	2010	2009
Pierre Aeby*	206	200
Peter Blom*	258	251
Michael Jongeneel	185	180
	649	631

* Statutory director

Remuneration paid to the Supervisory Board

The remuneration paid to the Supervisory Board is as follows:

Amounts in EUR	2010 Remuneration	2010 Fees for Committees	2010 Compensation for travel time	2010 Total	2009 Total
Tineke Bahlmann (until 15th May 2009)	—	—	—	—	3,750
Marjatta van Boeschoten (until 15th May 2009)	—	—	—	—	5,625
David Carrington (from 15th May 2009)	10,000	—	3,500	13,500	8,250
Marcos Eguiguren	10,000	3,604	3,000	16,604	16,250
Marius Frank	10,000	2.302	—	12,302	11,063
Mathieu van den Hoogenband	10,000	—	—	10,000	10,687
Jan Lamers	10,000	3,604	3,000	16,604	15,125
Margot Scheltema	10,000	4,208	—	14,208	12,250
Hans Voortman (Chair)	15,000	2,000	—	17,000	15,688
Carla van der Weerdt (from 21 May 2010)	6,042	—	—	6,042	—
	81,042	**15,718**	**9,500**	**106,260**	**98,688**

The fees paid to Supervisory Board members were changed in the Annual General Meeting held on 21 May 2010.

The following fees apply:
- EUR 10,000 per annum for an ordinary member;
- EUR 15,000 per annum for the Chair;
- EUR 4,000 per annum for a member of the Audit & Risk Committee;
- EUR 5,000 per annum for the chair of the Audit & Risk Committee;
- EUR 2,000 per annum for members of the Nomination and Compensation Committee;
- EUR 2,500 per annum for the chair of the Nomination and Compensation Committee;
- EUR 500 per meeting (to a maximum of EUR 10,000 per annum) as compensation for travelling time for those Supervisory Board members who live abroad.

Ms. van der Weerdt has been a member of the Supervisory Board since 21 May 2010, and Mr. Carrington has been a member of the Supervisory Board since 15 May 2009. Ms. Bahlmann and Ms. van Boeschoten retired from their positions as members of the Supervisory Board as at 15 May 2009.

Mr. Lamers, Mr. Eguiguren and Ms. Scheltema are the members of the Audit & Risk Committee. Mr. Frank and Mr. Voortman are the members of the Nomination and Compensation Committee.

Remuneration of the Board of Trustees of SAAT

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

	2010 Remuneration	2010 Compensation for travel time	2010 Total	2009 Total
Jan van Apeldoorn (until 21 May 2010)	1,187	—	1,187	2,813
Marjatta van Boeschoten (from 15 May 2009)	3,000	2,000	5,000	3,875
Frans de Clerck (from 21 May 2010)	1,813	2,000	3,813	—
Luis Espiga	3,000	2,000	5,000	5,313
Philip Martyn (until 15 May 2009)	—	—	—	—
Chris Maryns-van Autreve (until 21 May 2010)	1,187	1,000	2,187	5,313
Jan Nijenhof (chair)	5,000	—	5,000	4,625
Max Rutgers van Rozenburg (acting chair)	3,000	—	3,000	2,813
Josephine de Zwaan (from 21 May 2010)	1,813	—	1,813	—
	20,000	**7,000**	**27,000**	**24,752**

The fees paid to members of the SAAT Board of Trustee were not changed in 2010.

The following fees apply:
- EUR 3,000 per annum for an ordinary member;
- EUR 5.000 per annum for the chairperson;
- EUR 500 per meeting (with a maximum of 10 meetings per annum) as compensation for travelling time for those Board members who live abroad.

Mr. Martyn has waived his fee for the year 2009.
Ms. van Boeschoten has been a member of the SAAT Board of Trustee since 15 May 2009. Mr. Martyn retired from his position as member of the SAAT Board of Trustee as at 15 May 2009.

27. Depreciation, amortisation and value adjustments of intangible and tangible fixed assets

	2010	2009
Amortisation of intangible fixed assets	2,052	1,633
Impairment of intangible fixed assets	—	1,338
Depreciation of property and equipment	2,799	2,192
	4,851	5,163

Depreciation has been reduced by the part that is charged on to related parties.

28. Value adjustments to receivables

This item consists of expenses associated with write-downs on loans and other receivables. In 2010, there is an expense item of EUR 9.8 million (2009: expense of EUR 5.0 million).

29. Taxation on operating result

	2010	2009
Taxation to be paid	3,185	2,243
Deferred taxation	84	680
	3,269	2,923

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

	2010	2009
Result before taxation	14,778	12,500
Statutory tax rate	25.5%	25.5%
Statutory tax amount	3,768	3,188
Difference arising from other tax rates abroad, exemptions and non-deductible items	-554	-212
Restatement of deferred taxation items as the result of amended tax rates	55	-53
Effective tax amount	**3,269**	**2,923**
Effective tax rate	**22.1%**	**23.4%**

Fiscal entity

Triodos Bank, as a parent company, forms a tax entity for turnover tax and corporate income tax purposes with Triodos Assurantiën, Triodos Cultuurbank, Triodos Investment Management, Kantoor Buitenzorg and Kantoor Nieuweroord as subsidiaries. The method chosen for the setting-off of taxation between Triodos Bank and the 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 tax entity.

Related parties

Triodos Bank has links with the following legal entities:

• Triodos Bank provides services to Sustainalytics, Triodos Real Estate Development 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 lets office accommodation to Triodos Facet at a competitive lease.
• Triodos Bank has acted as a guarantor for Triodos Groenfonds at a competitive guarantee commission.
• Triodos Bank and Triodos Investment Management carry out management activities for investment funds and receive a competitive management fee for these activities.
• 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 provided services to Sicav II and Triodos Real Estate Investment BV regarding the launch of new investment funds at a competitive fee.
• Triodos Bank receives compensation from Triodos Groenfonds for lower interest rates on loans that were acquired from Triodos Groenfonds.
• Triodos Investment Management and Triodos Mees Pierson obtains information for research into sustainability from Sustainalytics at competitive rates.
• Triodos Bank rented a part of the year 2010 an office building owned by Triodos Vastgoedfonds at a competitive lease.
• Triodos Mees Pierson passes on a share of the received administration fee to Sustainalytics as remuneration for their share in the performed administration activities.
• Triodos Mees Pierson manages an investment portfolio of Triodos Groenfonds at a competitive management fee.

Segment reporting.

Key figures 2010 by branch and business unit

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	1,460,049	794,783	433,744	334,269
Number of accounts	169,919	40,806	31,451	35,008
Loans	761,774	462,918	359,125	456,557
Number	13,606	1,692	992	886
Balance sheet total	1,595,895	882,901	549,184	493,831
Funds under management				
Total assets under management	**1,595,895**	**882,901**	**549,184**	**493,831**
Total income	33,177	18,768	11,699	14,012
Operating expenses	-22,758	-12,854	-8,648	-10,892
Value adjustments to receivables	-2,966	-4,788	-745	-1,339
Value adjustments to participations				
Operating result	7,453	1,126	2,306	1,781
Taxation on operating result	-1,764	361	-550	-840
Net profit	**5,689**	**1,487**	**1,756**	**941**
Average number of co-workers on a full-time basis	115.2	71.9	73.0	83.5
Operating expenses/total income	69%	68%	74%	78%

Bank Germany	Total banking activities	Investment Management	Private Banking	Other	Elimination intercompany transactions	Total
20,310	3,043,155				-4,479	3,038,676
1,105	278,289					278,289
87,946	2,128,320				-677	2,127,643
107	17,283					17,283
115,887	3,637,698			631,523	-771,601	3,497,620
		1,757,284	356,776	8,077		2,122,137
115,887	**3,637,698**	**1,757,284**	**356,776**	**639,600**	**-771,601**	**5,619,757**
2,076	79,732	21,007	2,476	1,409	-1,922	102,702
-4,955	-60,107	-15,708	-1,845	-1,546	1,244	-77,962
	-9,838			-5		-9,843
				-119		-119
-2,879	9,787	5,299	631	-261	-678	14,778
883	-1,910	-1,545	-157	173	170	-3,269
-1,996	**7,877**	**3,754**	**474**	**-88**	**-508**	**11,509**
25.0	368.6	76.8	10.3	103.7		559.4
239%	75%	75%	75%			76%

Key figures 2009
by branch and business unit

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted	1,232,494	708,738	386,484	268,667
Number of accounts	135,350	36,374	29,683	26,563
Loans	587,791	357,591	277,890	373,838
Number	11,365	1,374	879	745
Balance sheet total	1,361,575	779,963	450,972	407,555
Funds under management				
Total assets under management	**1,361,575**	**779,963**	**450,972**	**407,555**
Total income	28,746	15,017	10,505	10,459
Operating expenses	-20,166	-10,718	-8,514	-9,640
Value adjustments to receivables	-2,222	-1,255	-626	-401
Value adjustments to participations				
Operating result	6,358	3,044	1,365	418
Taxation on operating result	-1,621	-493	-388	-92
Net profit	**4,737**	**2,551**	**977**	**326**
Average number of co-workers on a full-time basis	96.8	57.4	74.3	67.8
Operating expenses/total income	70%	71%	81%	92%

With effect from 2010, the accounting policy for pensions has changed. This coincides with the release of the pension provision which was required under the previous accounting policy.
The comparative figures for 2009 have been adjusted due to this change in accounting policy.

Bank Germany	Total banking activities	Investment Management	Private Banking	Other	Elimination intercompany transactions	Total
394	2,596,777				-12,160	2,584,617
60	228,030					228,030
63,825	1,660,935					1,660,935
75	14,438					14,438
66,696	3,066,761			452,752	-533,875	2,985,638
		1,591,303	280,394	8,077		1,879,774
66,696	**3,066,761**	**1,591,303**	**280,394**	**460,829**	**-533,875**	**4,865,412**
100	64,827	19,157	1,676	5,099	-2,423	88,336
-2,634	-51,672	-14,318	-1,764	-5,057	2,423	-70,388
	-4,504			-476		-4,980
				-468		-468
-2,534	8,651	4,839	-88	-902		12,500
800	-1,794	-1,229	28	72		-2,923
-1,734	**6,857**	**3,610**	**-60**	**-830**		**9,577**
15.9	312.2	73.8	9.9	83.5		479.4
2,634%	80%	75%	105%			80%

Lending by sector in 2010 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
Environment							
Organic farming	99,569	4.7%	831	33,246	4.4%	427	4,846
Organic food	65,254	3.1%	575	27,081	3.5%	368	10,506
Renewable energy	715,368	33.6%	649	71,419	9.4%	85	233,762
Sustainable property	126,607	6.0%	563	74,838	9.8%	214	37,316
Environmental technology	32,523	1.5%	114	6,597	0.9%	34	10,825
	1,039,321	**48.9%**	**2,732**	**213,181**	**28.0%**	**1,128**	**297,255**
Social							
Retail non-food	18,819	0.9%	147	5,461	0.7%	95	1,633
Production	13,034	0.6%	121	5,833	0.8%	68	5,342
Professional services	69,728	3.3%	262	17,630	2.3%	124	15,254
Social housing	95,207	4.5%	279	61,212	8.0%	171	2,598
Healthcare	290,805	13.7%	920	116,236	15.3%	582	67,029
Social projects	68,755	3.2%	227	925	0.1%	17	11,419
Fair trade	6,180	0.3%	45	2,784	0.4%	12	1,486
Development cooperation	33,821	1.6%	33	27,046	3.5%	13	586
	596,349	**28.1%**	**2.034**	**237,127**	**31.1%**	**1,082**	**105,347**
Culture							
Education	65,727	3.1%	273	22,691	3.0%	90	8,987
Child care	26,131	1.2%	131	23,063	3.0%	112	2,370
Arts and culture	98,862	4.6%	603	68,187	8.9%	409	17,031
Philosophy of life	56,015	2.6%	199	10,394	1.4%	38	1,650
Recreation	63,865	3.0%	171	34,826	4.6%	100	2,757
	310,600	**14.5%**	**1,377**	**159,161**	**20.9%**	**749**	**32,795**
Private loans	97,583	4.6%	11,136	68,515	9.0%	10,643	27,521
Municipality loans	83,790	3.9%	4	83,790	11.0%	4	—
Total	**2,127,643**	**100.0%**	**17,283**	**761,774**	**100.0%**	**13,606**	**462,918**

	Belgium		United Kingdom			Spain			Germany		
	%	number	amount	%	number	amount	%	number	amount	%	number
	1.0%	66	43,454	12.1%	262	17,239	3.8%	69	784	0.9%	7
	2.3%	71	10,061	2.8%	63	16,200	3.6%	68	1,406	1.6%	5
	50.5%	183	111,860	31.2%	74	267,692	58.6%	289	30,635	35.1%	18
	8.1%	271	5,904	1.6%	17	8,549	1.9%	61	—	0.0%	—
	2.3%	56	13,247	3.7%	16	1,854	0.4%	8	—	0.0%	—
	64.2%	**647**	**184,526**	**51.4%**	**432**	**311,534**	**68.3%**	**495**	**32,825**	**37.6%**	**30**
	0.4%	26	10,505	2.9%	22	67	0.0%	1	1,153	1.3%	3
	1.2%	42	501	0.2%	4	1,358	0.3%	7	—	0.0%	—
	3.3%	58	34,122	9.5%	47	2,718	0.6%	29	4	0.0%	4
	0.6%	25	23,001	6.4%	78	—	0.0%	—	8,396	9.6%	5
	14.4%	161	29,165	8.1%	76	52,106	11.4%	71	26,269	30.2%	30
	2.5%	58	14,403	4.0%	73	42,008	9.2%	79	—	0.0%	—
	0.3%	7	1,321	0.4%	17	589	0.1%	9	—	0.0%	—
	0.1%	9	427	0.1%	1	5,762	1.3%	10	—	0.0%	—
	22.8%	**386**	**113,445**	**31.6%**	**318**	**104,608**	**22.9%**	**206**	**35,822**	**41.1%**	**42**
	1.9%	102	7,317	2.0%	36	9,007	2.0%	25	17,725	20.3%	20
	0.5%	15	483	0.1%	3	215	0.0%	1	—	0.0%	—
	3.7%	116	9,385	2.6%	48	4,259	0.9%	30	—	0.0%	—
	0.4%	12	36,252	10.1%	128	6,822	1.5%	18	897	1.0%	3
	0.6%	22	7,717	2.2%	27	18,565	4.1%	22	—	0.0%	—
	7.1%	**267**	**61,154**	**17.0%**	**242**	**38,868**	**8.5%**	**96**	**18,622**	**21.3%**	**23**
	5.9%	392	—	0.0%	—	1,547	0.3%	89	—	0.0%	12
	0.0%	—	—	0.0%	—	—	0.0%	—	—	0.0%	—
	100.0%	**1,692**	**359,125**	**100.0%**	**992**	**456,557**	**100.0%**	**886**	**87,269**	**100.0%**	**107**

Lending by sector in 2009

in thousands of EUR	Total			The Netherlands			Belgium
	amount	%	number	amount	%	number	amount
Environment							
Organic farming	81,664	4.9%	677	30,179	5.1%	311	3,321
Organic food	63,903	3.8%	544	27,328	4.6%	359	10,135
Renewable energy	572,907	34.5%	641	67,891	11.6%	148	192,900
Sustainable property	82,766	5.0%	401	44,516	7.6%	187	26,973
Environmental technology	24,611	1.5%	102	6,286	1.1%	30	11,975
	825,851	**49.7%**	**2,365**	**176,200**	**30.0%**	**1,035**	**245,304**
Social							
Retail non-food	17,231	1.0%	122	4,972	0.8%	79	1,979
Production	9,897	0.6%	105	6,336	1.1%	70	1,270
Professional services	49,172	3.0%	253	15,023	2.6%	142	3,856
Social housing	99,640	6.0%	330	76,390	13.0%	246	2,816
Healthcare	239,213	14.5%	776	98,736	16.8%	486	43,006
Social projects	53,691	3.2%	222	985	0.2%	17	10,877
Fair trade	8,543	0.5%	50	4,678	0.8%	17	1,615
Development cooperation	30,273	1.8%	44	22,951	3.9%	18	1,151
	507,660	**30.6%**	**1,902**	**230,071**	**39.2%**	**1,075**	**66,570**
Culture							
Education	61,727	3.7%	267	23,522	4.0%	92	8,797
Child care	25,604	1.5%	143	22,412	3.8%	124	2,486
Arts and culture	69,796	4.2%	728	38,432	6.5%	514	18,260
Philosophy of life	45,748	2.8%	195	9,376	1.6%	44	1,161
Recreation	53,497	3.2%	121	30,034	5.1%	77	2,159
	256,372	**15.4%**	**1,454**	**123,776**	**21.0%**	**851**	**32,863**
Private loans	51,242	3.1%	8,716	37,934	6.4%	8,403	12,854
Municipality loans	19,810	1.2%	1	19,810	3.4%	1	—
Total	**1,660,935**	**100.0%**	**14,438**	**587,791**	**100.0%**	**11,365**	**357,591**

Belgium		United Kingdom			Spain			Germany		
%	number	amount	%	number	amount	%	number	amount	%	number
0.9%	64	36,153	13.0%	247	11,666	3.1%	54	345	0.5%	1
2.8%	57	10,634	3.8%	63	15,806	4.2%	65	—	0.0%	—
53.9%	156	78,973	28.4%	51	216,405	57.9%	271	16,738	26.2%	15
7.5%	149	5,864	2.1%	17	5,413	1.4%	48	—	0.0%	—
3.4%	50	4,625	1.7%	16	1,725	0.5%	6	—	0.0%	—
68.5%	**476**	**136,249**	**49.0%**	**394**	**251,015**	**67.1%**	**444**	**17,083**	**26.7%**	**16**
0.6%	23	10,204	3.7%	19	76	0.0%	1	—	0.0%	—
0.4%	14	960	0.3%	12	1,331	0.4%	9	—	0.0%	—
1.1%	44	27,400	9.9%	41	2,893	0.8%	26	—	0.0%	—
0.8%	27	11,923	4.3%	48	—	0.0%	—	8,511	13.3%	9
12.0%	133	26,308	9.5%	66	44,432	11.9%	61	26,731	42.0%	30
3.0%	82	12,379	4.5%	63	29,450	7.9%	60	—	0.0%	—
0.5%	8	1,336	0.5%	17	914	0.2%	8	—	0.0%	—
0.3%	17	416	0.1%	1	5,755	1.5%	8	—	0.0%	—
18.7%	**348**	**90,926**	**32.8%**	**267**	**84,851**	**22.7%**	**173**	**35,242**	**55.3%**	**39**
2.5%	94	10,021	3.6%	43	8,976	2.4%	25	10,411	16.3%	13
0.7%	15	490	0.2%	3	216	0.1%	1	—	0.0%	—
5.1%	146	8,260	3.0%	40	4,696	1.3%	26	148	0.2%	2
0.3%	13	28,202	10.1%	120	6,068	1.6%	13	941	1.5%	5
0.6%	16	3,742	1.3%	12	17,562	4.7%	16	—	0.0%	—
9.2%	**284**	**50,715**	**18.2%**	**218**	**37,518**	**10.1%**	**81**	**11,500**	**18.0%**	**20**
3.6%	266	—	0.0%	—	454	0.1%	47	—	0.0%	—
0.0%	—	—	0.0%	—	—	0.0%	—	—	0.0%	—
100.0%	**1,374**	**277,890**	**100.0%**	**879**	**373,838**	**100.0%**	**745**	**63,825**	**100.0%**	**75**

Solvency

in thousands of EUR

The solvency is calculated according to the Basel II guidelines.

	2010	2009
The tier 1 capital and own funds can be specified as follows:		
Share capital	249,352	221,029
Share premium	57,566	51,507
Statutory reserve	7,867	6,762
Other reserve	35,763	29,532
Retained earnings	11,509	9,577
Minus: proposed dividend	-9,725	-8,608
Minus: intangible fixed assets	-14,646	-13,974
Tier 1 capital (a)	337,686	295,825
Revaluation reserve	59	43
Subordinated liabilities after deduction of discount	22,694	22,680
Own funds (b)	360,439	318,548
Capital requirements (c)	196,400	154,642
Surplus of own funds (b-c)	**164,039**	**163,906**
Tier 1 ratio (a/c * 8%)	13.8%	15.3%
BIS ratio (b/c * 8%)	14.7%	16.5%

The capital requirements can be specified as follows:

	2010	2009
Capital requirement for credit risk	183,161	143,578
Capital requirement for market risk	—	—
Capital requirement for operational risk	13,239	11,064
	196,400	**154,642**

The capital requirement for credit risk is 8% of the risk-weighted value of assets, off-balance sheet items and derivatives.

	2010	2009
Risk-weighted assets	1,929,175	1,608,853
Risk-weighted off-balance sheet items	343,416	175,934
Risk-weighted derivatives	16,919	9,934
	2,289,510	**1,794,721**
Capital requirement percentage	8%	8%
Capital requirement amount for credit risk	183,161	143,578

The capital requirement 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 own funds. The capital requirement is zero if the net open foreign currency position is less than 2% of the actual own funds.

	2010	2009
Bottom line of 2% of the actual own funds	7,225	6,371
Net open foreign currency position	2,120	1,593
Capital requirement percentage	0%	0%
Capital requirement amount for market risk	—	—

The capital requirement for operational risk is 15% of the average income of the previous three years.

	2010	2009
Total income 2007	n/a	59,213
Total income 2008	73,737	73,737
Total income 2009	88,336	88,336
Total income 2010	102,702	n/a
Average income previous three years	88,258	73,762
Capital requirement percentage	15%	15%
Capital requirement amount for operational risk	13,239	11,064

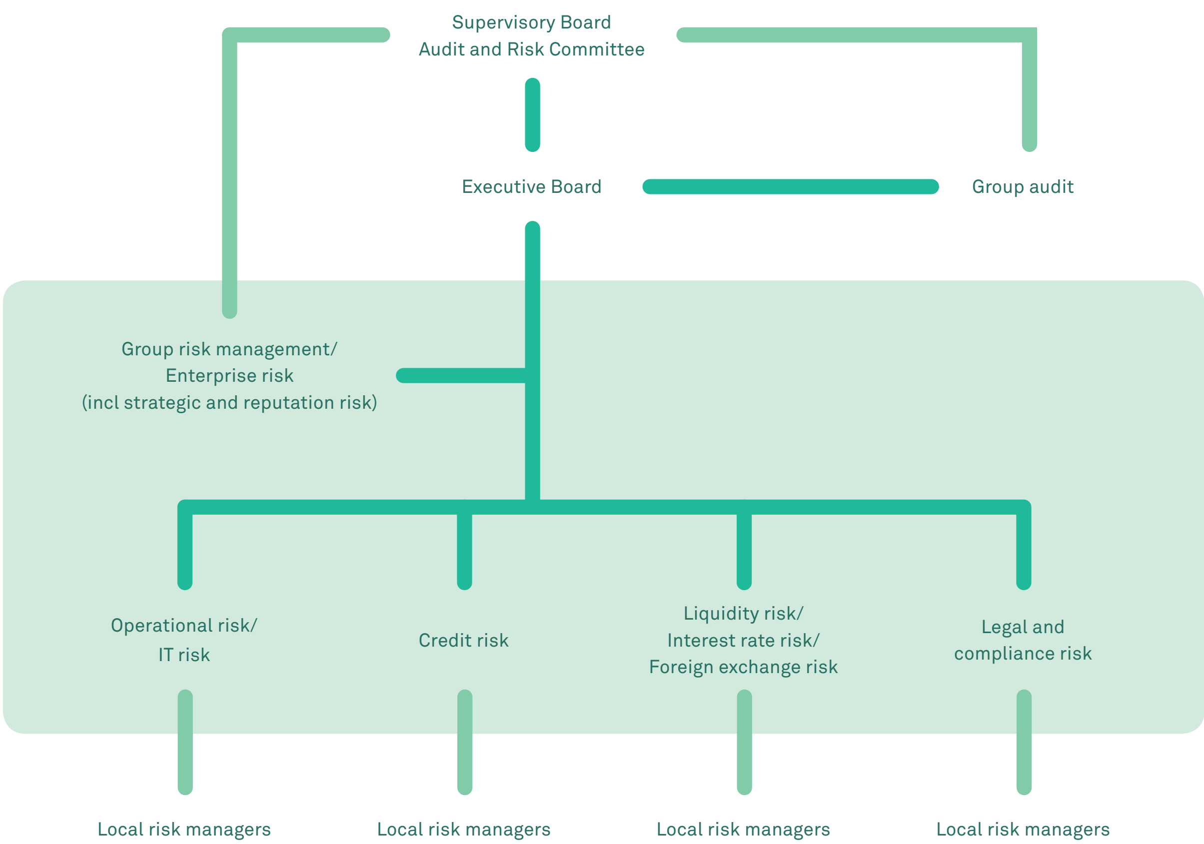
Risk management

in thousands of EUR

Risk governance

Triodos Bank uses and maintains a framework of systems, procedures, limits, reports and checks to manage the risks it faces. The structure and organisation of its business processes comply with the applicable legislation and regulations for financial institutions and Triodos Bank's sustainability aims. The three lines of defence model is the basis for managing the risks within the Triodos Group. The branches, business units and departments are responsible for managing their own risks (first line of defence). Group and local risk managers (second line of defence) support and advise the branches, business units and departments in embedding these processes in the organisation. Finally, Group Audit (third line of defence) periodically assesses the design and effectiveness of internal processes and controls.

Risks are monitored by various departments and committees at group level. Risk Management consists of various risk disciplines. These various risk disciplines are coordinated by the Head of Group Risk Management. The Head of Group Risk Management reports directly to the Chief Financial Officer who is



responsible for risk management within the Executive Board of Triodos Bank. Risk Management's primary task is to support the business in identifying, assessing, mitigating and monitoring their risks. Risk Management also analyses risks, prepares policies and guidelines and coordinates the management of the various risks facing Triodos Bank.

Further responsibilities of the Head of Group Risk Management are to make sure that all business units and departments embed a coherent enterprise risk management framework. This framework integrates the individual approach of the different risk categories and coordinates the management of all financial and non-financial risks Triodos Bank faces. It also guarantees that professional knowledge in a number of relevant fields is properly managed.

Local Risk Managers at each of Triodos Bank's business units are appointed to align the overall enterprise risk framework into the business.

Risk management policies are approved by Triodos Bank's Executive Board on the advice of the responsible risk manager.

The Executive Board has assigned the advisory responsibility for:
- Balance sheet management and related risks to the Assets and Liabilities Committee (Alco). The Alco meets every month.
- Large loan approvals and counterparty and concentration risk to the Executive Board Credit Committee (the EBCC). The EBCC meets every week.

The Audit and Risk Committee of the Supervisory Board supervises the risk management activities of Triodos Bank.

Regulatory requirements

Triodos Bank implemented the capital framework of the Basel Committee on Banking Supervision and reports according to the requirements stipulated by Basel II. Basel II Pillar I has different approaches to the capital calculations regarding credit, operational and market risks. In view of its size and stage of development, Triodos Bank has currently opted to implement the less advanced capital calculation methods. The Standard Approach for assigning capital is used to calculate credit risk and market risk. The Basic Indicator Approach is used to calculate the capital requirements for operational risk. The options chosen by Triodos Bank will not diminish its efforts to continue to improve and fine-tune its internal risk management system based on more advanced capital calculation methodologies.

As part of Pillar II of Basel II, Triodos Bank also implemented the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP reflects the capital adequacy strategy of Triodos Bank and is used for the review by the Dutch Central Bank as part of Pillar II requirements.

The ICAAP is based on the level of risks Triodos Bank is prepared to take in order to realise its strategic objectives, the so called risk appetite. The risk appetite indicates the maximum risk that Triodos Bank considers acceptable to implement its business strategy in order to protect itself against events that could have an adverse effect on profitability, liability capital and the depository receipt price.

Pillar III of Basel II concerns the disclosure of solvency risks. Its purpose is to make data on solvency and the connected risk profile of the organisation available to stakeholders. In line with regulations, this data is published where desirable or necessary in this annual report.

The Dutch Banking Code explicitly mentions that the Executive Board is responsible for adopting, implementing, monitoring and, where necessary, adjusting Triodos Bank's overall risk management framework. Triodos Bank implemented the recommendations set out by this Code.

The same code recommends the creation of a risk committee as a sub-committee of the Supervisory Board. Triodos Bank has opted to assign this task to the Audit Committee, which has been renamed as the Audit & Risk Committee (SB A&RC). This committee has been established and meets four times a year. The Executive Board delivers an integrated risk report to the SB A&RC to enable them to execute adequately their supervisory responsibilities on the risk profile of the bank, including the capital allocation and liquidity impact. A new product approval process, that assesses all new products and markets against Triodos Bank's risk appetite and its duty of care to clients has been approved and will come into force in the first quarter of 2011. A lifelong learning program for members of the Executive Board and Supervisory Board has been set up and implemented.

Capital management

The aim of capital management is to guarantee that sufficient capital is available to meet Triodos Bank's capital needs for implementation of its business strategy. Triodos Bank works with rolling three year capital planning. The Asset and Liability Committee monitors and advises the Executive Board about the capital adequacy. The Asset and Liability Committee monthly assesses whether the available capital is sufficient to support current and future activities. In 2010, the available capital was always sufficient. In the middle of 2010 new equity of EUR 34,382 was issued to support further future growth.

Business strategy, risk appetite, and capital planning form the basis for the process of:
• Capital measurement (ICAAP): measuring the risks resulting in an estimate of the demand for capital.
• Capital contingency and stress testing: managing the supply of and demand for capital
• Capital allocation: allocating capital to the different branches, business units and departments.

Capital measurement

The capital measured at Triodos Bank concerns both the external requirements in accordance with the results of Pillar I under Basel II and the internal demand for capital in accordance with the results of Pillar II under Basel II.
The results of Pillar I and Pillar II add up to Economic Capital, which expresses the need of capital to cover Triodos Bank business activities. Therefore Economic Capital supports business decision-making at all levels within banking organisations. The Economic Capital 2010 is determined by the following risks:
• Credit risk (counterparty risk and concentration risk)
• Operational risk
• Market risk (foreign exchange risk and interest rate risk)

For non-quantifiable risks a buffer is held on top of the Economic Capital. The Dutch Central Bank may require Triodos Bank to hold additional capital on top of this outcome based on their supervisory review and evaluation process (SREP).
For detailed calculations see the Solvency chapter (page 78) in this annual account.

Capital contingency and stress testing

Capital Contingency is set up to ensure that Triodos Bank maintains sufficient capital to meet its regulatory capital requirements under stressed situations. A Capital Contingency Plan is set up for Triodos Group in case a capital crisis is foreseen. The Capital Contingency Plan sets out actions and activities to strengthen short term capital position under stressed circumstances. Twice a year the capital position is stressed based on a number of scenarios.

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.

Credit risk

Credit risk relates primarily to counterparty's potential inability to meet its obligations towards Triodos Bank and the losses that might be incurred as a result. Credit risk concerns both payment arrears and negative changes due to a counterparties lower credit rating. Credit risk also includes concentration risk in the credit portfolio, which is the risk Triodos Bank faces that large (connected) individual exposures and significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location and instrument type fail to meet their obligations. Credit risk relates to all financial assets like loans, deposits with financial institutions and bonds. Triodos Bank manages credit risk from two perspectives:

- Primary at the individual level focusing on the direct relation with the counterparty
- Globally at the portfolio level in order to manage the concentration of risks per sector, country or region;

Loans

Loans are provided to businesses and projects that contribute to achieving Triodos Bank's mission. Given that this involves a small number of sectors, higher sector concentration is inherent to the loan portfolio. Concentration on the existing sectors is acceptable because Triodos Bank has considerable expertise in these sectors and actively invests in increasing knowledge within the organisation. Risk is also reduced by the spread of the loan portfolio in the different countries and the high quality of securities (collateral) against outstanding loans. Principal collateral are 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.

Lending is primarily the responsibility of local branches, which maintain close relationship to their customers. Lending decisions are made by local credit committees in each of the branches. Each local credit committee is authorised to make decisions within agreed parameters and limits set by the Executive Board. Based on advice of the Executive Board Credit Committee, the Executive Board decides on loans that exceed these limits.

All business loans in the portfolio are periodically reviewed on an individual basis. The frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates.

The credit committee of the branch concerned 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 for 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. In 2010, the net additions to the provision for doubtful debts, as a percentage of the average loan portfolio, was 0.52% (2009: 0.34%). The total of provisions related to the outstanding credits is 1.0% (2009: 0.6%) as at the end of the year.

Loan risk is reported each month to the Executive Board Credit Committee, and quarterly to the Supervisory Board.

Governments and Financial institutions

Monies not invested in loans to customers are invested for liquidity purposes in bonds or placed with other banks. Policy is to invest in the country were the money was raised. The Executive Board may deviate from this policy, after consultation with the Asset and Liability Committee. The bond portfolio of Triodos Bank is mainly comprised of government, and government guaranteed bonds. Triodos Bank also invests in a limited number of other types of high grade bonds issued by regional authorities, and financial institutions.

Banks are selected on the basis of their credit-worthiness and screened on their sustainability performance by the Triodos Research department. Exceptions can occur, if the number of selected banks in a country is not sufficient to place Triodos Bank's liquidities. In such cases, deposit notice periods will not exceed three months. All counterparty limits for banks are granted by the Executive Board after advice from them Executive Board Credit Committee. Triodos Bank uses Fitch and/or Moody's credit rating to assess the counterparty risk related to bonds and financial institutions, if available.

Risk weighted value

An overview of the credit risk position within Triodos Bank, based on risk-weighted assets, off-balance sheet items and derivatives, is given in the following tables which are divided by the following criteria: exposure class, sector and country.

Risk-weighted value per exposure class (asset class)

2010 Exposure class	Net exposure value	Credit risk mitigation	Fully adjusted exposure value	Risk-weighted value
Central governments and central banks	489,153	184,700	673,853	—
Regional governments and local authorities	151,060	18,341	169,401	2,438
Banks	739,319	-28,948	710,371	155,176
Corporates	1,897,790	-142,977	1,754,813	1,373,277
Retail exposures	82,081	-11,883	70,198	43,085
Secured by property	799,488	-5,613	793,875	592,399
Past due items	62,094	-13,620	48,474	62,538
Other items	60,597	—	60,597	60,597
Total	**4,281,582**	**—**	**4,281,582**	**2,289,510**
Whereof:				
Assets	3,479,364	—	3,479,364	1,929,175
Off-balance sheet items	778,031	—	778,031	343,416
Derivatives	24,187	—	24,187	16,919
Total	**4,281,582**	**—**	**4,281,582**	**2,289,510**

2009 Exposure class	Net exposure value	Credit risk mitigation	Fully adjusted exposure value	Risk-weighted value
Central governments and central banks	408,328	179,976	588,304	—
Regional governments and local authorities	56,386	3,568	59,954	81
Banks	805,803	-64,024	741,779	168,453
Corporates	1,304,353	-105,704	1,198,649	1,035,406
Retail exposures	64,776	-7,609	57,167	34,777
Secured by property	651,064	-4,067	646,997	477,518
Past due items	24,671	-1,794	22,877	31,107
Other items	47,725	-346	47,379	47,379
Total	**3,363,106**	**—**	**3,363,106**	**1,794,721**
Whereof:				
Assets	2,970,816	—	2,970,816	1,608,853
Off-balance sheet items	375,376	—	375,376	175,934
Derivatives	16,914	—	16,914	9,934
Total	**3,363,106**	**—**	**3,363,106**	**1,794,721**

The net exposure value is a sum of:
• Assets excluding intangible assets, excluding discount of subordinated liabilities (included under prepayments and accrued income) and after deducting discount of bonds (included under accruals and deferred income);
• Off-balance sheet items, consisting of contingent liabilities and irrevocable facilities;
• Derivatives, valued at the credit risk equivalent, which is based on the additional costs or the lost revenues of a substitute transaction in the event that the counterparty does not fulfil its obligations.

Credit risk mitigation relates to received collaterals (guarantees and pledged funds entrusted). As a result, the credit risk shifts from the exposure class of the direct counterparty to the exposure class of the collateral provider. This results in the fully adjusted exposure value for each exposure class.

The risk-weighted value is calculated by multiplying the fully adjusted exposure value with the risk weight and the conversion factor. Basel II guidelines 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:
• 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: 100%;
• Banks: 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;
• Corporates: 100%;
• Retail exposures: 75% or 100%;
• Secured by property: 35% for exposures secured by residential property, 50% or 100% for exposures secured by non residential property;
• Past due items: 50% or 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;
• 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.

Risk-weighted value per sector

Sector	2010 Risk-weighted value	%	2009 Risk-weighted value	%
Banks and financial intermediation	206,125	9	192,257	11
Basic materials	13,222	1	6,125	—
Construction and infrastructure	708	—	675	—
Consumer products (non-food)	6,475	—	4,876	—
Retail	22,262	1	21,779	1
Services	272,616	12	206,232	12
Healthcare and social work	247,724	11	178,514	10
Agriculture and fishing	100,730	4	82,740	5
Media	5,593	—	6,659	—
Utilities	738,855	32	603,448	34
Private individuals	62,984	3	40,632	2
Leisure and tourism	80,413	4	59,196	3
Transport and logistics	10,254	—	7,185	—
Real estate	196,011	9	105,053	6
Insurance and pension funds	501	—	501	—
Food and beverages	52,842	2	49,830	3
Other sectors	272,195	12	229,019	13
Total	**2,289,510**	**100**	**1,794,721**	**100**

The sectors are defined in the Basel II guidelines. Risk-weighted value is attributed to the sector of the direct counterparty.

Risk-weighted value per country

Country	2010 Risk-weighted value	%	2009 Risk-weighted value	%
Belgium	494,000	22	351,470	20
Denmark	6,253	—	8,394	—
France	56,280	2	41,836	2
Germany	85,645	4	46,131	3
Ireland	26,591	1	8,866	—
Italy	3,492	—	3,494	—
Luxembourg	4,420	—	85	—
The Netherlands	735,206	32	627,096	35
Norway	82	—	—	—
Spain	473,025	21	387,677	22
United Kingdom	403,032	18	318,183	18
United States	1,484	—	1,489	—
Total	**2,289,510**	**100**	**1,794,721**	**100**

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.

2010	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	56,922	15,020	38,302	230,733	148,002	488,979
Regional goverments and local authorities	1,073	—	75,000	50,987	24,000	151,060
Banks	376,799	227,923	34,222	88,963	2,000	729,907
Corporates	62,555	17,148	121,799	360,171	626,949	1,188,622
Retail exposures	6,138	287	2,212	8,194	31,903	48,734
Secured by property	19,637	10,312	28,590	136,362	554,470	749,371
Past due items	33,788	815	1,070	9,799	16,622	62,094
Other items	60,597	—	—	—	—	60,597
Total	**617,509**	**271,505**	**301,195**	**885,209**	**1,403,946**	**3,479,364**

2009	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	61,689	9,967	51,548	164,830	120,220	408,254
Regional goverments and local authorities	405	—	20,000	27,981	8,000	56,386
Banks	314,637	245,632	107,271	128,539	1,000	797,079
Corporates	52,256	25,447	78,935	335,934	492,723	985,295
Retail exposures	6,388	791	2,561	7,290	21,918	38,948
Secured by property	28,237	6,224	17,086	96,284	464,627	612,458
Past due items	10,916	411	516	2,229	10,599	24,671
Other items	47,725	—	—	—	—	47,725
Total	**522,253**	**288,472**	**277,917**	**763,087**	**1,119,087**	**2,970,816**

Bad debts and overdue receivables

The following tables provide an overview of the bad debts and overdue receivables per sector and country. Bad debts are loans we expect will not be fully repaid in accordance with the original loan contract. Provisions for loan losses are taken for bad debts for the difference between the future expected cash flows discounted at the original effective interest rate of the contract and the total amount of the debtor's outstanding liability to Triodos Bank. Overdue receivables are loans overdue for more than 90 days.

Bad debts and overdue receivables per sector

	Bad debts at year end	
	2010	2009
Basic materials	2,205	1,814
Construction and infrastructure	35	33
Consumer products (non-food)	—	—
Retail	825	746
Services	2,256	1,386
Healthcare and social work	1,423	2,595
Agriculture and fishing	17,994	4,690
Media	111	59
Utilities	21,037	17,580
Private individuals	—	—
Leisure and tourism	9,569	3,401
Transport & logistics	56	64
Real estate	1,845	—
Food and beverages	819	368
Other sectors	4,956	4,299
Total	**63,131**	**37,035**

Bad debts and overdue receivables per country

	Bad debts at year end	
	2010	2009
Belgium	11,488	8,555
France	—	—
Germany	2,947	3,105
Ireland	1,275	—
The Netherlands	35,710	16,994
Spain	6,235	5,544
United Kingdom	5,476	2,837
Total	**63,131**	**37,035**

	Provision for bad debts at year end		Value adjustments in the year		Overdue receivables (excl. bad debts) at year end	
	2010	2009	2010	2009	2010	2009
	1,540	219	1,321	49	—	461
	23	26	-6	-62	56	—
	—	—	—	1	48	11
	518	475	69	—	93	105
	1,227	843	377	55-	3,348	1,423
	470	354	110	153	5,509	2,309
	3,678	1,679	1,900	608	5,941	3,454
	82	33	46	19	41	242
	9,059	4,159	4,638	2,958	3,406	790
	—	—	—	—	548	693
	1,493	725	680	482	7,065	4,701
	45	45	—	-10	—	62
	46	—	47	-1	7,502	3
	383	373	72	46	2,752	3,499
	2,060	1,461	589	792	3,920	1,609
	20,624	**10,392**	**9,843**	**4,980**	**40,229**	**19,362**

	Provision for bad debts at year end		Value adjustments in the year		Overdue receivables (excl. bad debts) at year end	
	2010	2009	2010	2009	2010	2009
	6,834	2,035	4,789	1,255	3,384	867
	—	—	—	—	81	27
	400	495	5	476	12,295	—
	706	200	489	-14	1,596	527
	8,953	5,631	2,966	2,221	5,824	3,746
	2,118	705	1,339	401	13,938	10,232
	1,613	1,326	255	641	3,111	3,963
	20,624	**10,392**	**9,843**	**4,980**	**40,229**	**19,362**

Operational risk

In the course of its normal business, Triodos Bank runs operational risks. These risks relate to losses Triodos Bank could incur as a result of inadequate or failing internal processes, systems, human behaviour or external events. Triodos Bank tries to limit these risks as much as possible by making sure there are clear policies, reports and procedures in place for all business processes. Numerous control measures are embedded in IT-systems and recorded in monitoring procedures and work instructions. Training, level of experience and involvement of the co-workers all support this, because people are key in the success of a risk management process.
The operational risk framework uses several tools and technologies to identify, measure, mitigate and monitor risks on an operational, tactical and strategic level.

This process takes into account our duty of care to clients, and Triodos Bank's substantial objective, such as screening for environmental criteria.

A special part of Operational Risk Management is Information Security and Business Continuity. Activities to manage risks related to these subjects are executed under the responsibility of the Chief Operating Officer. Local Operational Risk Managers have a functional reporting line to Group Operational Risk Management to ensure the overall operational risk profile of the organisation.

The Basic Indicator Approach is used for the capital calculation of operational risk, in accordance with Basel II. The operational risk framework is in line with the principles mentioned in the Sound Practices for the Management and Supervision of Operational Risk. These sound practices give guidelines to the qualitative implementation of operational risk management and are advised by the Bank of International Settlements.

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 are denominated in GBP.
Triodos Bank aims to avoid net currency positions, with the exception of those arising from strategic investments. The term positions in foreign currencies reflect mainly the currency derivatives for Triodos Investment Funds which are nearly fully hedged.
The foreign exchange risk is monitored monthly in the Asset and Liability Committee. Limits are agreed by the Executive Board based on a proposal made by the Asset and Liability Committee.

The following table shows Triodos Bank's foreign currency position in thousands of EUR as at 31 December.

2010	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	482,249	481,769	—	—	480	—
USD	1,681	66	163,375	163,350	1,640	—
MXN	—	—	966	966	—	—
KES	—	—	2,226	2,226	—	—
PEN	—	—	13,822	13,822	—	—
ZAR	—	—	847	847	—	—
Total	**483,930**	**481,835**	**181,236**	**181,211**	**2,120**	**—**

Net open foreign currency position (total of net positions debit and credit): 2.120

2009	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	390,053	390,621	5,484	5,484	—	568
USD	5,193	73	123,486	127,013	1,593	—
MXN	—	—	1,550	1,550	—	—
PEN	—	—	11,570	11,570	—	—
PHP	—	—	754	754	—	—
ZAR	—	—	706	706	—	—
Total	**395,246**	**390,694**	**143,550**	**147,077**	**1,593**	**568**

Net open foreign currency position (total of net positions debit and credit): 2.161

Interest rate risk

Interest rate risk is the current or prospective risk that earnings and/or capital are negatively affected by interest rate changes in the financial markets. This risk is inherent to banking business.

Triodos Bank uses various indicators to measure the interest rate risk. The interest rate risk position is monitored by the Asset and Liability Committee on a monthly basis. The interest rate risk is managed with an interest risk model, using guidelines and limits and by performing various interest rate stress scenarios. Limits are agreed by the Executive Board based on a proposal made by the Asset and Liability Committee.

Overview of interest rate risk indicators:

• Earnings at Risk: a short term indicator, which shows the effect of the change of interest earnings over one year and two years in case of an interest shock of plus or minus 2% (200 basic points) on the interest income of Triodos Bank.

• Economic Value of Equity at Risk: a long-term indicator, which represents the change of value of the Economic Value of Equity (which is the net present value of the cash flows of all assets and liabilities) in case of an interest rate shock of plus or minus 2% (200 basic points).

• Outlier Criterion: the Economic Value of Equity at Risk in % of the Actual own Funds. This indicates the effect of interest rate shocks on the Actual own Funds.

• Cushion: shows the difference between the Economic Value of Equity and the Actual own Funds.

• Modified Duration of Equity: an indicator that expresses the sensitivity of the Economic Value of Equity in case of an interest rate change of 1%.

Overview of interest rate risk indicators used by Triodos Bank as at the end of the year for all currencies

Base case represents the expected results of Interest Earnings and Economic Value of Equity in an unchanged interest environment.

Amounts in millions	Base case	Base case	Rising interest rate (+200 bp)			
	2010	2009	2010	%	2009	%
Actual own Funds	€ 360	€ 319				
Earnings at Risk 1 year	€ 84	€ 61	+ € 10	+11.8%	+ € 6	+ 9.9%
Earnings at Risk 2 year	€ 186	€ 137	+ € 30	+16.2%	+ € 16	+11.5%
Economic Value of Equity at Risk	€ 503	€ 432	- € 38	- 7.6%	- € 31	- 7.2%
Outlier Criterion				10.6%		9.8%
Cushion	€ 143	€ 113	€ 105		€ 82	
Modified Duration of Equity	3.6	3.0	3.8		3.7	

The calculations for these indicators are based on contractual maturities and interest rates. However saving and current accounts have a non-defined interest maturity. In the past years the calculations for interest rate risk concerning saving and current accounts were mainly based on assumptions on qualitative grounds, or ‘expert opinion’. To improve the substantiation of the model assumptions, a quantitative assessment of the interest rate sensitivity of our saving accounts and current accounts was executed. The outcome of this assessment is used in the calculations for interest rate risk as from 2010. For comparison purposes the outcome of 2009 has been recalculated, and is also based on these new quantitative parameters.

The model used for the quantitative measurement of savings and current accounts predicts future volumes based on connections found in historical data over a period of 17 years, 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.

Decreasing interest rate (-200 bp)			
2010	%	2009	%
- € 4	- 4.9%	- € 1	- 2.0%
- € 13	- 7.0%	- € 5	- 3.9%
+ € 39	+7.8%	+ € 34	+ 8.0%
	10.6%		9.8%
€ 182		€ 147	
4.1		2.7	

The following table sets out the remaining interest-rate term of the financial instruments held as at 31 December.

2010	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	44,814	—	—	—	—	44,814
Banks	370,875	222,925	—	2,000	—	595,800
Loans	550,464	143,654	353,436	594,583	485,506	2,127,643
Interest-bearing securities	—	25,019	107,523	323,183	149,002	604,727
Total	**966,153**	**391,598**	**460,959**	**919,766**	**634,508**	**3,372,984**
Interest-bearing liabilities						
Banks	840	1,199	396	6,239	15,309	23,983
Funds entrusted	12,103	512,456	820,387	1,052,801	624,425	3,022,172
Subordinated liabilities	—	—	—	—	22,694	22,694
Total	**12,943**	**513,655**	**820,783**	**1,059,040**	**662,428**	**3,068,849**

2009	Floating-rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	49,073	—	—	—	—	49,073
Banks	322,676	232,132	107,271	1,000	—	663,079
Loans	469,396	162,423	219,300	430,020	379,796	1,660,935
Interest-bearing securities	—	14,966	71,548	311,350	121,720	519,584
Total	**841,145**	**409,521**	**398,119**	**742,370**	**501,516**	**2,892,671**
Interest-bearing liabilities						
Banks	—	1,152	507	2,764	5,137	9,560
Funds entrusted	814	461,867	690,824	920,306	495,184	2,568,995
Subordinated liabilities	—	—	—	—	22,680	22,680
Total	**814**	**463,019**	**691,331**	**923,070**	**523,001**	**2,601,235**

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 balance sheet value including bond premium and after deduction of discounts.
Funds entrusted without a fixed interest-rate term in the maturity calendar is the outcome of the quantitative savings and current account model, as mentioned before. 2009 has been recalculated based on this new model.
All other interest-bearing assets and liabilities are reported as floating-rates or are broken down in the maturity calendar by their remaining contractual interest-rate term.

Liquidity risk

Liquidity risk refers to the risk that Triodos Bank is unable to fulfil its obligations to its customers at a particular point in time without incurring unacceptable losses.
Funds entrusted are attracted for Triodos Bank's lending operations. The surplus is deposited with financial institutions or government (guaranteed) bonds. Triodos Bank is characterised by a high degree of liquidity, and is funded entirely by deposits from private customers and small and medium sized enterprises. As a result, Triodos Bank does not need to rely on funding from the wholesale market. Therefore, Triodos Bank's liquidity was not affected by the challenges the wholesale market faced during the recent financial crisis for its funding. Triodos Bank regularly assesses its liquidity position based on stress scenarios. The outcomes of these stress tests were satisfactory. Actions to be taken to manage our liquidity position in case of a future liquidity crisis are described in a Liquidity Contingency Plan.

Every month, Triodos Bank's liquidity position is monitored by the Asset and Liability Committee. Intraday liquidity is monitored by the branches through cash flow forecasting. Each week their position is reported to Group Treasury and reported to the CFO. Limits are agreed by Triodos Bank's Executive Board based on a proposal made by the Asset and Liability Committee.

The following tables set out the actual and required liquidity of the financial instruments held as at 31 December.

2010	Receivable or payable on demand	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Actual liquidity and amounts receivable in the maturity calendar (weighted amounts):						
Cash	44,814	—	—	—	—	44,814
Banks	370,875	200,633	—	—	1,800	573,308
Loans	—	22,267	85,450	214,543	501,130	823,390
Interest-bearing securities	478,303	—	—	60,500	1,000	539,803
Derivatives	—	14,027	70,835	218,596	1,817	305,275
Total	**893,992**	**236,927**	**156,285**	**493,639**	**505,747**	**2,286,590**
Required liquidity and amounts payable in the maturity calendar (weighted amounts):						
Banks	420	97	740	6,159	13,833	21,249
Funds entrusted	324,306	26,070	39,416	49,395	12,095	451,282
Other liabilities	3,308	—	—	—	—	3,308
Subordinated liabilities	—	—	—	—	22,800	22,800
Contingent liabilities	2,382	—	—	—	—	2,382
Irrevocable facilities	73,494	—	—	—	—	73,494
Derivatives	—	14,017	70,779	218,237	1,808	304,841
Total	**403,910**	**40,184**	**110,935**	**273,791**	**50,536**	**879,356**

2009	Receivable or payable on demand	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Actual liquidity and amounts receivable in the maturity calendar (weighted amounts):						
Cash	49,073	—	—	—	—	49,073
Banks	309,176	222,069	95,544	—	900	627,689
Loans	—	23,009	47,639	170,241	398,547	639,436
Interest-bearing securities	421,897	—	—	60,000	1,500	483,397
Derivatives	—	38,690	52,570	149,818	5,418	246,496
Total	**780,146**	**283,768**	**195,753**	**380,059**	**406,365**	**2,046,091**
Required liquidity and amounts payable in the maturity calendar (weighted amounts):						
Banks	—	236	522	2,993	4,853	8,604
Funds entrusted	264,931	31,593	37,964	39,153	2,857	376,498
Other liabilities	1,977	—	—	—	—	1,977
Subordinated liabilities	—	—	—	—	22,800	22,800
Contingent liabilities	2,018	—	—	—	—	2,018
Irrevocable facilities	33,825	—	—	—	—	33,825
Derivatives	—	38,626	52,331	149,632	5,406	245,995
Total	**302,751**	**70,455**	**90,817**	**191,778**	**35,916**	**691,717**

Notes:
The Interest-bearing securities, recognized as collateral by the European Central Bank (ECB eligible), are valued at fair value and reported as receivable on demand. Other interest-bearing securities are valued at redemption value and reported in the maturity calendar.
Derivatives are the amounts receivable or payable for currency forward contracts. Amounts in foreign currency are converted at the spot rate on the balance sheet date.

Amounts for actual liquidity and required liquidity are weighted in accordance with the reports to the Dutch Central Bank. The weights used are the following:

Actual liquidity

- Cash: 100%;
- Banks: 100% for demand deposits; 90% for fixed term deposits;
- Loans: 0% for demand deposits; 40% for redemptions receivable;
- Interest-bearing securities: 95% for ECB eligible bonds issued or guaranteed by governments; 90% for ECB

eligible bonds issued by banks or other institutions; 100% for other bonds;
• Derivatives: 100%.

Required liquidity

• Banks: 100% for demand deposits; 90% for fixed term deposits;
• Funds entrusted: 10% for savings accounts without fixed term; 20% for fixed term savings accounts; 20% for other funds entrusted without fixed term; 40% for other funds entrusted with fixed term;
• Other liabilities: 20%;
• Subordinated liabilities: 100%;
• Contingent liabilities: 5% or 10%, depending on the nature of the issued guarantee;
• Irrevocable facilities: 10%;
• Derivatives: 100%.

In 2010 two new liquidity ratios have been announced in the light of the new Basel III requirements:
• The Liquidity Coverage Ratio (LCR): to ensure an adequate level of unencumbered, high-quality assets that can be converted into cash to meet liquidity needs over a 30-day time horizon under an acute liquidity stress scenario specified by supervisors.
• The Net Stable Funding Ratio (NSFR): to ensure an adequate level of medium and long-term funding of the assets and activities of banks over a one-year time horizon.

These ratios are not yet made compulsory by supervisors. The observation period for LCR starts in 2011 and the minimum standard will be set by 2015. The observation period for NSFR starts in 2012 and the minimum standard will be set by 2018. However, given the importance of these two ratios Triodos Bank already includes these indicators in its internal reporting and measurement of liquidity risk.

Liquidity coverage ratio

Amounts in millions EUR	Risk weights	2010 Total amount	2010 Risk weighted amount	2009 Total amount	2009 Risk weighted amount
Stock of high quality liquid assets:					
Central Bank reserves	100%	45	45	49	49
Government bonds	100%	442	442	382	382
Total stock of high quality liquid assets			**487**		**431**
Cash outflows:					
Deposits from non-financial institutions	10%	2,388	238	1,966	197
Deposits from financial institutions	100%	119	119	135	135
Fixed term deposits maturing within one month	10%	35	3	59	6
Undrawn committed credit and liquidity facilities non-financial institutions	5%	735	37	338	17
Undrawn committed credit and liquidity facilities financial institutions	100%	75	75	39	39
Total cash outflow			**472**		**394**
Cash inflows:					
Loan payments of fully performing loans	100%	37	37	34	34
Maturing deposits	100%	133	133	196	196
Sight (including overnight deposits)	100%	304	304	248	248
Total cash inflow			**474**		**478**
Net cash outflow			**-2**		**-84**
Liquidity Coverage Ratio			**Negative**		**Negative**

The Liquidity Coverage Ratio must be more than 100%. This means that Net cash outflow is covered by High quality liquid assets. A negative outcome of the Liquidity Coverage Ratio means that the total cash outflow is already covered by total cash inflow.

Net Stable Funding Ratio

Amounts in millions EUR	Risk weights	2010 Total amount	2010 Risk weighted amount	2009 Total amount	2009 Risk weighted amount
Available stable funding					
Equity	100%	362	362	318	318
Liabilities > 1 year	100%	319	319	217	217
Deposits from non-financial institutions	80%	2,388	1,910	1,966	1,573
Fixed term deposits < 1 year	80%	238	191	285	228
Total available stable funding			**2,782**		**2,336**
Required stable funding					
Government bonds with a rating of at least AA	5%	370	19	293	15
ECB eligible bonds with a rating of at least AA	20%	—	—	15	3
Loans to non-financial corporate clients having a residual maturity of less than 1 year	50%	224	112	157	78
All other assets	100%	2,168	2,168	1,744	1,744
Undrawn committed credit and liquidity facilities	5%	810	40	378	19
Total required stable funding			**2,339**		**1,859**
Net stable funding ratio			**119%**		**126%**

The Net Stable Funding Ratio must be more than 100%. This means that the available stable funding covers the required stable funding.

Legal and compliance risk

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. Triodos Bank has a European compliance team led from the head office in Zeist. Compliance officers are present in every branch. The head of the Compliance department reports to the Executive Board.

There were no significant incidents in 2010 concerning compliance and integrity. Triodos Bank was not involved in any material legal proceedings or sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, privacy or product liability.

Strategic and reputation risk

Triodos Bank has a clearly defined mission derived from its articles of association and works according to the values that are described in its business principles. Within the organisation, there is a lot of investment in co-workers' training, awareness raising and involvement with the topics and principles that are most important to Triodos Bank. Triodos Bank's reputation is a strategic pillar, as confidence in Triodos Bank is vital to its provision of services. Triodos Bank's reputation is very important, so any risks to it are managed very carefully. This includes training of co-workers, reporting all related activities as transparently as possible, and carefully choosing partners for collaboration. In times of crisis, Triodos Bank's aim is to provide timely and accurate information and to actively communicate on any issues.

Company balance sheet as at 31 December 2010.

Before appropriation of profit in thousands of EUR	Reference*	31.12.2010	31.12.2009
Assets			
Cash		44,814	49,073
Banks	30	589,082	659,891
Loans		2,090,473	1,652,935
Interest-bearing securities		586,672	511,018
Shares	31	3	3
Participating interests	32	27,388	26,853
Intangible fixed assets	33	11,443	10,552
Property and equipment	34	15,653	13,709
Other assets		34,283	19,413
Prepayments and accrued income		64,831	44,401
Total assets		**3,464,642**	**2,987,848**
Liabilities			
Banks		23,983	9,560
Funds entrusted	35	3,013,167	2,587,879
Other liabilities		5,828	9,758
Accruals and deferred income		36,518	39,032
Provisions	36	230	369
		3,079,726	**2,646,598**
Subordinated liabilities		**22,800**	**22,800**
Capital	37	249,352	221,029
Share premium reserve	38	57,566	51,507
Revaluation reserve	39	59	43
Statutory reserve	40	7,867	6,762
Other reserves	41	35,763	29,532
Retained earnings		11,509	9,577
Equity		**362,116**	**318,450**
Total equity and liabilities		**3,464,642**	**2,987,848**

	31.12.2010	31.12.2009
Contingent liabilities	43,090	37,119
Irrevocable facilities	734,941	338,257
	778,031	**375,376**

* References relate to the notes starting on page 108. These form an integral part of the consolidated annual accounts.

Company profit and loss account for 2010

In thousands of EUR	2010	2009
Result on participating interests after taxation	4,158	4,660
Other result after taxation	7,351	4,917
Net profit	**11,509**	**9,577**

Company statement of changes in the equity for 2010.

in thousands of EUR	Share Capital	Share premium
Equity as at 1 January 2009	**146,075**	**25,071**
Change in accounting policy for pensions		
Increase of share capital	72,366	29,024
Stock dividend	2,588	-2,588
Revaluation of property, equipment and participation interest after taxation		
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		
Transfer to statutory reserve for development costs		
Purchasing or sale of own depository receipts		
Result for financial year		
Equity as at 31 December 2009	**221,029**	**51,507**
Increase of share capital	24,191	10,191
Stock dividend	4,132	-4,132
Revaluation of property, equipment and participation interest after taxation		
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		
Transfer to statutory reserve for development costs		
Purchasing or sale of own depository receipts		
Result for financial year		
Equity as at 31 December 2010	**249,352**	**57,566**

Revaluation reserve	Statutory reserve	Other reserve	Retained earnings	Total equity
28	**5,906**	**16,931**	**10,140**	**204,151**
		4,137		4,137
				101,390
				—
15				15
	-35			-35
		4,470	-4,470	—
			-5,670	-5,670
		3,634		3,634
	891	-891		—
		1,251		1,251
			9,577	9,577
43	**6,762**	**29,532**	**9,577**	**318,450**
				34,382
				—
16				16
	116			116
		975	-975	—
			-8,602	-8,602
		5,801		5,801
	989	-989		—
		444		444
			11,509	11,509
59	**7,867**	**35,763**	**11,509**	**362,116**

Notes to the company's financial statements.

in thousands of EUR

General

The accounting principles for valuation and determination of results are the same as those for the consolidated Annual Accounts.

In accordance with Section 2:402 of The Netherlands Civil Code, the company profit and loss account only contains a breakdown of the net result into the result on participating interests and the Other result.

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

Assets

30. Banks

	2010	2009
On demand deposits with banks	364,157	305,988
Deposits with banks	224,925	353,903
	589,082	**659,891**

The on demand deposits can be freely disposed of.

31. Shares

	2010	2009
S.W.I.F.T. SCRL	3	3
	3	**3**

The movement in shares is as follows:

	2010	2009
Balance sheet value as at 1 January	3	3
Purchase	—	—
Sales	—	—
Balance sheet value as at 31 December	**3**	**3**

32. Participating interests

	2010	2009
Participating interests in group companies	24,117	23,888
Other participating interests	3,271	2,965
	27,388	**26,853**

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:

	2010	2009
Balance sheet value as at 1 January	26,853	26,118
Acquisitions	94	—
Result on participating interests	4,158	4,660
Transfer from or to provision for negative equity of participating interests	-30	-907
Dividend paid	-3,700	-2,530
Revaluation	-103	-453
Exchange rate result on foreign currency	116	-35
Balance sheet value as at 31 December	**27,388**	**26,853**

33. Intangible fixed assets

	2010	2009
Goodwill paid	381	479
Development costs for information systems	10,783	9,946
Computer software	279	127
	11,443	**10,552**

Goodwill paid

Goodwill paid relates to the goodwill that Triodos Bank paid to Triodos Investments España in 2004, 2005 and 2009 to buy off the rights to the future profit made by the Spanish branch.

The movement in goodwill paid is as follows:

	2010	2009
Purchase value as at 1 January	788	588
Cumulative depreciation as at 1 January	-309	-250
Balance sheet value as at 1 January	479	338
Purchase	—	200
Depreciation	-98	-59
Balance sheet value as at 31 December	**381**	**479**

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:

	2010	2009
Purchase value as at 1 January	17,004	13,559
Cumulative depreciation as at 1 January	-7,058	-4,377
Balance sheet value as at 1 January	9,946	9,182
Capitalised expenses	2,511	3,445
Depreciation	-1,674	-1,343
Impairments	—	-1,338
Balance sheet value as at 31 December	**10,783**	**9,946**

34. Property and equipment

	2010	2009
Property for own use	8,788	8,760
Equipment	6,865	4,949
	15,653	**13,709**

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

	2010	2009
Balance sheet value as at 1 January	8,760	7,462
Purchase	90	1,345
Depreciation	-62	-47
Balance sheet value as at 31 December	**8,788**	**8,760**

The movement in equipment is as follows:

	2010	2009
Purchase value as at 1 January	10,543	8,424
Cumulative depreciation as at 1 January	-5,594	-4,291
Balance sheet value as at 1 January	4,949	4,133
Purchase	4,078	2,344
Sale	-13	-78
Depreciation	-2,151	-1,460
Exchange rate differences	2	10
Balance sheet value as at 31 December	**6,865**	**4,949**

Liabilities

35. Funds entrusted

	2010	2009
Savings accounts	2,169,416	1,953,190
Other funds entrusted	843,751	634,689
	3,013,167	**2,587,879**

The Other funds entrusted item includes an amount of EUR 4.0 million (2009: EUR 12.9 million) for deposits from consolidated participating interests.

36. Provisions

	2010	2009
Provision for negative equity of participating interests	201	230
Other provisions	29	139
	230	**369**

The movement of the provisions is as follows:

	2010	2009
Balance sheet value as at 1 January	369	7,184
Reclassification related to disposal of business	—	-48
Allocation	18	139
Withdrawal	-52	-907
Release	-105	-5,999
Balance sheet value as at 31 December	**230**	**369**

The release in 2009 relates to the change in accounting policy for pensions.

37. Capital

The authorised capital totals EUR 1 billion and is divided into 20 million shares, each with a nominal value of EUR 50. At year-end, there were 4,987,038 shares (2009: 4,420,588 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 4,987,038 depository receipts (2009: 4,420,588 depository receipts), each of EUR 50.

The movement in the number of shares is as follows:

	2010	2009
Number of shares as at 1 January	4,420,588	2,921,508
Increase of share capital	483,814	1,447,329
Stock dividend	82,636	51,751
Number of shares as at 31 December	**4,987,038**	**4,420,588**

38. 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.

39. 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. After the transfer of land and buildings to the subsidiaries Kantoor Buitenzorg and Kantoor Nieuweroord, these value adjustments are included under the balance sheet item Participating interests.

40. Statutory reserve

	2010	2009
Development costs	11,062	10,073
Conversion differences	-3,195	-3,311
	7,867	6,762

Development costs

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

	2010	2009
Balance sheet value as at 1 January	10,073	9,182
Transfer of other reserve	989	891
Balance sheet value as at 31 December	**11,062**	**10,073**

Conversion differences

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

	2010	2009
Balance sheet value as at 1 January	-3,311	-3,276
Exchange results on participating interests	116	-35
Balance sheet value as at 31 December	**-3,195**	**-3,311**

41. Other reserves

The movement in other reserves includes purchasing of its own depository receipts. At year-end 2010, Triodos Bank hadn't purchased any depository receipts (2009: 6,197).

Auditor's fees

The table below specifies the fees of the KPMG audit firm that were charged in the financial year.
The column Other KPMG network specifies the fees that were invoiced by KPMG units with the exception of KPMG Accountants NV. Up to January 1, 2010 the fees of the foreign KPMG audit firms were presented under KPMG Accountants NV. From January 1, 2010 the fees of the foreign KPMG audit firms are presented as Other KPMG network. The comparative figures for 2009 have been adjusted.

2010	KPMG Accountants NV	Other KPMG network	Total KPMG network
Audit of the financial statements	281	158	439
Other audit-related engagements	12	—	12
Tax-related advisory services	—	109	109
Other non-audit services	2	216	218
Total	**295**	**483**	**778**

2009	KPMG Accountants NV	Other KPMG network	Total KPMG network
Audit of the financial statements	229	136	365
Other audit-related engagements	10	89	99
Tax-related advisory services	—	84	84
Other non-audit services	15	134	149
Total	**254**	**443**	**697**

Zeist, 24 February 2011

Supervisory Board
David Carrington
Marcos Eguiguren
Marius Frank
Mathieu van den Hoogenband
Jan Lamers
Margot Scheltema
Hans Voortman, Chair
Carla van der Weerdt

Executive Board
Pierre Aeby*
Peter Blom*, Chair
Michael Jongeneel

* Statutory director

Other information.

Profit appropriation

As set out in the Articles of Association, the appropriation of profit is as follows:

'Part of the profit as reported in the adopted profit and loss account shall be used by the Executive Board to form or add to the reserves to the extent that this is deemed desirable. The remaining profit shall be distributed to the shareholders, unless the General Meeting decides otherwise.'

All depository receipts issued up to and including 20 May 2011 are entitled to the final dividend for the financial year 2010. The results of Triodos Bank NV 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 2010, minus the number of depository receipts purchased by Triodos Bank. The final proposal will be submitted at the Annual General Meeting of Depository Receipt Holders.

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

Net profit	11,509
Addition to the other reserves	-1,784
Dividend (EUR 1.95 per depository receipt)	**9,725**

Branches

In addition to its head office in The Netherlands, Triodos Bank has branches in Belgium, the United Kingdom, Spain and Germany.

Independent auditor's report

To the annual general meeting of depository receipt holders of Triodos Bank N.V.

Report on the financial statements

We have audited the accompanying financial statements of Triodos Bank NV, Zeist, which are included on pages 33 to 115 of this report, which comprise the consolidated and company balance sheet as at 31 December 2010, 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.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the executive board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Triodos Bank NV as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b — h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 24 February 2011

KPMG ACCOUNTANTS N.V.

P.A.M. de Wit RA

Foundation for the Administration of Triodos Bank Shares (SAAT).

Statement of the shares taken in trust and the issued depository receipts of Triodos Bank NV as at 31 December 2010.

in thousands of EUR	**31.12.2010**	**31.12.2009**
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	249,352	221,029
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	249,352	221,029

Zeist, 24 February 2011

Independent auditor's report

Introduction

We have audited the above statement that shows the position as at 31 December 2010 in respect of the shares placed in trust and the depository receipts of Triodos Bank NV shares issued by the Stichting Administratiekantoor Aandelen Triodos Bank, Zeist. This statement is the responsibility of the Foundation's management.
Our responsibility is to express an opinion on this statement, based on our audit.

Scope

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and we believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, this statement provides a true and fair view of the Triodos Bank NV shares placed in trust and the issued depository receipts of Triodos Bank NV shares as at 31 December 2010.

Amstelveen, 24 February 2011

KPMG ACCOUNTANTS N.V.
P.A.M. de Wit RA

Board of SAAT report.

**The Stichting Administratiekantoor Aandelen Triodos Bank
(Foundation for the Administration of Triodos Bank Shares)**

Origin and objective

The Foundation for the Administration of Triodos Bank Shares (SAAT) has all Triodos Bank NV's shares under its management. It issues depository receipts to private individuals and institutions who want to participate in Triodos Bank's equity. The depository receipts for shares are registered and non-exchangeable. Voting rights are exercised by the Board of SAAT at the Triodos Bank Annual General Meeting, where it acts as the shareholder.

This structure was chosen to protect Triodos Bank's identity and mission. The developments in the economy and financial markets have demonstrated the value and prudence of Triodos Bank's sustainable approach to banking – lending only to ethical organisations working in the real economy.

Apart from the formal position of SAAT and its role, it is clear that the best protection of Triodos Bank lies in its leadership remaining solidly in the hands of qualified directors and supervisors; directors and supervisors who lead the process of growth and development of the bank firmly based on its values and its mission. In view of this SAAT has the right to vote in favour or against the appointment of the members of the Supervisory Board in its role as sole shareholder of Triodos Bank NV. SAAT voted in favour of the appointment of Ms. Carla van der Weerdt as member of the Supervisory Board in 2010.

Board

The Board is guided by the ethical objectives of Triodos Bank as contained in its Articles of Association and formulated in the mission statement. The Board is independent, and plays an important role in maintaining the mission and independence of the bank. To avoid conflicts of interest members of Triodos Bank's Executive Board and Supervisory Board are not allowed to serve on the Board of SAAT. The members of the Board are appointed by the Annual General Meeting of Depository Receipt Holders. It is agreed that they in principle can serve on the Board for a maximum of four periods of three years. The present composition of the Board can be found in the online annual report at www.triodos.com/reports.
The remuneration and compensation for travel time of the members of the Board of Trustees of SAAT can be found in the Annual Accounts.

Responsibility

The responsibility of SAAT and its Board covers three key areas:

- to preserve the mission of Triodos Bank
- to ensure the independence of Triodos Bank
- to guard and administer the economic rights of the depository receipt holders and to pass on any returns on the investment in shares to them.

Activities

The Board met with the Executive Board four times during 2010, and also took part in meetings with members of the Supervisory Board and Triodos senior management to discuss the Bank's role in society. During the meetings of the Board, the general state of affairs within Triodos Bank was discussed from the perspective of how it implements its mission: encouraging real awareness of money matters as a means to achieve social renewal. Other issues discussed included what it means to be a sustainable shareholder and the effects of the credit crisis and general economic developments on Triodos Bank.

The Board of SAAT meets with Triodos Bank's Executive Board and attends customer days in the countries where Triodos Bank is active, and its directors attend other public meetings, to gain an insight into how the Bank handles such issues in practice, and to maintain and strengthen the connection to its mission. The development and continuing growth of Triodos Bank requires an active Board. During visits to the branches in Belgium, Spain and the UK members of the Board spoke with co-workers and clients to update their view of how Triodos Bank works in those countries. Many other formal and informal occasions offered opportunities to exchange views with Triodos Bank's closest stakeholders, including clients, depository receipt holders, external relations and co-workers. For example, a day's visit was made to the Zonnehoeve in Flevoland in The Netherlands – one of Triodos Bank's long time clients in the field of bio-dynamic agriculture – together with members of the Supervisory Board and senior management of Triodos Bank. The event provided an opportunity to discuss aspects of agriculture and food production and the possible role Triodos Bank might play in this field.

Commitment

The importance of the constant support of depository receipt holders is essential for Triodos Bank and its further development. This will only be possible if depository receipt holders continue to feel involved in, and connected to, Triodos Bank and its mission.

As well as this direct interaction, media coverage and public discussions featuring Triodos Bank and its co-workers act as an important source of information for the Board. Members of the Board from Belgium, the UK and Spain are specifically asked to maintain close contact with the local branches and their clients and share their informed perspectives in the meetings of the full Board. For the time being information about developments in Germany are shared with the Board by the Executive Board.

On the basis of the information available to SAAT the Board concludes that Triodos Bank succeeded in effectively carrying out its mission in 2010. Special thanks go to Triodos Bank's co-workers in all departments, and at all levels for this effort. Further growth of Triodos Bank in general, and growth of the issued capital in particular, will need a continuing active dialogue between depository receipt holders and the bank. The Board likes to see that these conversations take place and help make sure that we combine both growth and increased impact, with a strong mission. To do this the Board will in the near future look for new, younger members and a healthy balance of men and women.

Developments

The Board wants to ensure its composition matches Triodos Bank's needs as it develops. Needless to say that the Board needs to adapt the way it is working accordingly. To achieve this the Board has been working to redefine its role and working practises in 2010, in line with the Executive and Supervisory Boards.

SAAT is an independent foundation but at the same time it is part of the governance structure of Triodos Bank. It needs to develop as Triodos Bank grows in size and social impact. So a process of repositioning and strengthening of SAAT was started during the year. To this end Ms. Josephine de Zwaan, who is a lawyer by profession, and former Triodos Bank director Frans de Clerck joined the Board of SAAT in 2010.

Even more than in the past SAAT intends to achieve a more visible position, and actively exercise its responsibilities as outlined earlier in this report. At the same time it recognises the importance of impact in areas like evaluating Triodos Bank's lending and investment policy and transparency, and effectiveness in delivering social renewal and sustainable development.

Due to his health SAAT Chairman Jan Nijenhof was unable to take part in the activities of the Board in 2010. In December he decided to step back from this role, with effect from 1 January 2011, and asked Max Rutgers van Rozenburg, with the full consent of the fellow members of the Board, to chair the Board. Mr Rutgers van Rozenburg had already taken on this responsibility as vice chairman during the Chairman's absence, and took on the Chairmanship role formally on 1 January 2011. Under his leadership a revision of the Board's way of working was started.

Jan Nijenhof remains on the Board to work with the other members of the Board on the further development of its working processes and to contribute to the execution of its tasks. His present term ends in 2011 and he is seeking re-election as a Board member for another three year period.

The Board of SAAT fully supports his re-election. Jan Nijenhof is a committed and able Board member and since his election to the Board in 2005 acquired a great deal of knowledge about, and experience with, Triodos Bank. His expertise is of great value to SAAT and it is very much appreciated that he is willing to work inside SAAT for another three year period.

Zeist, 24 February 2011

On behalf of the Board,

Max Rutgers van Rozenburg, Chair

About this report.

This is the audited version of the 2010 Annual Report. Additional information can be found online at www.triodos.com/reports.

The 2010 Annual Report is an integrated annual and sustainability report covering the activities of Triodos Bank NV in The Netherlands, Belgium, the UK, Spain, and Germany, as presented in the Triodos Group Structure. The report covers the period from 1 January to 31 December 2010.

Triodos Bank's previous annual and sustainability report was published in April 2010 and covered the 2009 calendar year. The reporting in the 2010 financial year is based on the same principles as the 2009 report. Any changes in the methods of calculation used are explained in the text. When preparing the Triodos Bank Annual Report, a study group examines how the most recent reporting guidelines and best practices can be used to improve the report in the future.

External experts verify the data included in this report. KPMG Accountants NV verifies the financial data in accordance with the legal requirements. There is no legal framework for the verification of the environmental and social data included in the report, although the key indicators used to measure social and environmental performance are also verified by KPMG.

Global Reporting Initiative

Triodos Bank used the Global Reporting Initiative's third generation (GRI 3) guidelines (as published in October 2006) for the third time in the preparation of the 2010 Annual Report. For the second time we will use the GRI Financial Sector Supplements that have been updated in 2008. Triodos Bank uses these guidelines to try and ensure a high degree of comparability between its report and those of other companies that use them. The bank's ambition is to do this at A+ level. This has been checked and confirmed by the GRI. The GRI Content Index and the GRI Application Level Check Statement can be found online at www.triodos.com/reports.

Production.

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