Triodos Bank

Pro forma IFRS consolidated Financial Statements 2019

Pro forma IFRS consolidated Financial Statements 2019 of Triodos Bank N.V.

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Triodos Bank

Pro forma IFRS consolidated financial statements 2019

Introduction

This document is labelled as pro forma financial statements, as it is does not replace the 2019 annual accounts as were presented in the 2019 Annual Report, which is prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

This pro forma financial statement contains the transition impact from Dutch general accepted accounting principles (Dutch GAAP) to International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for the years ended 31 December 2019 and 31 December 2018.

IFRS as adopted by the EU are IFRS Standards and IFRS Interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) with some limited modifications. For the remainder of this document this will be referred to as IFRS.

The following tables present a summary of the impact.

Effect of IFRS adoption on consolidated balance sheet

Before appropriation of profit	31.12.19 Dutch GAAP	Transition effect	31.12.19 IFRS	31.12.18 Dutch GAAP	Transition effect	31.12.18 IFRS
Assets						
Total assets	12,060,298	19.321	12,079,619	10,850,078	17,026	10,867,104
Liabilities						
Total liabilities	10,860,756	20,146	10,880,902	9,738,201	16,898	9,755,099
Equity	1,199,542	-825	1,198,717	1,111,877	128	1,112,005
Total equity and liabilities	12,060,298	19,321	12,079,619	10,850,078	17,026	10,867,104

Effect of IFRS adoption on consolidated balance sheet

	2019 Dutch GAAP	Transition effect	2019 IFRS	2018 Dutch GAAP	Transition effect	2018 IFRS
Income						
Total income	292,343	-20	292,323	260,568	-3,491	257,077
Expenses						
Operating expenses	234,612	-193	234,419	212,051	-7,874	204,177
Impairment losses on financial instruments	3,944	1,409	5,353	3,480	2,919	6,399
Total expenses	238,556	1,216	239,772	215,531	-4,955	210,576
Income from investments in joint ventures			-	-	-73	-73
Operating result before taxation	53,787	-1,236	52,551	45,037	1,391	46,428
Taxation on operating result	-15,036	408	-14,628	-10,368	-873	-11,241
Net profit	**38,751**	**-828**	**37,923**	**34,669**	**518**	**35,187**

COVID-19 Pandemic

As of early 2020 COVID-19 has taken effect as a pandemic. As a consequence many countries have shut down borders, schools have been closed and leisure activities have stopped. Further, governments have taken actions and introduces support programs. Triodos Bank has taken sufficient measures to continue business as usual for example by operating remotely. Triodos Bank considers the COVID-19 Pandemic as a significant event after closing the financial statements 2019. The impact of the pandemic on people, companies and the economy at large cannot be assessed in full depth at this stage. However, the impact may have a downward effect on profitability. Triodos Bank has a resillient capital base. Our capital and liquidity ratio's remain well above the minimum required levels.

Pro forma IFRS consolidated financial statements 2019

Key figures in millions EUR	2019*	2018*	2017*	2016*	2015*
Financial					
Equity	1,199	1,112	1,013	904	781
Deposits from customers	10,694	9,564	8,722	8,025	7,283
Loans and advances to customers	8,206	7,267	6,598	5,708	5,216
Balance sheet total	12,080	10,867	9,902	9,081	8,211
Funds under management[1]	5,671	4,673	4,604	4,373	4,087
Total assets under management	17,751	15,540	14,506	13,454	12,298
Total income	292.3	257.1	240.3	217.6	211.6
Operating expenses	-234.4	-204.3	-190.2	-171.9	-150.2
Impairment losses on financial instruments	-5.4	-6.4	-1.8	-5.7	-7.6
Value adjustments to participating interests	-	-	1.3	-1.5	0.2
Operating result before taxation	52.5	46.4	49.6	38.5	54.0
Taxation on operating result	-14.6	-11.2	-12.2	-9.3	-13.3
Net profit	37.9	35.2	37.4	29.2	40.7
Per share (in EUR)					
Net asset value at year end	83	82	83	82	81
Net profit[2]	2.72	2.73	3.19	2.83	4.40
Dividend[3]	-	1.95	1.95	1.95	1.95
Number of depository receipt holders	44,401	42,416	40,077	38,138	35,735
Number of accounts - retail	830,816	839,242	808,090	759,738	707,057
Number of accounts - business	77,984	68,751	60,339	50,765	44,418
Social					
Number of co-workers at year end	1,493	1,427	1,377	1,271	1,121
Co-worker turnover	10%	9%	9%	8%	14%
Women as percentage of management team	44%	39%	44%	40%	38%
Ratio of highest to median salary[4]	5.6	5.6	5.7	5.7	5.7

	2019*	2018*	2017*	2016*	2015*
Environment					
Triodos Bank's own emissions, 100% compensation (in ktonne CO2 eq.)	2.9	2.8	3.1	3.1	3.0
Net emissions in outstanding loans and investments (in ktonne CO2 eq.)[5]	265	152	–	–	–
Avoided emissions in renewable energy loans and investments (in ktonne CO2 eq.)[5]	962	985	–	–	–

* IFRS - EU was adopted as of 1 January 2018, and therefore the key figures for 2019 and 2018 are reported under IFRS. Key figures for 2017, 2016 and 2015 are reported under Dutch Gaap.

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

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

3 Dividend proposal of 18 March 2020 as published in the annual accounts 2019 was revised. This was a direct response to the recommendation made by the European Central Bank and De Nederlandsche Bank (DNB) on 27 March to all banks, not to pay out dividend in order to prioritise supporting the real economy by lending to customers during the COVID-19 pandemic.

4 The ratio of highest to median salary (excluding highest salary) follows the GRI criteria and is considered best practice. All salaries are calculated on a full-time basis.

5 2018 is the first year of reporting using the Platform for Carbon Accounting Financials (PCAF) methodology. Around 68% of our outstanding loans and funds' investments are assessed.

Consolidated balance sheet as at 31 December 2019

Before appropriation of profit in thousands of EUR	Note*	2019	2018
Assets			
Cash and cash equivalents	1	2,270,224	1,795,272
Loans and advances to banks	2	227,591	237,043
Loans and advances to customers	3	8,205,862	7,266,632
Debt securities at amortised cost	4	1,034,291	1,270,624
Investment securities	5	24,299	22,468
Intangible assets	6	41,543	38,424
Property and equipment	7	120,696	101,037
Investment property	8	11,012	11,324
Right-of-use assets	9	21,355	20,948
Non-trading derivatives	10	8,722	5,248
Deferred Tax Assets	30	17,040	18,711
Other assets	11	86,787	71,865
Non-current Assets Held for Sale	12	10,197	7,508
Total assets		**12,079,619**	**10,867,104**
Liabilities			
Deposits from banks	13	70,720	68,034
Deposits from customers	14	10,693,699	9,563,733
Lease liabilities	9	22,078	21,283
Non-trading derivatives	10	15,063	6,836
Deferred Tax Liabilities	30	9,065	8,972
Current tax liability	30	14,815	8,677
Other liabilities	15	49,985	71,418
Provisions	16	5,477	6,146
Total liabilities		**10,880,902**	**9,755,099**

* Reference to the notes to the consolidated financial statements. These form an integral part of the consolidated financial statements.

Before appropriation of profit in thousands of EUR	Note*	2019	2018
Share Capital	17	720,088	674,734
Share premium reserve	17	198,626	190,324
Translation reserve	17	-3,354	-3,474
Cost of hedging reserve	17	123	-
Fair value reserve	17	1,938	1,887
Other reserve	17	38,914	34,715
Retained earnings	17	204,459	178,632
Result for the period	17	37,923	35,187
Equity		**1,198,717**	**1,112,005**
Total equity and liabilities		**12,079,619**	**10,867,104**
Contingent liabilities	18	107,495	140,993
Irrevocable facilities	19	1,402,450	1,463,989
		1,509,945	**1,604,982**

* Reference to the notes to the consolidated financial statements. These form an integral part of the consolidated financial statements.

Consolidated profit and loss account for 2019

in thousands of EUR	Note*	2019	2018
Income			
Interest income calculated using the effective interest method	20	213,506	195,034
Interest expense	21	-28,372	-25,648
Net interest income		**185,134**	**169,386**
Investment income	**22**	**679**	**372**
Fee and Commission income	23	112,703	93,024
Fee and Commission expense	23	-7,363	-7,778
Net fee and commission income		**105,340**	**85,246**
Net income from other financial instruments at FVTPL	25	430	-5
Other income	26	740	2,078
Other income		**1,170**	**2,073**
Total income		**292,323**	**257,077**
Expenses			
Personnel expenses	27	133,887	112,697
Other administrative expenses	27	79,920	73,886
Amortisation and value adjustments of intangible assets	28	10,319	8,233
Depreciation and value adjustments of property and equipment	28	10,293	9,361
Operating expenses		**234,419**	**204,177**
Impairment losses on financial instruments	**29**	**5,353**	**6,399**
Total expenses		**239,772**	**210,576**
Income from investments in joint ventures		**-**	**-73**
Operating result before taxation		**52,551**	**46,428**
Taxation on operating result	30	-14,628	-11,241
Net profit		**37,923**	**35,187**

in thousands of EUR	Note*	2019	2018
Amounts in EUR			
Net profit per share[1]		2,72	2,73
Dividend per share		-	1,95

1 The net profit per share is calculated by dividing the net profit by the average number of issued shares in circulation during the financial year (2019: 13,952,803 shares, 2018: 12,905,340 shares).

* Reference to the notes to the consolidated financial statements. These form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income for 2019

in thousands of EUR	2019	2018
Net result	**37,923**	**35,187**
Items that will not be reclassified to profit or loss		
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	174	5,034
Related tax	-123	-542
Total items that will not be reclassified to profit or loss	**51**	**4,492**
Other comprehensive income that will be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	120	-
Foreign operations – Cost of hedging	123	
Total items that will be reclassified to profit or loss	**243**	**-**
Total comprehensive income	**38,217**	**39,679**
Profit attributable to owners of the Bank	37,923	35,187
Average number of issued shares in circulation	13,952,803	12,905,340
Total comprehensive income attributable to Owners of the Bank	38,217	39,679
Total comprehensive income per share	**2.74**	**3.07**

Consolidated statement of changes in the equity for 2019 (note 17)

in thousands of EUR	Share capital	Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
Equity as at 1 January 2018	612,368	169,840	-3,474	-	1,161	28,240	148,268	37,395	993,798
Result for the period								35,187	35,187
Foreign operations – foreign currency translation differences									-
Net gain (loss) on hedges of net investments in foreign operations									-
Equity investments at FVOCI – net change in fair value					726		3,766		4,492
Total comprehensive income 2018	**-**	**-**	**-**	**-**	**726**	**-**	**3,766**	**35,187**	**39,679**
Increase of share capital	50,093	32,757							82,850
Stock dividend	12,273	-12,273							-
Profit appropriation for previous financial year, addition to the retained earnings							12,946	-12,946	-
Profit appropriation for previous financial year, dividend								-24,449	-24,449
Dividend not distributed in cash							20,127		20,127
Transfer to other reserve for development costs						6,475	-6,475		-
Purchasing or sale of own depository receipts									-
Equity as at 31 December 2018	**674,734**	**190,324**	**-3,474**	**-**	**1,887**	**34,717**	**178,632**	**35,187**	**1,112,005**

in thousands of EUR	Share capital	Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
Result for the period								37,923	37,923
Foreign operations – foreign currency translation differences									-
Net gain (loss) on hedges of net investments in foreign operations			120	123					243
Equity investments at FVOCI – net change in fair value					51				51
Total comprehensive income 2019	**-**	**-**	**120**	**123**	**51**	**-**	**-**	**37,923**	**38,217**
Increase of share capital	32,148	21,508							53,656
Stock dividend	13,206	-13,206							-
Profit appropriation for previous financial year, addition to the retained earnings							8,231	-8,231	-
Profit appropriation for previous financial year, dividend								-26,956	-26,956
Dividend not distributed in cash							21,921		21,921
Transfer to other reserve for development costs						4,199	-4,199		-
Purchasing or sale of own depository receipts							-126		-126
Equity as at 31 December 2019	**720,088**	**198,626**	**-3,354**	**123**	**1,938**	**38,914**	**204,459**	**37,923**	**1,198,717**

Consolidated cashflow statement for 2019

in thousands of EUR	Note*	2019	2018
Operating activities			
Net profit		37,924	35,187
Net profit adjustments for:			
Depreciation	28	10,319	8,233
Amortisation	28	10,293	9,361
Amortisation premium and discount debt securities	4	9,512	12,770
Impairment losses on financial instruments	29	5,353	6,399
Interest expense on lease liabilities	9	465	340
Revaluation participating debt (investment securities)	5	-430	5
Value adjustments property and equipment (incl. leases)	12	-135	-135
Movements in provisions	16	-560	-5,848
Taxation on operation result		14,627	11,240
Tax paid	30	-8,352	-8,654
Net cash flows from business operations		79,016	68,898
Changes in:			
Loans and advances to banks	2	47,837	-19,344
Loans and advances to customers	3	-944,812	-678,259
Debt securities at amortised cost	4	226,818	190,469
Deposits from banks	13	2,686	2,829
Deposits from customers	14	1,129,966	834,775
Other operating activities		-32,109	11,941
Net cash flows from operational activities		**509,402**	**411,309**
Investment activities			
Investment in investment securities	5	-1,226	-4,352
Investment in intangible assets	6	-13,415	-13,835
Investment in property and equipment	7	-25,362	-37,014
Divestment in property and equipment	7	4	54
Cash flows from investment activities		**-39,999**	**-55,147**

in thousands of EUR	Note*	2019	2018
Financing activities			
Payments of lease liabilities	9	-4,297	-3,962
Increase share capital	17	53,656	82,850
Payment of cash dividend	17	-5,035	-4,322
Purchase of depository receipts of own shares	17	-126	-
Cash flows from financing activities		**44,198**	**74,566**
Net change in cash and cash equivalents		**513,601**	**430,728**
Cash and cash equivalents at the beginning of the year		1,961,935	1,531,072
Effect of exchange rate fluctuations on cash and cash equivalents held		-264	135
Cash and cash equivalents at the end of the year		**2,475,272**	**1,961,935**
On demand deposits with central banks		2,270,224	1,795,272
On demand deposits with banks		205,048	166,663
Cash and cash equivalents at the end of the year		**2,475,272**	**1,961,935**
Additional information on operational cash flows from interest and dividends			
Interest paid		-29,622	-26,828
Interest received		215,533	196,907
Dividend received		679	373

* Reference to the notes to the consolidated financial statements. These form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements
in thousands of EUR (unless otherwise stated)

Effect of IFRS adoption
Triodos Bank has adopted IFRS with a transition date of 1 January 2018. Triodos Bank applied Dutch GAAP in previous statutory financial statements. The following disclosures provide insights in the transition effect.

The transition to IFRS resulted in valuation and reclassification differences. The effect in valuation is shown in the disclosure on Reconciliation of equity. All significant transition effects are disclosed in the accompanying text in the Effect of IFRS adoption tables for the consolidated balance sheet and the comprehensive income statement.

Please read these disclosures in conjunction with the Accounting Policies chapter.

Effect on the balance sheet

Reclassification effects
The effect of transitioning from Dutch GAAP to IFRS is represented in the tables below, being the consolidated balance sheet including the opening balance, income statement, reconciliation of equity at opening balance date and ending balance of 2019 and presentation of other comprehensive income. The latter is a new statement in comparison with Dutch GAAP.

The effect of the transition can be broken down in valuation effects and reclassification effects. Valuation effects impact the measurement and have therefore an impact on the financial position of Triodos Bank and the income statement. The total of the valuation effects amount to negative EUR 825 at the end of 2019 as shown in the table reconciliation of equity. Reclassification effects are the differences in presentation which result in separate identified accounts on the face of the balance sheet or amounts that are now presented as an integral part of already existing accounts on the balance sheet. The reclassification effects do not affect the financial position of Triodos Bank. Reclassification relates to a total amount of EUR 107.646 for the asset side (2018: EUR 110.592 and OB 2018: EUR 124.111) and EUR 67.621 for the liability side of the balance sheet (2018: EUR 75.967 and OB 2018: EUR 80.923)

Valuation effects
For the effects of the below described differences in measurement reference is made to the reconciliation of equity table below.

In the ‘Accounting policies’ the section ‘Financial instruments’ describes the measurement of financial instruments. The main effects in comparison to the Dutch GAAP are the calculation of the allowance for expected credit losses and the accounting for modification of contracts of financial instruments. In the Accounting policies the accounting treatment of the aforementioned is described.

A. Expected credit losses are measured differently under IFRS in comparison to Dutch GAAP. The main difference is the forward-looking element that is included under IFRS, which was not included in the measurement under Dutch GAAP.

B. Modifications of contracts can lead to adjustments of the amortised cost of the financial instrument. Under Dutch GAAP these modifications were treated as substantial modification, resulting in recognising the modified contract as a new contract. Under IFRS the treatment of modifications of contracts is specified in more detail. This results in measurement differences. These measurement differences are recognised in the impairment losses on financial instruments.
These impairments losses are affected by both the aforementioned change in measurement of allowance for expected credit losses and the modification of contracts.”

C. Measurement of employee benefit expenses is treated differently under IFRS. Dutch GAAP treats pension obligations as provisions, whilst IFRS applies a risk based approach with underlying actuarial calculations. This means that under Dutch GAAP only the payment obligation to the pension provider is shown, if any, as for IFRS the net pension liability to the employees needs to be accounted for. At the beginning of 2018 Triodos Bank had a defined benefit plan for which a provision needs to be recorded under IFRS. This was not the case under Dutch GAAP. Reference is made to note 27 for further details on pensions.

D. Triodos Bank also forms a provision for the vitality leave facility it provides to employees. The measurement of this provision is specified in more detail under IFRS compared to Dutch GAAP. The difference is IFRS considers future cash flows and the changes therein, whilst under Dutch GAAP Triodos Bank calculated the direct obligation at year end. This results in a different measurement of this provision.

E. Triodos Bank applies hedge accounting in relation to interest rate risk. Under Dutch GAAP Triodos Bank applied cost price hedge accounting, this is not an option under IFRS, resulting in a change to fair value hedge accounting. This change results in recognition of the fair value of the hedging instruments (non-trading derivatives) on the balance sheet and recognition of corresponding fair value changes of the hedged items (loans and advances to customers and debt securities at amortised cost). The hedging reserve under Dutch GAAP has therefore also been released.

F. Under the Dutch GAAP, lease and rental contracts were accounted for on a cash flow basis. IFRS 16 prescribes recognition of these contracts. Adoption of IFRS results in recognition of these contracts as lease liabilities, as well as the right to use the leased asset. This recognition is shown as separate accounts on the face of the balance sheet. Total amount recognised in the opening balance is EUR 23.829. As a result of IFRS 16, the lease expenses as recognised under Dutch GAAP are treated differently, resulting in recognition of interest expense and depreciation in the income statement. Under Dutch GAAP the perpetual ground lease of the new office building at the Reehorst was recognised while IFRS includes this under IFRS 16 as leases. Therefore the ground lease and the corresponding long term lease liability has been reversed under IFRS.

G. Triodos Bank recognised a maintenance provision for its owned buildings under Dutch GAAP. IFRS does not allow this provision to be formed and therefore Triodos Bank has released this provision in full.

H. The building of the Reehorst has provided Triodos Bank with corporate income tax relief. Under Dutch GAAP this tax relief was deferred over the economic lifetime of the building. This is not allowed under IFRS, resulting is a release of the deferred amount.

Reclassification effects

I. Under Dutch GAAP 'Other assets', 'Prepayments and accrued income', 'Other liabilities' and 'Accruals and deferred income' were two different accounts and contained several items that need separate disclosing on the face of the balance sheet under IFRS. Furthermore, the categories ' Prepayment and accrued income', and ' Accruals and deferred income' are not recognised under IFRS and related items are reclassified to 'Other assets' and 'Other liabilities' respectively.

J. The items that must be separately disclosed are: 'Deferred tax', 'Current tax', 'Non-trading derivatives' and 'Non-current assets held-for-sale'. This applies to both the asset and liability side of the balance sheet, except for 'Non-current assets held-for-sale' which are only assets.

K. Interest to be received and paid are presented as part of 'Prepayments and accrued income' and 'Accruals and deferred income' accounts under Dutch GAAP, calculated with the effective interest method. In applying IFRS 9, these interest amounts are an integral part of the amortised cost of the corresponding accounts (e.g. loans and advances to customers), therefore the interest is reclassified as part of the Gross carrying amount of the corresponding financial instruments.

L. Under Dutch GAAP repossessed assets were presented as either part of other assets or property and equipment. The portfolio as part of the other assets are classified as non-current assets held for sale under IFRS 5 measured at the lower of the carrying amount or fair value less costs to sell. The part of the portfolio for which value will be added over time, classifies as investment properties, measured at cost minus accumulated depreciation. This is not a difference in comparison with Dutch GAAP, only the presentation of the portfolio as separate account on the face of the balance sheet.

M. Joint ventures are consolidated proportionally under Dutch GAAP, which differs from IFRS. The joint venture is shown as such on the face of the balance sheet. As the joint venture has been dissolved during 2018, only the opening balance represents this difference. The income statement over 2018 shows the result from the joint venture over 2018 separately.

Effect on the (comprehensive) income statement

N. Recognition of the lease contracts also results in changes in recognition in the income statement. Measurement of the lease liability is determined by the net present value calculated based on the future cash flows. Due to discounting interest is recognised in the income statement as interest expense. The right-of-use asset is measured through the cost model and therefore depreciation is recorded in the operating expenses. The depreciation is recognised instead of the direct lease expenses as recognised under the Dutch GAAP.

O. Participating interests are measured at fair value under both IFRS and the Dutch GAAP. Under the Dutch GAAP impairments below costs needed to be taken directly into the income statement. Triodos Bank has chosen the Fair Value through Other Comprehensive Income option for the equity instruments in the participating interest. The difference compared to Dutch GAAP is the processing of the changes in fair value, which under IFRS will go through other comprehensive income in full. IFRS further stipulates that recycling is not allowed, which means that any sales will not result in any realised result in the income statement of previously recognised changes in fair value. For the year 2018 this resulted in a significant change in investment income, due to a sale related to the participating interests.

P. Under both Dutch GAAP as IFRS Triodos Bank applies net investment hedge accounting. Under IFRS the changes in foreign currency exchange rates go through the other comprehensive income, except for the basis spread agreed at the start of the derivative. The several components of the exchange rate changes are recorded in different parts of the reserves, being the translation reserve and the cost of hedging reserve. This includes reclassification of the translation reserve as a separate component of equity under IFRS, which was recorded as part of the statutory reserve under Dutch GAAP.

In the tables below the balance sheet and income statement items have the notes A-P listed, when applicable. In a later section the details of the transition effect per balance sheet and income statement item are listed also with reference to these letters.

The total effect before tax of the IFRS transition in the income statement for the year 2019 amounts to EUR -1,236 (2018: EUR 1,391).

Deferred tax positions are determined by the differences between the financial accounting and tax accounting in each country Triodos operates. There are no differences between Dutch GAAP and IFRS in recognising these positions. The deferred tax positions are disclosed in Note 30. Reference is made to this note for the overview and insights.

Effect of IFRS adoption on consolidated balance sheet

Before appropriation of profit in thousands of EUR	Note*	31.12.19 Dutch GAAP	Transition effect	31.12.19 IFRS	31.12.18 Dutch GAAP	Transition effect	31.12.18 IFRS	01.01.18 Dutch GAAP	Transition effect	01.01.18 IFRS
Assets										
Cash and cash equivalents		2,270,224	-	2,270,224	1,795,272	-	1,795,272	1,365,729	-	1,365,729
Loans and advances to banks	A, K, M	227,561	30	227,591	237,055	-12	237,043	216,375	-1,263	215,112
Loans and advances to customers	A, B, E, K	8,187,470	18,392	8,205,862	7,247,970	18,662	7,266,632	6,577,215	19,217	6,596,432
Debt securities at amortised cost	A, E, K	1,023,422	10,869	1,034,291	1,258,216	12,408	1,270,624	1,460,352	13,534	1,473,886
Investment securities		24,299	-	24,299	22,468	-	22,468	14,669	-	14,669
Intangible assets		41,543	-	41,543	38,424	-	38,424	32,842	-	32,842
Property and equipment	F, L	135,208	-14,512	120,696	115,861	-14,824	101,037	82,859	-13,465	69,394
Investment property	L	-	11,012	11,012	-	11,324	11,324	-	9,965	9,965
Right-of-use assets	F	-	21,355	21,355	-	20,948	20,948	-	23,829	23,829
Non-trading derivatives	E, J	-	8,722	8,722	-	5,248	5,248	-	15,696	15,696
Deferred Tax Assets	J, 30	-	17,040	17,040	-	18,711	18,711	-	13,478	13,478
Other assets	I, L, M	53,436	33,351	86,787	35,249	36,616	71,865	21,614	44,595	66,209
Non-current assets held-for-sale	L	-	10,197	10,197		7,508	7,508	-	8,988	8,988
Investment in joint ventures	M	-	-	-	-	-	-	-	1,295	1,295
Prepayments and accrued income	A, I, J, K, M	97,135	-97,135	-	99,563	-99,563	-	114,383	-114,383	-
Total assets		**12,060,298**	**19,321**	**12,079,619**	**10,850,078**	**17,026**	**10,867,104**	**9,886,038**	**21,486**	**9,907,524**
Liabilities										
Deposits from banks	K	70,023	697	70,720	67,217	817	68,034	64,363	842	65,205
Deposits from customers	K	10,690,005	3,694	10,693,699	9,558,203	5,530	9,563,733	8,721,888	7,070	8,728,958
Lease liabilities	F	-	22,078	22,078	-	21,283	21,283	-	23,829	23,829
Non-trading derivatives	E, J	-	15,063	15,063	-	6,836	6,836	-	13,437	13,437
Deferred Tax Liabilities	J, 30	-	9,065	9,065	-	8,972	8,972	-	6,601	6,601
Current tax liability	J, 30	-	14,815	14,815	-	8,677	8,677	-	8,410	8,410
Other liabilities	F, I, J, M	38,487	11,498	49,985	36,014	35,404	71,418	22,308	32,872	55,180
Accruals and deferred income	H, I, J, K, M	55,861	-55,861	-	70,024	-70,024	-	75,411	-75,411	-
Provisions	A, C, D, G	6,380	-903	5,477	6,743	-597	6,146	4,583	7,525	12,108
Total liabilities		**10,860,756**	**20,146**	**10,880,902**	**9,738,201**	**16,898**	**9,755,099**	**8,888,553**	**25,175**	**8,913,728**

* Reference to the explanation starting on page 18.

Before appropriation of profit in thousands of EUR	Note	31.12.19 Dutch GAAP	Transition effect	31.12.19 IFRS	31.12.18 Dutch GAAP	Transition effect	31.12.18 IFRS	01.01.18 Dutch GAAP	Transition effect	01.01.18 IFRS
Share Capital		720,088	-	720,088	674,734	-	674,734	612,368	-	612,368
Share premium reserve		198,626	-	198,626	190,324	-	190,324	169,840	-	169,840
Translation reserve	P	-	-3,354	-3,354	-	-3,474	-3,474	-	-3,474	-3,474
Cost of hedging reserve	P		123	123	-		-	-	-	-
Hedging reserve	E	2,354	-2,354	-	2,656	-2,656	-	1,186	-1,186	-
Fair value reserve	O	-	1,938	1,938	-	1,887	1,887	-	1,161	1,161
Other reserve	P	36,108	2,806	38,914	31,188	3,527	34,715	24,988	3,252	28,240
Retained earnings		203,615	844	204,459	178,306	326	178,632	151,708	-3,442	148,266
Result for the period		38,751	-828	37,923	34,669	518	35,187	37,395	-	37,395
Equity		**1,199,542**	**-825**	**1,198,717**	**1,111,877**	**128**	**1,112,005**	**997,485**	**-3,689**	**993,796**
Total equity and liabilities		**12,060,298**	**19,321**	**12,079,619**	**10,850,078**	**17,026**	**10,867,104**	**9,886,038**	**21,486**	**9,907,524**
Contingent liabilities		107,495			140,993			84,563		
Irrevocable facilities		1,402,450			1,463,989			1,148,667		

* Reference to the explanation starting on page 18.

Effect of IFRS adoption on the income statement

in thousands of EUR	2019 Dutch GAAP	Transition effect	2019 IFRS	2018 Dutch GAAP	Transition effect	2018 IFRS
Income						
Net interest income	185,154	-20	185,134	169,482	-96	169,386
Investment income	679	-	679	4,138	-3,766	372
Net fee and commission income	105,340	-	105,340	85,246	-	85,246
Other income	1,170	-	1,170	1,702	371	2,073
Total income	**292,343**	**-20**	**292,323**	**260,568**	**-3,491**	**257,077**
Expenses						
Operating expenses	234,612	-193	234,419	212,051	-7,874	204,177
Impairment losses on financial instruments	3,944	1,409	5,353	3,480	2,919	6,399
Total expenses	**238,556**	**1,216**	**239,772**	**215,531**	**-4,955**	**210,576**
Income from investments in joint ventures			-	-	-73	-73
Operating result before taxation	**53,787**	**-1,236**	**52,551**	**45,037**	**1,391**	**46,428**
Taxation on operating result	-15,036	408	-14,628	-10,368	-873	-11,241
Net profit	**38,751**	**-828**	**37,923**	**34,669**	**518**	**35,187**

Reconciliation of equity

in thousands of EUR	31.12.19	01.01.18
Total equity under previous GAAP	**1,199,542**	**997,485**
Expected credit allowance for expected credit losses	-6,255	-6,624
Reversal of incurred but not recognised allowance for expected credit losses	5,453	5,918
Vitality leave provision	-5	-189
Defined benefit provision	-	-7,934
Reversal of maintenance provision	1,606	1,581
Investment tax relief direct appropriation	2,447	2,250
Fair value hedge accounting ineffectiveness	-	36
Lease accounting	-723	-
Non-current Assets Held for Sale	-1,049	-778
Modification of financial instruments	-3,544	-
Tax effect of the above	**1,245**	**2,051**
Total adjustment to equity	-825	-3,687
Total equity under IFRS	**1,198,717**	**993,796**

Effect of IFRS adoption for the consolidated statement of comprehensive income for the year ended 31 December 2019

in thousands of EUR	Year ended 31.12.19 Dutch GAAP	Year ended 31.12.19 Transition effect	Year ended 31.12.19 IFRS	Year ended 31.12.2018 Dutch GAAP	Year ended 31.12.2018 Transition effect	Year ended 31.12.2018 IFRS
Net result						
Items that will not be reclassified to profit or loss	-	-	-	-	-	-
Revaluation of participating interest after taxation	-302	302	-	1,470	-1,470	-
Exchange rate results from business operations abroad after taxation	721	-478	243	-275	275	-
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	-	174	174	-	5,034	5,034
Related tax	-	-123	-123	-	-542	-542
Total comprehensive income	**419**	**-125**	**294**	**1,195**	**3,297**	**4,492**

Detailed breakdown of the effect of IFRS adoption on consolidated balance sheet and income statement

The tables in this section provide a detailed breakdown of the IFRS adoption effect.
The letters listed in the Note column refer to the descriptions provided in the prior section of the consolidated financial statement.

in thousands of EUR	Note	Desciption	31-12-19	31-12-18	01-01-18
Effect of IFRS adoption on consolidated balance sheet					
Loans and advances to banks		Impact in opening balance	-12	-1,263	-
	A	ECL	-	-17	-25
	K	Interest reclass,	42	-16	46
	M	Joint venture	-	1,285	-1,285
	Total transition effect		**30**	**-12**	**-1,263**
Loans and advances to customers		Impact in opening balance	18,662	19,217	-
	A	ECL	108	-442	311
	B	Modifications of contracts	-1,260	-2,284	-
	E	Fair value hedging	1,417	1,580	-572
	K	Interest reclass,	-535	591	19,478
	Total transition effect		**18,392**	**18,662**	**19,217**
Debt securities at amortised cost		Impact in opening balance	12,408	13,534	-
	A	ECL	-3	-22	-9
	E	Fair value hedging	651	1,639	-610
	K	Interest reclass,	-2,186	-2,743	14,152
	Total transition effect		**10,869**	**12,408**	**13,534**
Property and equipment		Impact in opening balance	-14,824	-13,465	-
	F	Leasing	-3,500	-3,500	-3,500
	L	Repossessed assets	-11,012	-11,324	-9,965
	Total transition effect		**-14,512**	**-14,824**	**-13,465**

in thousands of EUR	Note	Desciption	31-12-19	31-12-18	01-01-18
Investment property		Impact in opening balance	-	-	-
	L	Repossessed assets	11,012	11,324	9,965
	Total transition effect		**11,012**	**11,324**	**9,965**
Right-of-use assets		Impact in opening balance	20,948	23,829	-
	F	Leasing	407	-2,880	23,829
	Total transition effect		**21,355**	**20,948**	**23,829**
Non-trading derivatives		Impact in opening balance	16	1,218	-
	E	Fair value hedging	892	-1,202	1,218
	J	Separation of accounts	7,814	5,232	14,478
	Total transition effect		**8,722**	**5,248**	**15,696**
Other assets		Impact in opening balance	36,616	44,595	-
	I	Other accounts (reclass,)	-442	-9,898	54,936
	L	Repossessed assets	-2,823	1,344	-9,766
	M	Joint venture	-	575	-575
	Total transition effect		**33,351**	**36,616**	**44,595**
Non-current assets held-for-sale		Impact in opening balance	7,508	8,988	-
	L	Repossessed assets	2,688	-1,479	8,988
	Total transition effect		**10,197**	**7,508**	**8,988**
Investment in joint ventures		Impact in opening balance	-	1,295	-
	M	Joint venture	-	-1,295	1,295
	Total transition effect		**-**	**-**	**1,295**

in thousands of EUR	Note	Desciption	31-12-19	31-12-18	01-01-18
Prepayments and accrued income		Impact in opening balance	-99,563	-114,383	-
	A	ECL	-1	-8	-
	I	Other accounts (reclass,)	442	9,898	-54,936
	J	Separation of accounts	-486	2,812	-25,534
	M	Joint venture	-	1	-1
	K	Interest reclass,	2,473	2,117	-33,912
	Total transition effect		**-97,135**	**-99,563**	**-114,383**
Deposits from banks		Impact in opening balance	817	842	-
	K	Interest reclass,	-119	-26	842
	Total transition effect		**697**	**817**	**842**
Deposits from customers		Impact in opening balance	5,530	7,070	-
	K	Interest reclass,	-1,836	-1,540	7,070
	Total transition effect		**3,694**	**5,530**	**7,070**
Lease liabilities		Impact in opening balance	21,283	23,829	-
	F	Leasing	795	-2,546	23,829
	Total transition effect		**22,078**	**21,283**	**23,829**
Non-trading derivatives		Impact in opening balance	2,037	-	-
	E	Fair value hedging	2,975	2,037	-
	J	Separation of accounts	10,051	4,799	13,437
	Total transition effect		**15,063**	**6,836**	**13,437**
Other liabilities		Impact in opening balance	-3,500	-3,654	-
	F	Leasing	-	-	-3,500
	I	Other accounts (reclass,)	29,759	47,582	44,936
	J	Separation of accounts	-14,761	-8,678	-8,410
	M	Joint venture		154	-154
	Total transition effect		**11,498**	**35,404**	**32,872**

in thousands of EUR	Note	Desciption	31-12-19	31-12-18	01-01-18
Accruals and deferred income		Impact in opening balance	-9,080	-10,810	-
	H	Investment tax relief	-57	-197	-2,250
	I	Other accounts (reclass,)	-18,714	-13,362	-19,665
	J	Separation of accounts	-29,759	-47,582	-44,936
	K	Interest reclass,	1,749	1,515	-8,148
	M	Joint venture	-	412	-412
	Total transition effect		**-55,861**	**-70,024**	**-75,411**
Provisions		Impact in opening balance	-597	7,525	-
	A	ECL	-192	-97	984
	C	Defined benefit plan	-	-7,934	7,934
	D	Vitality leave	-84	-99	188
	G	Maintenance provision	-31	8	-1,581
	Total transition effect		**-903**	**-597**	**7,525**
Translation reserve		Impact in opening balance	-3,474	-3,474	-
	P	Net investment hedge	120	-	-3,474
	Total transition effect		**-3,354**	**-3,474**	**-3,474**
Cost of hedging reserve		Impact in opening balance	-	-	-
	P	Net investment hedge	123	-	-
	Total transition effect		**123**	**-**	**-**
Hedging reserve		Impact in opening balance	-2,656	-1,186	-
	E	Fair value hedging	302	-1,470	-1,186
	Total transition effect		**-2,354**	**-2,656**	**-1,186**
Fair value reserve		Impact in opening balance	1,887	1,161	-
	O	Participating interests	51	726	1,161
	Total transition effect		**1,938**	**1,887**	**1,161**

in thousands of EUR	Note	Desciption	31-12-19	31-12-18	01-01-18
Other reserve		Impact in opening balance	3,527	3,252	-
	P	Net investment hedge	-721	275	3,252
	Total transition effect		**2,806**	**3,527**	**3,252**

Effect of IFRS adoption on the (comprehensive) income statement			2019	2018
Net interest income	B		445	244
	N	Leasing result	-465	-340
	Total transition effect		**-20**	**-96**
Operating expenses	C	Defined benefit plan	-	-7,934
	D	Vitality leave	-84	-99
	G	Maintenance provision	-33	8
	H	Investment tax relief	-	231
	M	Joint venture	-	-73
	N	Leasing result	-76	-7
	Total transition effect		**-193**	**-7,874**
Impairment losses on financial instruments	A	ECL	-296	391
	B	Modifications of contracts	1,705	2,527
	Total transition effect		**1,409**	**2,919**
Income from investments in joint ventures	M	Joint venture	-	-73
	Total transition effect		**-**	**-73**
Revaluation of participating interest after taxation	O	Participating interests	302	-1,470
	Total transition effect		**302**	**-1,470**

			2019	2018
Exchange rate results from business operations abroad after taxation	O	Participating interests	-478	275
	P	Net investment hedge	-	-
	Total transition effect		**-478**	**275**
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	O	Participating interests	174	5,034
	Total transition effect		**174**	**5,034**
Related tax	O	Participating interests	-123	-542
	Total transition effect		**-123**	**-542**

Note to the pro forma IFRS consolidated financial statements

in thousands of EUR (unless otherwise stated)

Accounting policies

Corporate information

Triodos Bank, having its legal address in Nieuweroordweg 1 in Zeist, The Netherlands, is a public limited liability company (N.V.) under Dutch law (Chamber of Commerce 30062415). Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

First time adoption of international financial reportings standards

Triodos Bank has not previously prepared financial statements under IFRS, these consolidated financial statements are the first IFRS financial statements, therefore IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been applied. The transition date is 1 January 2018 (the ‘transition date’). Triodos Bank applied the Dutch GAAP in previous statutory financial statements including the 2019 Annual report. The effect of the transition to IFRS is disclosed in Effect of IFRS adoption.

Statement of compliance / special purpose financial statements

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union. These pro forma consolidated financial statements relate to the thirty-ninth financial year of Triodos Bank N.V.

The principal accounting policies are summarised below and have been applied consistently throughout the year, unless stated otherwise.

These financial statements have been prepared on the basis of the going concern assumption. We refer to the subsequent event paragraph for our analysis on the impact of COVID-19 on these pro forma financial statements.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets and liabilities at fair value through profit or loss (FVPL) all of which have been measured at fair value, and investments securities of which the participating interests are at fair value through other comprehensive income and the participating debt is mandatorily measured at fair value through profit or loss. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Triodos Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

New and amended standards and interpretations

IBOR reform and its effects on financial reporting—Phase 1

In response to the IBOR reform undertaken by many international organizations, the IASB is considering the financial reporting implications of the reforms.

In September 2019, the IASB issued Phase 1 amendments related to some of its requirements for hedge accounting in IFRS 9 and IAS 39, as well as the related standard on disclosures, IFRS 7 Financial Instruments: Disclosures. The amendments modify some specific hedge accounting requirements, including the 'highly probable' requirement, prospective assessments, and eligibility of risk components. The Phase 1 amendments are mandatory and effective from 1 January 2020, with early adoption permitted.

Triodos intends to adopt the Phase 1 amendments as of 1 January 2020. The assessment of the impact of these amendments for Triodos is currently being performed.

Phase 2 of the project focuses on financial reporting implications after the date of IBOR reform, particularly regarding the modification of financial instruments. These amendments have not yet been issued by the IASB.

Definition of a business (amendments to IFRS 3)

The IASB issued amendments to IFRS 3 Business Combinations that seek to clarify whether a transaction results in the acquisition of an asset or a business combination. The amendments may require an option concentration test to identify if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets. The effect of these changes is that the new definition of a business is narrower. This could result in fewer business combinations being recognised. The amendments to IFRS 3 are effective from 1 January 2020.

Triodos Bank is not in the business of acquiring new businesses. Therefore, there is no impact due to this standard. Triodos intends to adopt these standards as of the effective date. The amendments are applied prospectively to transactions occurring after the application date.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued the new insurance contracts standard IFRS 17 which brings fundamental changes to insurance accounting. This standard is in scope for entities who issue insurance contracts or hold reinsurance contracts. The original effective date is 1 January 2021. The IASB has proposed deferring the effective date of IFRS 17 by one year to 1 January 2022.

Triodos does not issue insurance contracts and does not engage in reinsurance activities. Therefore, the adoption of IFRS 17 is not expected to have a significant impact on the financial statements of Triodos.

Upcoming changes to IFRS relevant for Triodos Bank

The following changes to IFRS are effective after 1 January 2020 and relevant for Triodos Bank:

- Amendments to IAS 1 and IAS 8: 'Definition of Material' (issued on 31 October 2018, effective 1 January 2020); and
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018, effective 1 January 2020); and
- Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current (issued on 23 January 2020, effective 1 January 2022).

Critical judgements and estimates

The preparation of the consolidated financial statements requires Triodos Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the financial year. It mainly concerns the methods for determining the fair value of assets and liabilities and determining impairments. Triodos Bank uses estimates, assumptions and judgements which can have a significant impact on the amounts recognised in the financial statements in applying these accounting policies. These estimates and assumptions are based on the most recent information available, and the actual amounts may differ in the future. The principal estimates and assumptions relate to impairments on financial instruments measured at amortised cost and fair value through other comprehensive income, property and equipment, intangible assets, employee benefit provisions, and assets acquired through foreclosures.

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.

The judgements and assumptions involved in the accounting policies that are considered by the Board of Directors to be the most important to these financial statements are discussed below.

Effective interest rate (EIR) method

See Accounting Policy Revenue Recognition for an explanation of the EIR method.

In calculating the EIR to apply to loans held at amortised cost, Triodos Bank estimates future cash flows, considering all contractual terms of the loan.

Triodos Bank makes critical judgement in determining which fees are directly attributable to the loan as part of the effective interest rate. The fees directly attributable to the effective interest rate are any arrangement or commitment fees taken.

To calculate the carrying value it is necessary to determine the expected life over which to amortise these capitalised fees. This depends on the probability of early repayment for each loan, which is a critical estimate. The value of loans and interest income would change with variances in probability of early repayment. A decrease of 10% in the expected probability of early repayment would reduce interest income by EUR 92 thousand.

Impairment of financial assets
This chapter should be read in conjunction with the impairment accounting principles for financial instruments, including in the corresponding paragraph below.

Triodos Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts.

The measurement of credit impairment under the expected credit loss model depends on management's assessment of whether a significant increase in credit risk has occurred for each financial asset, its economic forecasts including the probability of each of these, and its modelling of expected performance of each financial asset in each economic scenario. Significant increase in credit risk requires critical judgement, the economic forecasts and the expected performance are a significant estimate.

Significant increase in credit risk
As explained in the impairment of financial assets accounting policy below, Triodos Bank's approach to determining whether a significant increase in credit risk has occurred is, in large part, based on its internal credit rating system

Triodos Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying judgement of experienced credit risk professionals. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate Exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.	Internally collected data on customer behaviour – e.g. utilisation of overdraft facilities.	Payment record – this includes overdue status as well as a range of variables about payment ratios.
Data from credit reference agencies, press articles, changes in external credit ratings.	Affordability metrics.	Utilisation of the granted limit.
Quoted bond and credit default swap (CDS) prices for the borrower where available.	External data from credit reference agencies, including industry-standard credit scores.	Requests for and granting of forbearance.
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.		Existing and forecast changes in business, financial and economic conditions.

The internal credit rating system comprises 14 ratings as explained in the impairment of financial assets accounting policy:
- Loans with initial ratings 1-3 are considered to exhibit a significant increase in credit risk if they are downgraded by four grades;
- Loans with initial ratings 4-7 are considered to exhibit a significant increase in credit risk if they are downgraded by three grades;
- Loans with initial ratings 8-9 are considered to exhibit a significant increase in credit risk if they are downgraded by two grades;
- Loans with initial ratings 10-12 are considered to exhibit a significant increase in credit risk if they are downgraded by one grade; and
- Loans with ratings of 14 are considered to be in default. Therefore a downgrade of a loan with rating 13 would put it in default.

Within the credit risk policy clients with total business loans above EUR 250 thousand are rated. Clients with retail mortgage loans and or total business loans below EUR 250 thousand have no rating appointed. These are represented in a Not Rated category.

This determination of what downgrade in internal credit rating constitutes a significant increase in credit risk is a significant judgement.

Economic forecasts

Triodos Bank formulates three economic scenarios: a base case, which is the base scenario, and two less likely scenarios, one upside and one downside. The base case is aligned with information used by Triodos Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

Triodos Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key driver of credit risk is GDP growth.

The economic scenarios used as at 31 December 2019 included the following GDP growth for the years ending 31 December 2020 to 2022 and for the long-term. This is a critical estimate.
Please note these estimates were done prior to the outbreak of the COVID-19 pandemic.

	2020	2021	2022	Long-term
Base	1.2%	1.4%	1.5%	1.0%
Upside	1.5%	1.7%	1.9%	1.0%
Downside	0.6%	0.7%	0.7%	1.0%

A decrease of 0.5% in all GDP growth estimates would increase expected credit loss by EUR 1.308.

Loan performance in different macro-economic conditions

The performance of each loan in Stages 1 and 2 in the different macro-economic scenarios is determined by its sector. The table shows by sector the correlation between the macro-economic indicator and the PD of the client.

Sector	Macro-economic indicators	Macro-economic indicators	Branches			
		Belgium	Germany	Spain	The Netherlands	United Kingdom
Health care	GDP growth	Medium	Medium	Low	Medium	Medium
Renewable Energy	GDP growth	Low	Low	Low	Low	Low
Social Housing	GDP growth		No such sector in the branch			Low
Sustainable Property	Market rate	Low	No such sector in the branch		Low	No identified dependency between macro economy and PD

Impacted variable	Macroeconomic variable (delta)	Measurement unit of impact	Low	Medium	High
PD	GDP growth (-1%) or Market rate (+2%)	Number of notches	+1 notch	+2 notch	+3 notch

For example, if GDP correlation is low and the GDP growth is -1% rating of loans in that sector are impacted by 1 notch. Impact of notches can be seen in section financial instruments in the table were PD percentages are shown.

Predicted relationships between GDP and default and loss rates on various portfolios of financial assets are critical estimates that have been developed based on management judgement and analysis of historical data.

Vitality leave

Triodos Bank offers its employees employed by its Dutch legal entities and its UK subsidiary (Triodos Bank UK Limited) a long term benefit referred to as vitality leave.

Under the vitality leave program, employees who have worked for TBNV for at least 7 full calendar years are eligible to take 2 months of vitality leave in addition to their annual vacation days. During the vitality leave employees receive reduced salaries, 70% of their usual monthly salary in the first month and 40% of their usual monthly salary in the second month.

In accordance with IAS 19 Employee Benefits Triodos Bank calculates a provision for the vitality leave as it is a long term benefit. There are multiple estimates and judgements included in this provision calculation, for example about the number of employees eligible for the leave, the probability of eligible employees taking the leave, retention rate of employees and salary increases.

Defined benefit plans

Defined benefit plans were present for the Netherlands and Belgium during 2018 and for Belgium during 2019. In the Netherlands the benefit plan has been transferred to an insurance company at the end of 2018, which resulted in no future obligations under this pension plan. In Belgium, legislation prescribes a minimum yield of 1.75% and requires the employer to compensate for this yield. This minimum yield requirement results in an actuarial provision as recorded for the Belgian Branch.

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Incremental borrowing rate leases

Triodos Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that Triodos Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what Triodos Bank 'would have to pay', which requires estimation when no observable rates are available. Triodos Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as Triodos Bank's stand-alone credit rating).

Comparison with previous years

Triodos Bank changed the accounting principles from Dutch GAAP to IFRS as approved by the EU. The impact of this change is disclosed in Effect of IFRS adoption on the consolidated balance sheet. The IFRS valuation principles and method of determining the result have been consistently applied over 2018 and 2019.

Consolidation Principles

The consolidated financial statements include the financial data of Triodos Bank, its subsidiaries and other companies over which Triodos Bank has control. Control exists when Triodos Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether controlling interest exists, potential voting rights that are currently exercisable are taken into account. Companies exclusively acquired with the view to resale are exempted from consolidation.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, intra-group debts, receivables and transactions are eliminated. Subsidiaries are consolidated in full. The accounting policies of subsidiaries have been changed where necessary, in order to align them to the prevailing group accounting policies.

List of equity participations of Triodos Bank N.V.

- Kantoor Buitenzorg B.V. in Zeist, participating interest 100%, group company, fully consolidated. This entity was liquidated in 2019;
- Kantoor Nieuweroord B.V. in Zeist, participating interest 100%, group company, fully consolidated. This entity was liquidated in 2019;
- Stichting Triodos Beleggersgiro in Zeist, group company, fully consolidated;

- Legal Owner Triodos Funds B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Finance B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos IMMA BVBA in Brussel, participating interest 100%, group company, fully consolidated;
- Triodos Investment Management B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Investment Advisory Services B.V. in Zeist, participating interest 100%, group company, fully consolidated;
- Triodos Nieuwbouw B.V. in Zeist, participating interest 100%, group company, fully consolidated. This entity was liquidated in 2019;
- Triodos Bank UK Ltd in Bristol, participating interest 100%, group company, fully consolidated.
- Sinopel 2019 B.V. in Amsterdam established June 6, 2019, fully consolidated.
- Triodos MeesPierson Sustainable Investment Management B.V. in Zeist, participating interest 50%, joint venture with joint control, consolidated pro rata to the participating interest held. This entity was liquidated in 2018.

Equity accounted investees

Investments in associates and joint ventures are valued based on the equity method. On initial recognition, the Investment in associate or joint venture is recognized at cost at the date of acquisition.

In subsequent periods, the carrying amount of the investment is adjusted for the following:

- Increase (or decrease) in the value of the investment for Triodos Bank's share of the investee's Net Income (or Net Loss) for the period
- Decrease in the value of the investment for distribution of dividends received from the investee. Dividends received from investments in associates are not recorded in the Profit & Loss account.
- Increase (or decrease) in the value of the investment for Triodos Bank' share of the investee's Other Comprehensive Income for the period.

Triodos Bank's only equity accounted investee was the joint venture Triodos MeesPierson Sustainable Investment Management BV in Zeist. This entity was disposed of during 2018.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising from translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):
- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see hedge of net investment in a foreign operation); and
- qualifying cash flow hedges to the extent that the hedge is effective.

Business operations abroad
The assets and liabilities of foreign operations are translated into euro at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to Non Controlling Interest (NCI).

Hedging of the net investment in business operations abroad
When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in OCI and presented in the translation reserve within equity. The effective portion of the change in fair value of the hedging instrument is computed with reference to the functional currency of the parent entity against whose functional currency the hedged risk is measured. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Financial instruments
Triodos Bank recognises financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers initially on the trade date, i.e., the date on which Triodos Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. Triodos Bank recognises deposits from customers when funds are transferred to the Bank.

On initial recognition, financial instruments are measured at fair value. Subsequently they are classified in one of the following categories. Financial liabilities cannot be reclassified. Financial assets are only reclassified where there has been a change in the business model.

Designated as at fair value through profit or loss
A financial instrument may be designated as at fair value through profit or loss only if such designation:
- eliminates or significantly reduces a measurement or recognition inconsistency;
- applies to a group of financial assets, financial liabilities or both, that Triodos Bank manages and evaluates on a fair value basis; or
- relates to a financial liability that contains an embedded derivative which is not evidently closely related to the host contract.

Financial assets that are designated on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses are recognised in profit or loss as they arise.

Amortised costs financial assets
A financial instrument may be measured at amortised cost if:
- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the outstanding balance.

Triodos Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective, being the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, Triodos Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing the newly originated or newly purchased financial assets going forward.

As a second step of the classification process is the assessment of the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, Triodos Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Equity instruments at fair value through other comprehensive income
Upon initial recognition, Triodos Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity and are not held for trading. This classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other

operating income when the right of the payment has been established, except when Triodos Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Fair value through profit or loss
A financial liability is measured at fair value if it arises from: a financial guarantee contract; a commitment to lend at below market rates; an obligation arising from the failed sale of an asset; or a contingent consideration for a business acquisition. Fair value through profit or loss is the default classification for a financial asset.

Amortised cost financial liabilities
All financial liabilities that are not subsequently measured at fair value are measured at amortised cost.

Application
To determine the appropriate method for subsequent measurement, an assessment is made of the business model of each portfolio of financial instruments. Business models are assessed at portfolio level, being the level at which they are managed. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives of the portfolio, its risk management and the ability to monitor sales of assets from a portfolio. The criteria for classifying cash flows as solely principal and interest are assessed against the contractual terms of a facility, with attention to leverage features; prepayment and extension terms; and triggers that might reset the effective rate of interest.

Impairment of financial assets
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 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.

allowance for expected credit lossess are calculated for all loans, regardless of whether they are doubtful debtors. Assets are classified into the following categories in line with IFRS 9:
- Stage 1: Assets that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit loss (ECL) is recognised and interest revenue is calculated on the gross carrying amount of the asset. 12-month ECLs are the expected credit losses that result from default events that are expected within 12 months after the reporting date.
- Stage 2: For assets that have experienced a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, lifetime ECLs are recognised and interest income is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3: For assets that have objective evidence of impairment at the reporting date, lifetime ECLs are recognised and interest income is calculated on the net carrying amount.
- Purchased or originated credit impaired (POCI): For assets that have objective evidence of impairment at purchase or origination, lifetime ECLs are recognised and interest income is calculated using the credit-adjusted effective interest rate on the net carrying amount.

Expected credit losses are a probability weighted estimate of credit losses, considering various scenarios. For doubtful debtors scenarios are specific to the circumstances of the debtor, whereas for all other debtors the scenarios are based on macro-economic conditions.

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Triodos Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Triodos Bank's historical experience and expert credit assessment and including forward-looking information.
The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Triodos Bank uses three criteria for determining whether there has been a significant increase in credit risk:
- quantitative test based on movement in PD;
- qualitative indicators, for example placement of a loan on a watchlist; and
- a backstop of 30 days past due.

Triodos Bank determines probability of default based on its internal credit rating system, which comprises 14 grades. The table below provides an indicative mapping of how Triodos Bank's internal credit risk grades relate to PD.

Grading	12-month weighted-average PD	Grading	12-month weighted-average PD
Grade 1	0.03%	Grade 8	4.09%
Grade 2	0.07%	Grade 9	6.48%
Grade 3	0.16%	Grade 10	8.74%
Grade 4	0.39%	Grade 11	14.99%
Grade 5	0.83%	Grade 12	21.79%
Grade 6	1.44%	Grade 13	42.51%
Grade 7	2.56%	Grade 14	In default

Loans are assessed at inception and then periodically, and movements in internal credit rating provide the basis to determine whether a significant increase in credit risk has occurred. The credit quality of all counterparties is reviewed and rated at least annually. In addition, Triodos Bank's focus on relationship management supports early identification of risk factors.

Definition of default

Triodos Bank considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to Triodos Bank in full, without recourse by Triodos Bank to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation to Triodos Bank.

Overdrafts are considered as being past due when:
- The customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, Triodos Bank considers indicators that are:
- Qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to Triodos Bank; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. Triodos Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

Triodos Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Write-offs

Impaired loans are written off when Triodos Bank concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write-off is determined on a case-by-case basis. Such loans are reviewed regularly and write-off will be prompted by bankruptcy, insolvency, renegotiation and similar events. For all other financial instruments write-offs, if any, are also determined on a case-by-case basis.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. Triodos Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Triodos Bank has transferred the financial asset if, and only if, either:
- Triodos Bank has transferred its contractual rights to receive cash flows from the financial asset

Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement Pass-through arrangements are transactions whereby Triodos Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- Triodos Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- Triodos Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- Triodos Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, Triodos Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
- Triodos Bank has transferred substantially all the risks and rewards of the asset

Or
- Triodos Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. Control is transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of continuing involvement, in which case, the associated liability is also recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that have been retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Modified assets and liabilities

Triodos Bank can make concessions or modifications to original terms of loans as a response to the borrower's request or financial difficulties.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, Triodos Bank records a modification gain or loss. A modification is considered to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial asset of, or greater than, ten percent.

Derecognition due to substantial modifciation of terms and conditions
Triodos Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at recognition date triggering POCI classification.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:
- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

When the loan has been renegotiated or modified but not derecognised, the Triodos Bank also reassesses whether there has been a significant increase in credit risk, including classification as Stage 3.

Forbearance
When the borrower is in financial difficulty, rather than taking possession or to otherwise enforce collection of collateral, terms of the loan(s) can be modified. Triodos Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and Triodos Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:
- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due

Hedge Accounting
Triodos Bank designates certain derivatives held for risk management as well as certain non derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, Triodos Bank formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. Triodos Bank makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within the effective range.

Triodos Bank uses derivatives (principally interest rate swaps) for economic hedging purposes in the management of its asset and liability portfolios. The objective of economic hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that risk exposure.
In addition to economic hedging, Triodos Bank also applies hedge accounting. The hedge accounting types are discussed below.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate. If the hedged item is derecognised any remaining adjustment to the carrying amount is recognised as part of the derecognition gain/loss.

Fair value hedges
Triodos Bank applies fair value hedge accounting to the hedges that are in place to hedge the interest rate risk of its longer term fixed-rate financial assets (loans and bonds), specifically, Triodos Bank applies micro hedge accounting. This relates to individual transactions which are included in an economic hedge relationship covering interest rate risks. It involves a one-on-one relationship between the hedging instrument and the hedged item.

Net investment hedge of a foreign operation
Triodos Bank hedges its net investment in Triodos Bank UK Limited, its subsidiary in England. The hedged risk is the foreign currency exposure arising from the net investment. Triodos Bank designates the hedged risk as the risk of the GB pound spot changes against the Euro, in order to reduce fluctuations in the value of the net investment in its subsidiaries due to movements in the GBP exchange rate. Triodos Bank makes use of foreign exchange forward contracts to hedge this risk. The derivatives are recorded at fair value on the balance sheet.

The fair value movements of these contracts are determined by the changes in spot foreign exchange rate, changes in the forward foreign exchange rate and the basis spread. The basis spread is identified as the transaction price of the foreign exchange forward contract, being the difference between the spot and forward rate in the contract. This is recorded on a systematic basis through profit or loss. Triodos Bank elects to use the cost of hedging method for the forward foreign exchange rate change and records these in a separate component within equity. The spot rate changes is, together wit the changes in the hedge risk, recognized in the translation reserve.

Derivatives
Derivative financial instruments consisting of foreign currency forward contracts and interest rate swaps are initially recognized at fair value, with subsequent fair value movements at each balance sheet date in profit and loss. Triodos Bank uses interest rate swaps and foreign exchange forwards as derivatives. Interest rate swaps fair values are determined by discounted cash flow analysis against prevailing market interest rates. Foreign exchange forwards fair values are determined by the movement of the foreign exchange rate. Changes in the fair value are included in the profit and loss account, as result on financial transactions.

Derivatives embedded in contracts shall be separated from the host contract and accounted for separately at fair value if all the below criteria are met:
- The host contract is not a financial asset in scope of IFRS 9;
- The hybrid contract is not measured at fair value through profit and loss;
- The embedded derivative would meet the definition of a stand alone derivative;
- The embedded derivative is not closely related to the host contract.

Cash and cash equivalents
On the balance sheet, cash and cash equivalents comprise cash with central banks and cash in ATM machines. Loans and advances to banks with an original maturity of less than three months are additionally included in the cash flow statement.

Cash and cash equivalents are carried at amortised cost on the balance sheet.

Loans and advances to banks
Loans and advances to banks are financial instruments initially measured at fair value plus incremental direct transaction costs, and subsequently at amortised cost less impairment allowance, using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Loans and advances to customers
Loans and advances to customers are financial instruments initially measured at fair value plus incremental direct transaction costs, and subsequently at amortised cost less impairment allowance, using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Debt securities at amortised cost
All debt securities at amortised cost are held in the investment portfolio. These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method in accordance with the Financial Instruments paragraph in these accounting principles.

Investment securities
Investment securities include participating interests in other financial institutions either in equity or debt form. The participating interests in equity form are measured at fair value through other comprehensive income (hereafter 'FVOCI'). The participating interest in debt form are classified according to the business model and SPPI test. The current interests outstanding are repayable at net asset value of the fund and as such they fail the SPPI test and are measured at fair value through profit and loss. Triodos Bank classifies a participating interest as debt

For securities that are listed on an active stock exchange, the fair value will be deemed to be equal to the most recently published stock exchange price. If the security is not listed on an active stock exchange or where there is no regular price quotation, the fair value will be determined to the best of one's ability using all available data, including an annual report audited by an external independent auditor, interim financial information from the institution and any other relevant data provided to Triodos Bank. Unrealised and realised changes in the value of participating interest in equity form are recognised in the other comprehensive income and of participating interest in debt form are recognised in the profit or loss.

Intangible fixed assets
Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss over the asset's estimated economic life using methods that best reflect the pattern of economic benefits. These estimated useful economic lives are:
- Internally developed assets: 5 to 10 years
- Computer software: 3 to 5 years
- Management contracts: 20 years

Direct costs relating to internally developed assets are capitalised once technical feasibility and economic viability have been established. These costs include co-worker costs and the costs of materials and services. Capitalisation of costs ceases when the asset is capable of operating as intended.

Research costs are recognised in the income statement.

During and after development, accumulated costs are reviewed for impairment against the benefits that the asset is expected to generate. Costs incurred prior to the establishment of technical feasibility and economic viability are expensed as incurred.

The development costs for the banking system will be amortised over the estimated useful life from the moment the system is used, to a maximum of 10 years.

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 till October 2026. The remaining depreciation period is seven years as of the end of 2019.

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

Property and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis so as to write-off the depreciable amount of each item of property, plant and equipment over its estimated useful life. The depreciable amount is the cost of an asset less its residual value. Land for own use is not depreciated.

The estimated useful lives of Triodos Bank's property and equipment are:
- Leasehold property: 40 years (or lease term if shorter)
- Plant and machinery: 3 to 5 years
- Furniture and fixtures: 5 years

The residual value and useful life of property, plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

Property under development is valued at the lower of the expenditure and the expected realised value upon completion. The expenditure consists of payments made to third parties.
The difference between the proceeds on disposal of equipment and net carrying value is recognised in the profit and loss account under Other income.

Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please go to note 7.

Investment Property

Investment property is initially measured at cost and subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation is determined in accordance with the accouting principles as state in Property and equipment.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leases

As a lessee

Triodos Bank assesses whether a contract is or contains a lease, at inception of a contract. Triodos Bank recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, Triodos Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Triodos Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within Other liabilities in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Triodos Bank remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Triodos Bank did not make any such adjustments during the periods presented.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever Triodos Bank incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that Triodos Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as of the Property and Equipment in the balance sheet.

As a lessor

Triodos Bank enters into lease agreements as a lessor with respect to some of its office space.

Leases for which Triodos Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Triodos Bank does not act as a lessor for any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Impairment of intangible assets, property and equipment, right of use assets, and investment properties.

At each balance sheet date, Triodos Bank assesses whether there is any indication that its intangible assets, property, plant and equipment, right of use assets, or investment properties are impaired. If any such indication exists, it estimates the recoverable amount of the asset and the impairment loss if any.

If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been taken into account in estimating future cash flows. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in profit or loss and the carrying value of the asset reduced by the amount of the loss.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

Other assets

Other assets are recognised initially at fair value and subsequently measured at amortised cost. For trade receivables an impairment provision is calculated in accordance with the simplified method detailed in IFRS 9 Financial Instrument.

Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale are initially measured as the lower of;
- carrying amount; and
- fair value less costs to sell.

Provisions and contingent liabilites

Triodos Bank recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

Tax

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in profit or loss or equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the asset will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax assets and liabilities are offset where Triodos Bank has a legally enforceable right to offset, and where they relate to income taxes levied by the same taxation authority that Triodos Bank intends to settle on a net basis.

Deposits from banks and customers

Deposits from banks and customers are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Triodos Bank designates liabilities at FVTPL in accordance with the Financial Instruments paragraph in these accounting principles.

Other liabilities

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

Purchases of depository receipts for own shares

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to retained earnings. 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 acquired to a maximum amount of EUR 28,2 million. 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.

Revaluation reserve

If revaluations have been recognised in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the income statement. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result.

Contingent liabilities and irrevocable facilities

Triodos Bank issues guarantees to clients which can be split in credit substitute and non-credit substitute guarantees. Credit substitute guarantees are similar to the financial guarantees identified under IFRS 9.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance.

The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Irrevocable facilities are undrawn debit limits on current accounts and credit cards, accepted loans not yet paid out, valid loan offers not yet accepted and other facilities.

For undrawn loan commitments (accepted loans not yet paid out and valid loan offers net yet accepted), similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the consolidated balance sheet.

Revenue recognition

Net interest income recognition

Interest income or expense on financial instruments is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount.

Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Triodos Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount. When a financial asset becomes credit impaired and is therefore regarded as 'Stage 3', the interest income is calculated by applying the effective interest rate to the net amortised cost.

Fee and commission income

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer, in line with the requirements of IFRS 15. The arrangements are always contractual and the cost of providing the service is incurred as each service is performed. The price is usually fixed and always determinable. In Note 23. the different fee and commission income categories are explained, including when income is recognised.

Investment income

Investment income includes the net result on investments in equity instruments designated at fair value through other comprehensive income. This income includes dividend income.

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in other income based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

Net income from other financial instruments at FVTPL

Net income from other financial instruments at FVTPL includes the ineffective parts of applied hedge accounting, transactions results on foreign exchange forwards and net result on investments in debt instruments designated at fair value through profit and loss. The latter includes interest and dividend income.

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in other income based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

Pension schemes

Triodos Bank has a number of pension schemes. Premiums are paid based on contractual and voluntary basis to insurance companies. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. For more information please go to note 27.

Short-term employee cost
Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Taxation on operating result
Taxes are calculated on the pre-tax result on the basis of the applicable profit tax rates taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) . Exempted profit items, deductible items, additions and differences between the balance sheet value and the fiscal value of particular assets and liabilities are taken into account.
Deferred tax items arising from differences between the balance sheet value and the fiscal value are valued at nominal value insofar these may be recovered through future profits (temporary differences). Deferred tax assets arising from operating losses are reviewed at each reporting date. To the extent that future taxable profits do not exceed the tax losses recognised, an impairment loss is recognised.

Earnings per share
Earnings per share is calculated on the basis of the weighted average number of shares outstanding.
In calculating the weighted average number of shares outstanding:
Own shares held by Triodos Bank are deducted from the total number of shares in issue;
The computation is based on monthly averages.

Cash flow statement
The cashflow statement sets out the movement in Triodos Bank's funds, broken down into operating activities, investment activities and financing activities. The funds consist of cash and the on demand deposits with banks. The cashflow statement is produced using the indirect method and gives details of the source of cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and receivables and interbank deposits are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as property and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Cash flows arise from foreign currency transactions are translated into euros using the exchange rates at the date of the cash flows.

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

Related parties
All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control Triodos Bank are considered to be a related party. In addition,

statutory directors and close relatives are regarded as related parties. Transactions with related parties are disclosed in note 31. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Segregation of capital
Triodos Bank NV holds by its related party Stichting Triodos Beleggersgiro on behalf of their customers segregated from the assets and liabilities of the bank the following securities:

In thousands of euros	2019	2018
Triodos Fair Share Fund	363,220	357,149
Triodos Groenfonds NV	465,393	440,013
Triodos Sicav I	641,537	503,387
Triodos Sicav II	16,763	44,281
Triodos Vastgoedfonds NV	1,517	7,351
Triodos Impact Strategies NV	21,216	20,729
Triodos Impact Strategies II NV	54,952	-
Total as at 31 December	**1,564,598**	**1,372,910**

Triodos Impact Strategies N.V. holds on behalf of its sub-fund Triodos Multi Impact Fund as at 31 December 2019 EUR 6.151 thousand (2018: 6.765 thousand) of securities Triodos Fair Share Fund and EUR 4.476 thousand (2018: 4.711 thousand) of securities Triodos Groenfonds N.V.. These securities are included in the above mentioned values of securities in Triodos Fair Share Fund and Triodos Groenfonds N.V.

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

Securitisation
In 2019, Triodos executed its first retained residential mortgage backed securitisation (RMBS) transaction called Sinopel 2019 B.V. ("Sinopel").

A securitisation is a transaction where a pool of assets is sold to a special purpose vehicle. The special purpose vehicle issues notes with different tranches to finance the purchase price of the assets. With Sinopel Triodos Bank structured a retained RMBS whereby Triodos Bank is the sole buyer of the issued notes and has as such not transferred any credit risk. Through the retained RMBS, Triodos Bank strengthens its financial resilience and gains additional access to (central bank) liquidity by pledging the notes as collateral with the Dutch Central Bank. The Sinopel RMBS is collateralised by Dutch residential mortgages loans. The structure is fully compliant with the new Simple Transparent Standardised EU regulation. For notes issued by Sinopel 2019 B.V., the following ECAIs were involved: DBRS Ratings Limited and S&P Global Ratings Europe. As there is no risk transfer with the Sinopel transaction, the securitisation exposures (notes) are not riskweighted separately. The securitised assets (mortgage loans) are taken into account as if they were not securitised. Triodos consolidates Sinopel in its annual accounts.

Apart from the Sinopel transaction Triodos is not active as originator, investor or sponsor of securitisation exposures. As a result, Triodos does not hold any re-securitisation positions and does not provide securitisation related services to any other SPV.

Notes to the consolidated balance sheet

Assets

1. Cash and cash equivalents

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

	2019	2018
On demand deposit Dutch Central Bank	1,406,709	1,411,065
On demand deposit Belgian Central Bank	228,736	31,083
On demand deposit German Central Bank	100,700	78,664
On demand deposit Spanish Central Bank	247,031	188,581
On demand deposit United Kingdom Central Bank	279,463	63,705
Cash in ATM's	7,585	22,174
Balance sheet value as at 31 December	**2,270,224**	**1,795,272**

2. Loans and advances to banks

	2019	2018
On demand deposits with banks	205,048	166,663
Deposits with banks	22,513	70,392
Interest receivable	72	30
Allowance for ECL	-42	-42
Balance sheet value as at 31 December	**227,591**	**237,043**

An amount of EUR 21.7 million of the deposits is encumbered (2018: EUR 19.7 million). These are on demand deposits at Cecabank in the amount of EUR 1 million (2018: EUR 1 million), Caja de Ingenieros in the amount of EUR nil (2018: EUR 0.5 million), ING Bank EUR 13 million (2018: EUR 13 million), Banco Cooperativo EUR 7 million (2018: EUR 4.6 million) and Mastercard EUR 0.7 million (2018: EUR 0.6 million). A deposit of EUR 1.0 million (2018: EUR 1 million) is subordinated. All other deposits can be freely disposed of.

By residual maturity:

	2019	2018
On demand	205,078	166,651
1 to 3 months	7,513	55,392
3 months to 1 year	15,000	14,000
1 to 5 years	-	1,000
Longer than 5 years	-	-
Balance sheet value as at 31 December	**227,591**	**237,043**

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

	2019	2018
Banco Cooperativo	8,131	5,708
Caja de Ingenieros	604	4,791
Cecabank	4,111	5,787
DZ Bank	51,873	42,140
Euroclear Bank	2,595	1,149
ING Bank	103,281	85,243
National Westminster Bank (Natwest)	29,906	-
Rabobank	20,790	1,181
Royal Bank of Scotland	830	35,445
Yorkshire Bank	118	49,533
Other	5,352	6,066
Balance sheet value as at 31 December	**227,591**	**237,043**

3. Loans and advances to customers

Loans and advances to customers at amortised cost

			2019			2018
	Gross carrying amount	Allowance for ECL	Carrying amount	Gross carrying amount	Allowance for ECL	Carrying amount
Corporate loans	6,188,830	-32,093	6,156,737	5,725,139	-37,695	5,687,444
Mortgage lending	1,977,175	-838	1,976,337	1,504,420	-736	1,503,684
Current accounts and credit cards	54,102	-848	53,254	56,290	-856	55,434
Interest receivables	19,534	-	19,534	20,070	-	20,070
Balance sheet value as at 31 December	**8,239,641**	**-33,779**	**8,205,862**	**7,305,919**	**-39,287**	**7,266,632**

Loans and advances to customers classified by residual maturity:

	2019	2018
Payable on demand	215,742	334,843
1 to 3 months	470,833	300,433
3 months to 1 year	554,765	368,994
1 to 5 years	2,311,366	1,957,968
Longer than 5 years	4,653,156	4,304,394
Balance sheet value as at 31 December	**8,205,862**	**7,266,632**

EUR 24.9 million (2018: EUR 24.8 million) of the loans are subordinated.
EUR 271.0 million (2018: EUR 144.7 million) of the loans relates to loans to local authorities with a maximum original maturity of one year and one day.

As part of the interest rate risk management Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate loans. The critical terms of the interest rate swaps such as nominal amount, maturity date and interest payment dates fully match the terms of the respective loans. The total notional value of these loans is EUR 153.0 million which equals the notional value of the interest rate swaps (2018: EUR 142.3 million). The fair value of the interest rate swaps as at 31 December 2019 is EUR -2.4 million (2018: EUR -1.3 million). Triodos Bank applies fair value hedge accounting on these interest rate swaps and the effective part of the fair value movement has been recognised in as part of the loans and advances to customers.

4. Debt securities at amortised cost

	2019	2018
Dutch government bonds	70,292	70,597
Belgian government bonds	168,222	230,696
Spanish government bonds	72,182	91,473
United Kingdom government bonds	78,068	89,790
Other bonds	634,658	775,660
Interest receivable	9,223	11,409
Fair value hedge accounting	1,680	1,030
Allowance for ECL	-34	-31
Balance sheet value as at 31 December	**1,034,291**	**1,270,624**

The movement in debt securities at amortised cost is as follows:

	2019	2018
Balance sheet value as at 1 January	1,270,624	1,447,386
Purchase	141,558	235,063
Repayments	-368,610	-396,590
Sale	-	-
Amortisation difference between acquisition price and redemption value	-9,512	-12,770
Exchange rate results on foreign currencies	1,770	-1,339
Interest receivable movement	-2,186	-2,743
Fair value hedge accounting movement	650	1,639
Net movement in allowance for ECL	-3	-22
Balance sheet value as at 31 December	**1,034,291**	**1,270,624**

The interest bearing securities in the statement below, as at 31 December, are valued at amortised cost. This is the book value without the interest receivable, fair value hedge accounting and the allowance for the ECL.

					2019
Public sector entities	Listed	Non-listed	term of maturity less than a year	term of maturity more than a year	Of which Green bond[1]
Belgium, government	168,222	-	25,228	142,994	-
Comunidad Autonoma de Madrid, Spain	114,355	-	2,873	111,482	11,107
United Kingdom, government	78,068	-	10,631	67,438	-
Kingdom of Spain, government	72,182	-	28,829	43,353	-
The Netherlands, government	70,292	-	-	70,292	-
Region Wallonne, Belgium	40,000	20,000	10,000	50,000	-
Instituto de Crédito Official (government guaranteed), Spain	38,709	-	6,500	32,208	-
Junta de Castilla y Leon, Spain	24,558	-	-	24,558	-
Ayuntamiento de Madrid, Spain	24,019	-	-	24,019	-
Autonomous Community of Basque Country, Spain	20,629	-	-	20,629	-
Xunta de Galicia, Spain	15,000	-	-	15,000	-
European Investment Bank	11,828	-	11,828	-	11,828
Transport for London, United Kingdom	6,096	-	-	6,096	6,096
Deutschsprache Gemeinschaft Belgiens, Belgium	-	20,017	-	20,017	-
Brussels Region, Belgium	-	10,044	-	10,044	-
La Commanauté Francaise de Belgique, Belgium	-	10,000	-	10,000	-
Provincie Vlaams-Brabant, Belgium	-	6,000	-	6,000	-
Total public sector entities	**683,959**	**66,062**	**95,890**	**654,130**	**29,031**

1) These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Non-public sector entities	Listed	Non-listed	term of maturity less than a year	term of maturity more than a year	Of which Green bond[1]
					2019
Landwirtschaftliche Rentenbank, Germany	50,000	-	50,000	-	50,000
Adif Alta Velocidad, Spain	45,305	-	-	45,305	-
ABN AMRO Bank N,V,, The Netherlands	26,487	-	15,992	10,495	26,487
Coöperative Rabobank U,A,, The Netherlands	24,991	-	-	24,991	24,991
NRW Bank (government guaranteed), Germany	19,872	-	-	19,872	19,872
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	17,165	-	5,907	11,258	5,907
ING Bank N,V,, The Netherlands	13,009	-	13,009	-	13,009
Nationwide Building Society, United Kingdom	11,820	-	-	11,820	-
Anglian Water Services Financing Plc, United Kingdom	11,174	-	-	11,174	11,174
Bank Nederlandse Gemeenten (BNG), The Netherlands	6,082	-	-	6,082	-
Cofinimmo SA N,V,, Belgium	4,998	-	-	4,998	4,998
Ethias Vie, Belgium	500	-	-	500	-
Société Régionale Wallonne du Transport (government guaranteed), Belgium	-	30,000	15,000	15,000	-
Aquafin NV, Belgium	-	12,000	2,000	10,000	12,000
Total non-public sector entities	231,402	42,000	101,907	171,495	168,436
Total	915,361	108,062	197,797	825,625	197,467

1) These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Public sector entities	Listed	Non-listed	term of maturity less than a year	term of maturity more than a year	Of which Green bond[1]
					2018
Belgium, government	230,696	-	60,873	169,823	-
Comunidad Autonoma de Madrid, Spain	115,589	-	25,849	89,740	-
United Kingdom, government	89,790	-	15,422	74,368	-
Kingdom of Spain, government	91,473	-	18,079	73,394	-
The Netherlands, government	70,597	-	-	70,597	-
European Investment Bank	66,327	-	55,091	11,236	66,327
Autonomous Community of Basque Country, Spain	43,905	-	33,752	10,153	-
Region Wallonne, Belgium	40,000	20,000	-	60,000	-
Xunta de Galicia, Spain	40,181	-	40,181	-	40,181
Nordic Investment Bank, Finland	40,000	-	40,000	-	-
Instituto de Crédito Official (government guaranteed), Spain	39,815	-	-	39,815	-
Ayuntamiento de Madrid, Spain	24,361	-	-	24,361	-
Junta de Castilla y Leon, Spain	17,800	-	3,588	14,212	-
La Commanauté Francaise de Belgique, Belgium	-	10,000	-	10,000	-
Provincie Vlaams-Brabant, Belgium	-	6,000	-	6,000	-
Total public sector entities	910,534	36,000	292,835	653,699	106,508

1) These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Non-public sector entities	Listed	Non-listed	term of maturity less than a year	term of maturity more than a year	2018 Of which Green bond[1]
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden (FMO), The Netherlands	50,000	-	50,000	-	50,000
Landwirtschaftliche Rentenbank, Germany	50,000	-	-	50,000	50,000
Adif Alta Velocidad, Madrid	41,180	-	-	41,180	-
ABN AMRO Bank N,V,, The Netherlands	26,465	-	-	26,465	26,465
Coöperative Rabobank U,A,, The Netherlands	24,986	-	-	24,986	24,986
NRW Bank (government guaranteed), Germany	19,853	-	-	19,853	19,853
Kreditanstalt für Wiederaufbau (government guaranteed), Germany	18,562	-	12,993	5,569	18,561
ING Bank N,V,, The Netherlands	13,018	-	-	13,018	13,018
Nederlandse Waterschapsbank, The Netherlands	11,993	-	11,993	-	11,993
Bank Nederlandse Gemeenten (BNG), The Netherlands	6,127	-	-	6,127	-
Cofinimmo SA N,V,, Belgium	4,998	-	-	4,998	4,998
Ethias Vie, Belgium	500	-	-	500	-
Société Régionale Wallonne du Transport (government guaranteed), Belgium	-	30,000	-	30,000	-
Aquafin NV, Belgium	-	14,000	2,000	12,000	14,000
Total non-public sector entities	**267,682**	**44,000**	**76,986**	**234,696**	**233,874**
Total	**1,178,216**	**80,000**	**369,821**	**888,395**	**340,382**

1) These are Green/sustainable bonds of which the proceeds are invested by the issuer in areas such as sustainable energy, energy efficiency and microfinance.

Part of the value of securities is used as collateral for a possible debit balance, amounting to EUR 89.4 million at the Dutch Central Bank (2018: EUR 69.5 million).

As part of the interest rate risk management Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate bonds. The critical terms of the interest rate swaps such as nominal amount, maturity date and interest payment dates fully match the terms of the respective bonds. The total notional value of these bonds is EUR 153.0 million which equals the notional value of the interest rate swaps (2018: EUR 131.5 million). The fair value of the interest rate swaps as at 31 December 2019 is EUR -1.7 million (2018: EUR -1.3 million). Triodos Bank applies fair value hedge accounting on these interest rate swaps and the effective part of the fair value movement has been recognised as part of the debt securities at amortised cost.

5. Investment securities

	2019	2018
Shares S,W,I,F,T, SCRL	20	20
Participating interests at designated fair value through OCI	19,542	19,018
Participating debt at mandatory fair value through profit and loss	4,737	3,430
Balance sheet value as at 31 December	**24,299**	**22,468**

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. No transactions have occurred during the year.

As part of its mission, Triodos Bank wishes sustainable banking to create more and more impact over the world. In this respect, Triodos Bank provides equity funding to like minded financial institutions in order to increase growth of the sustainable banking sector. No significant influence can be exercised on our participating interests. The value of these interests is based on the published share price. In absence of a public share price or if such a public share price is established in a non active stock exchange market (low trading activity) Triodos Bank estimates the fair value through the net asset value. The other participating interests can be broken down as follows.

	2019		2018	
	Partici-pating interest	Amount in thousands of EUR	Partici-pating interest	Amount in thousands of EUR
Participating interests at fair value through OCI				
Amalgamated Bank, New York[1]	2.3%	12,569	-	12,356
Merkur Bank KGaA, Copenhagen[1]	3.0%	1,210	3.0%	1,163
Cultura Bank Sparebank, Oslo[1]	1.2%	102	1.3%	102
GLS Gemeinschaftsbank eG, Bochum[1]	0.0%	50	0.0%	50
Banca Popolare Etica Scpa, Padova[1]	0.2%	133	0.2%	130
Ekobanken Medlemsbank, Järna[1]	0.6%	49	0.6%	49
Social Enterprise Finance Australia Limited, Sydney	4.5%	1	4.5%	1
Bpifrance Financement S.A., Maisons-Alfort.	0.0%	140	0.0%	136
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO), The Hague[1]	2.0%	861	2.0%	932
Thrive Renewables Plc, Bristol	5.7%	3,434	5.2%	3,292
La Société d'Investissement France Active (SIFA), Montreuil	0.1%	302	0.1%	300
Visa Inc, San Francisco[1]	0.0%	591	0.0%	407
La Bolsa Social, plataforma de financiación participativa, S.A., Madrid	6.0%	100	6.0%	100
Balance sheet value as at 31 December		**19,542**		**19,018**
Participating debt at fair value through profit and loss				
Sustainability – Finance – Real Economies SICAV-SIF public limited liability company, Luxembourg	13.0%	4,737	13.0%	3,430
Balance sheet value as at 31 December		**4,737**		**3,430**

1 Credit institution

The movement of the participating interest at fair value through OCI is as follows:

	2019	2018
Balance sheet value as at 1 January	19,018	13,583
Acquisitions	-	9,848
Increase of capital	349	131
Revaluation	-279	3,353
Repayment of capital	-	-
Divestments	-	-7,996
Exchange rate results on foreign currencies	454	99
Balance sheet value as at 31 December	**19,542**	**19,018**

The movement of the participating debt at fair value through profit and loss is as follows:

	2019	2018
Balance sheet value as at 1 January	3,430	1,066
Acquisitions	-	-
Increase of capital	877	2,369
Revaluation	352	-153
Repayment of capital	-	-
Divestments	-	-
Exchange rate results on foreign currencies	78	148
Balance sheet value as at 31 December	**4,737**	**3,430**

6. Intangible assets

	2019	2018
Development costs for information systems	38,212	34,108
Management contracts	1,360	1,562
Computer software	1,971	2,754
Balance sheet value as at 31 December	**41,543**	**38,424**

The development costs for information systems

The development costs for information systems contain costs for the development of the Bank's ICT systems in The Netherlands, Spain and Germany.

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

	2019	2018
Purchase value as at 1 January	58,524	45,919
Cumulative amortisation as at 1 January	-24,416	-17,816
Balance sheet value as at 1 January	34,108	28,103
Internal development	12,901	12,854
Acquisitions	-	-
Amortisation	-7,931	-6,316
Impairments	-891	-512
Exchange rate results on foreign currencies	25	-21
Balance sheet value as at 31 December	**38,212**	**34,108**
Purchase value as at 31 December	70,628	58,524
Cumulative amortisation as at 31 December	-32,416	-24,416
Balance sheet value as at 31 December	**38,212**	**34,108**

Management contracts

The management contracts relate to contracts for the management of funds by Triodos Investment Management. When it acquired its participating interest in Triodos Investment Management in 2006, Triodos Bank paid EUR 4 million for this to Stichting Triodos Holding. No impairment was recognised based on the remaining usefulness of the contracts.

The movement in management contracts is as follows:

	2019	2018
Purchase value as at 1 January	4,030	4,030
Cumulative amortisation as at 1 January	-2,468	-2,267
Balance sheet value as at 1 January	1,562	1,763
Amortisation	-202	-201
Balance sheet value as at 31 December	**1,360**	**1,562**
Purchase value as at 31 December	4,030	4,030
Cumulative amortisation as at 31 December	-2,670	-2,468
Balance sheet value as at 31 December	**1,360**	**1,562**

Computer software

Computer software relate to software that has been purchased.

The movement in computer software is as follows:

	2019	2018
Purchase value as at 1 January	5,256	4,951
Cumulative amortisation as at 1 January	-2,502	-1,974
Balance sheet value as at 1 January	2,754	2,977
Internal development	-	-
Acquisitions	514	981
Amortisation	-1,260	-1,204
Impairment	-37	-
Balance sheet value as at 31 December	**1,971**	**2,754**
Purchase value as at 31 December	4,573	5,256
Cumulative amortisation as at 31 December	-2,602	-2,502
Balance sheet value as at 31 December	**1,971**	**2,754**

7. Property and equipment

	2019	2018
Property for own use	86,150	88,140
Equipment	34,546	12,897
Balance sheet value as at 31 December	**120,696**	**101,037**

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

	2019	2018
Purchase value as at 1 January	96,365	61,369
Cumulative revaluation as at 1 January	-1,596	-1,596
Cumulative depreciation as at 1 January	-6,629	-5,721
Balance sheet as at 1 January	91,640	57,552
Purchase	3,724	35,155
Depreciation	-1,043	-921
Revaluation	-	-
Transfer to equipment*	-4,663	-
Exchange rate differences	-8	-146
Balance sheet value as at 31 December	**86,150**	**88,140**
Purchase value as at 31 December	95,495	96,365
Cumulative revaluation as at 31 December	-1,596	-1,596
Cumulative depreciation as at 31 December	-7,749	-6,629
Balance sheet value as at 31 December	**86,150**	**88,140**

* With the realisation of a new office building in The Netherlands in 2019 a part of the development cost of this building in the amount of EUR 4.663 has been transferred to equipment.

Property for Triodos Bank's own use includes land which is leased with a carrying amount of EUR 3.5 million based on the market value. Triodos Bank is not the legal owner of this land. The lease payments are negotiated for forty years with a starting, annual payment of EUR 0.2 million. The lease payment will be adjusted annually based on the consumer price index.

The movement in equipment is as follows:

	2019	2018
Purchase value as at 1 January	36,982	38,587
Cumulative depreciation as at 1 January	-24,085	-23,245
Balance sheet value as at 1 January	12,897	15,342
Purchase*	21,638	1,859
Sale**	-4	-54
Depreciation**	-4,614	-4,232
Impairment	-60	-
Transfer from property for own use ***	4,663	-
Exchange rate differences	26	-18
Balance sheet value as at 31 December	**34,546**	**12,897**
Purchase value as at 31 December	60,460	36,982
Cumulative depreciation as at 31 December	-25,914	-24,085
Balance sheet value as at 31 December	**34,546**	**12,897**

* The purchase mainly relates to the investment in the installation and the inventory of the new office building in The Netherlands.

** Excluding disposal in the amount of EUR 3.0 million (2018: EUR 3.4 million).

*** With the realisation of a new office building in The Netherlands in 2019 a part of the development cost in the amount of EUR 4.663 has been transferred from property for own use to equipment.

8. Investment property

The movement in the investment property is as follows:

	2019	2018
Acquisition value as at 1 January	12,589	10,979
Cumulative depreciation as at 1 January	-1,265	-1,014
Balance sheet as at 1 January	11,324	9,965
New foreclosed assets	41	1,610
Depreciation	-239	-224
Impairments	-114	-27
Balance sheet value as at 31 December	**11,012**	**11,324**

Triodos Bank sometimes repossesses assets which come from acquisition in public auctions. These assets are collaterals of an executed loan. A part of the repossessed assets however will not be sold immediately because Triodos Bank has opted to add value by letting these assets and are therefore presented as investment property.

Leases as lessor

Triodos Bank leases out its investment properties for the purpose of adding value to the repossessed assets.

Triodos Bank has recognised the following items in the profit and loss account

	2019	2018
Rental income	246	235
Operating expenses	-262	-165
Total result on investment properties	**-16**	**70**

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9. Leases

Triodos Bank leases assets including land and buildings, vehicles, and IT equipment. Information about leases for which Triodos Bank is a lessee is presented below.

Right-of-use assets

	Property	Vehicles	Other	2019 Total	Property	Vehicles	Other	2018 Total
Balance at 1 January	19,260	1,674	14	20,948	22,565	1,264	-	23,829
Depreciation	-3,633	-579	-8	-4,220	-3,283	-669	-2	-3,954
Additions	3,653	561	336	4,550	-5	1,079	16	1,090
Exchange rate difference	77	-	-	77	-17	-	-	-17
Balance at 31 December	**19,357**	**1,656**	**342**	**21,355**	**19,260**	**1,674**	**14**	**20,948**
Lease liabilities								
Maturity analysis – contractual undiscounted cash flows	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,336	435	62	2,823	3,465	456	4	3,925
One to five years	8,097	1,199	244	9,500	8,893	1,387	14	10,294
More than five years	13,650	34	54	13,728	11,789	-	-	11,789
Total undiscounted lease liabilities at 31 December	**24,083**	**1,668**	**360**	**26,051**	**24,147**	**1,843**	**18**	**26,008**
Current	1,944	442	59	2,445	2,807	421	3	3,231
Non-current	18,096	1,253	284	19,633	16,757	1,282	13	18,052
Lease liabilities included in the statement of financial position at 31 December	**20,040**	**1,695**	**343**	**22,078**	**19,564**	**1,703**	**16**	**21,283**

Amounts recognised in profit or loss

	2019	2018
Interest on lease liabilities	465	340
Expenses of short-term leases	90	129
Expenses of low-value assets	392	487
Sub-lease income	42	-

Amounts recognised in the statement of cash flows

	2019	2018
Total cash outflow for leases	4,297	3,962

i. Real estate leases
Triodos Bank leases land and buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

ii. Other leases
Triodos Bank leases vehicles and equipment, with lease terms of generally three to five years.
Triodos Bank also leases IT equipment with contract terms of generally one to three years.
Leases with a contract term of less than one year and/or a value of less than EUR 5.000 are considered short-term and/or leases of low-value items.
Triodos Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

10. Derivatives held for risk management

Additional hedge accounting disclosures are part of the financial risk management paragraph, please see note 35 for additional information.

As part of the interest rate risk management Triodos Bank entered into interest rate swaps to hedge the interest risk on fixed interest rate loans. The critical terms of the interest rate swaps such as nominal amount, maturity date and interest payment dates fully match the terms of the respective loans. The fair value of the interest rate swaps with a positive value at the end of the year iis represented on the asset side of the balance sheet and the interest rate swaps with a negative value on the liability side.

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

Non-trading derivative assets

	Notional amount				Fair value
2019	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
Currency contracts:					
OTC:					
Forwards	14,206	8,863	5,343	-	1,965
Non deliverable forwards	43,380	33,079	10,301	-	5,840
Swap	387	387	-	-	9
Other OTC contracts:					
Interest rate swaps	33,500	-	-	33,500	908
Total derivatives	**91,473**	**42,329**	**15,644**	**33,500**	**8,722**
Average IRS rates:				-0.25%	

	Notional amount				Fair value
2018	Total	<= 1 year	> 1 year <= 5 years	> 5 years	
Currency contracts:					
OTC:					
Forwards	29,964	16,204	13,760	-	1,356
Non deliverable forwards	54,740	11,671	43,069	-	3,908
Swap	1,252	873	379	-	-32
Other OTC contracts:					
Interest rate swaps	24,975	-	24,975	-	16
Total derivatives	**110,931**	**28,748**	**82,183**	**-**	**5,248**
Average IRS rates:			-0.12%		

Triodos Bank entered into currency contracts with Triodos Investment Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position are almost the same. The decline of the nominal amount from 2018 to 2019 relates to the fact that at the end of 2017 Triodos Bank stopped entering into new currency contract with Triodos Investment Management because of new regulation.

Non-trading derivative liabilities

2019	Total	<= 1 year	> 1 year <= 5 years	> 5 years	Fair value
	Notional amount				
Currency contracts:					
OTC:					
Forwards	206,726	201,383	5,343	-	4,460
Non deliverable forwards	43,380	33,079	10,301	-	5,583
Swap	387	387	-	-	8
Other OTC contracts:					
Interest rate swaps	270,975	6,500	208,475	56,000	5,012
Total derivatives	**521,468**	**241,349**	**224,119**	**56,000**	**15,063**
Average IRS rates:		0.05%	0.21%	0.55%	

2018	Total	<= 1 year	> 1 year <= 5 years	> 5 years	Fair value
	Notional amount				
Currency contracts:					
OTC:					
Forwards	29,964	16,204	13,760	-	1,250
Non deliverable forwards	54,740	11,671	43,069	-	3,587
Swap	1,252	873	379	-	-38
Other OTC contracts:					
Interest rate swaps	248,800	-	166,500	82,300	2,037
Total derivatives	**334,756**	**28,748**	**223,708**	**82,300**	**6,836**
Average IRS rates:			0.16%	0.54%	

The increase of the forward currency contracts relates to GPB contracts that Triodos Bank entered into in 2019 for a notional amount of EUR 192.5 million for hedging the currency risk of the UK subsidiary equity participation of Triodos Bank. The other currency contracts relates to contracts that Triodos Bank entered into with Triodos Investment Management in order to manage the currency risk of the investment funds. Triodos Bank hedges these positions directly in the market. Therefore the long and short position of these contracts are almost the same.

11. Other assets

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

	2019	2018
Receivable regarding the deposit guarantee scheme	3,916	4,551
Other prepayments and accrued income	44,596	45,038
Other	38,275	22,276
Balance sheet value as at 31 December	**86,787**	**71,865**

12. Held-for-sale

The balance sheet value of the assets held-for-sale as at 31 December can be broken down as follows:

	2019	2018
Assets held-for-sale	10,197	7,508
Balance sheet value as at 31 December	**10,197**	**7,508**

Triodos Bank can acquire the colleteral under non performing loans, all assets acquired are real estate. It is the intention of Triodos Bank to dispose of these assets as they are not part of the primary business of the Bank. If permitted by the underlying contracts of the acquired assets, these assets are presented as real estate for sale, using a realtor.

	2019	2018
Impairments recorded in other income	-135	-135
Total for the year	**-135**	**-135**

13. Deposits from banks

	2019	2018
Deposits from banks	70,023	67,217
Interest payable	697	817
Balance sheet value as at 31 December	**70,720**	**68,034**

This item concerns credits held by Kreditanstalt für Wiederaufbau, Germany and Landwirtschaftliche Rentenbanken, Germany for interest-subsidised loans in the renewable energy sector.

Deposits from banks classified by residual maturity:

	2019	2018
Payable on demand	697	821
1 to 3 months	1,425	1,415
3 months to 1 year	5,267	3,906
1 to 5 years	27,484	29,988
Longer than 5 years	35,847	31,904
Balance sheet value as at 31 December	**70,720**	**68,034**

14. Deposits from customers

	2019	2018
Savings	6,365,076	5,798,813
Other funds entrusted	4,324,929	3,759,390
Interest payable	3,694	5,530
Balance sheet value as at 31 December	**10,693,699**	**9,563,733**

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

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

Deposits from customers classified by residual maturity:

	2019			2018		
	Savings	Other funds entrusted	Total	Savings	Other funds entrusted	Total
Payable on demand	5,233,233	4,123,538	9,356,771	4,670,237	3,547,245	8,217,482
1 to 3 months	592,673	137,552	730,225	538,097	144,669	682,766
3 months to 1 year	270,145	36,029	306,174	288,022	41,832	329,854
1 to 5 years	238,907	26,818	265,725	270,222	25,477	295,699
Longer than 5 years	32,318	2,486	34,804	35,591	2,341	37,932
	6,367,276	**4,326,423**	**10,693,699**	**5,802,169**	**3,761,564**	**9,563,733**

15. Other liabilities

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

	2019	2018
Other liabilities	20,226	23,836
Other accruals and deferred income	29,759	47,582
Balance sheet value as at 31 December	**49,985**	**71,418**

16. Provisions

	2019	2018
Financial guarantee contracts issued	19	91
Loan commitments issued	676	796
Other provisions	4,782	5,259
Balance sheet value as at 31 December	**5,477**	**6,146**

A provision in the amount of EUR 0.7 million (2018: EUR 1.7 million) has been made for part of the estimated unavoidable costs to Triodos Bank of dealing with the implications of the UK vote to leave the European Union. Also a provision of EUR 3.5 million has been created in 2019 regarding a reorganization. Further provisions have been formed regarding disputes and claims.

An amount of EUR 3.5 million can be classified as shorter than one year.

The movement of the other provisions is as follows:

	2019	2018
Balance sheet value as at 1 January	5,259	11,123
Addition	5,024	6,011
Withdrawal	-2,471	-3,681
Release	-3,113	-8,178
Exchange rate differences	83	-16
Balance sheet value as at 31 December	4,782	5,259

17. Equity

Capital

The equity stated on the consolidated balance sheet is equal to that stated on the parent company balance sheet. The authorised capital totals to an amount of EUR 1.5 billion and is divided into 30 million ordinary shares, each with a nominal value of EUR 50. At year-end, there were 14,401,765 ordinary shares (2018: 13,494,697 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 14,401,765 depository receipts (2018: 13,494,697 depository receipts), each with a nominal value of EUR 50.

The purchasing and reissuing of depository receipts for own shares is charged or credited respectively to retained earnings. Any balance remaining after the re-issuing of all own depository receipts purchased shall be placed at the disposal of the Annual General Meeting. More details on capital ratios are included in the Pillar 3 report which can be found on the internet site of Triodos Bank.

The movement of the provisions is as follows:

	2019	2018
Number of shares as at 1 January	13,494,697	12,247,373
Incerase of share capital	642,944	1,001,861
Stock dividend	264,124	245,463
Number of shares as at 31 December	14,401,765	13,494,697

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.

Revaluation reserve

The revaluation reserve relates to the unrealised value adjustments in respect of the acquisition price for participating interests.

Other reserve

	2019	2018
Development costs	38,914	34,715
Balance sheet value as at 31 December	38,914	34,715

Development costs

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

	2019	2018
Balance sheet value as at 1 January	34,715	28,240
Transfer of other reserve	4,199	6,475
Balance sheet value as at 31 December	38,914	34,715

Retained earnings

The movement in retained earnings includes purchasing of own depository receipts. At year-end 2019, Triodos Bank had purchased 1.321 own depository receipts amounting to EUR 126 (2018: nil).

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.

The proposed appropriation of profit is based on the number of depository receipts issued as at 31 December 2019, minus the number of depository receipts purchased by Triodos Bank. The final proposal will be submitted at the Annual General Meeting.

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

Net profit	37,923
Addition to retained earnings	-37,923
Dividend	-

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.

	2019	2018
Credit substitute guarantees	75,901	118,570
Non-credit substitute guarantees	31,594	22,423
	107,495	140,993

Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks.
Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. For example:

- Obligations to purchase sustainable goods, such as wind turbines.
- Obligations to decommission equipment or reinstate property (mostly related to project finance provided by Triodos Bank).

19. Irrevocable facilities

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

	2019	2018
Undrawn debit limits on current accounts and credit cards	252,564	213,008
Accepted loans not yet paid out	1,120,627	1,165,538
Valid loan offers not yet accepted	28,972	84,434
Other facilities	287	1,009
	1,402,450	1,463,989

Other off-balance sheet liabilities

In addition to the contingent liabilities and irrevocable facilities reported on the balance sheet the deposit guarantee scheme and the investor compensation scheme is applicable as stated in Article 3:259 of the Financial Supervision Act in the Netherlands. From May 2019 the funds entrusted from the United Kingdom are insured under the Financial Services Compensation Scheme as defined by the Financial Services and Markets Act 2000 in the United Kingdom. The funds entrusted insured under the deposit guarantee scheme in the Netherlands amounts to € 7,211 million (2018: € 7,512 million) and in the United Kingdom € 990 million (£ 838 million, 2018: nil). In 2016 the annually ex-ante contribution to the Deposit Guarantee Fund started in the Netherlands in order to reach a target level of 0.8% of the insured funds entrusted in The Netherlands in 2024. The contribution to the Deposit Guarantee Fund amount to EUR 10.5 million in 2019 (2018: EUR 8.4 million).

Other Commitments

in thousands of EUR

The following commitments have been entered:

- Services relating managing of mortgages for a period of at least 1 year with an annual charge of EUR 1,740.
- Services relating payment transactions for a period of at least 2 years with an variable annual charge of approximately EUR 4,400.
- Services relating managing of investment accountsmortgages for a period of at least 1 year with an annual charge of approximately EUR 257.
- Services relating payment transactions for a period of at least 1 year with an variable annual charge of approximately EUR 95.
- Services relating payment transactions for a period of at least 1 year with an variable annual charge of approximately EUR 175.
- Services relating payment transactions for a period of at least 1 years with an annual charge of approximately EUR 400.
- Services relating payment transactions for a period of at least 1 year with an annual charge of approximately EUR 34.
- Services relating to credit checks with an estimated annual charge of at least EUR 120
- Services relating to provision of debit cards of around EUR 295.
- Services relating payment transactions for a period of at least 2 years with an annual charge of approximately EUR 35.
- Services relating protection of payment systems for a period of at least 0.5 years with an variable annual charge of approximately EUR 510.
- Services relating to crowdfunding platforms for at least 2 years with an annual charge of EUR 56.
- Services relating providing temporary co-workers for the customer contact centre for a period of at least 3 months with an variable annual charge of approximately EUR 740.
- Services relating to an engagement dialogues program for a period of at least two years with an annual charge of approximately EUR 88.

Notes to the consolidated income statement

Income

20. Interest income calculated using the effective interest method

	2019	2018
Loans	196,763	179,005
Banks	1,864	375
Interest-bearing securities	13,182	14,287
Other investments	85	92
Negative interest expense other	1,612	1,275
Total interest income calculated using the effective interest method	**213,506**	**195,034**

The interest income includes revenues derived from loans and related transactions, as well as related commissions, which by their nature are similar to interest payments. The interest-bearing securities item does not include transaction results (2018: nil).

21. Interest expense

	2019	2018
Deposits from customers	-16,743	-17,338
Deposits from banks	-587	-213
Negative interest income banks	-7,770	-6,263
Other	-2,787	-533
Negative interest income other	-485	-1,301
Total interest expense	**-28,372**	**-25,648**
Net interest income	**185,134**	**169,386**

22. investment income

In millions of euro	2019	2018
Dividend from investment securities	679	372
Investment income	**679**	**372**

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23. Net fee and commission income

Net fee and commission income

A. Disaggregation of fee and commission income
In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services.The table also includes a reconciliation of the disaggregated fee and commission income with the Group's reportable segments.

The fees and commission presented in this note include income of € 14.7 million (2018: € 12.1 million) relating to financial assets and financial liabilities not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

Asset management fees include fees earned by Triodos Bank on trust and fiduciary activities in which the Triodos Bank holds or invests assets on behalf of its customers.

Triodos Bank does not any contract assets or liabilities outstanding on balance sheet date.

For the year ended 31 December	Bank Netherlands		Bank Belgium		Bank United Kingdom		Bank Spain		Bank Germany		Total banking activities		Investment Management		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Transaction fee securities	1,936	1,648	-	-	-	-	75	80	-	-	2,011	1,728	-	-	-	-	2,011	1,728
Payment transactions	20,833	17,944	77	306	194	244	4,145	4,284	1,123	563	26,372	23,341	-	-	-	-	26,372	23,341
Lending	4,021	2,986	4,013	3,139	1,915	1,528	4,030	3,601	66	-	14,045	11,254	-	-	-	-	14,045	11,254
Asset Management	4,736	4,668	2,158	1,508	-	-	-	-	-	-	6,894	6,176	-	-	-	-	6,894	6,176
Management fees	-	-	1,406	1,155	478	887	178	137	-	-	2,062	2,179	54,046	42,537	1,583	535	57,691	45,251
Other commission income	-	-	-	-	1,066	804	3,380	3,153	515	473	4,961	4,430	-	-	19	2	4,980	4,432
Total fee and commission income from contracts with customers	31,526	27,246	7,654	6,108	3,653	3,463	11,808	11,255	1,704	1,036	56,345	49,108	54,046	42,537	1,602	537	111,993	92,182
Financial guarantee contracts and loan commitments	171	318	-	-	-	-	365	371	174	153	710	842	-	-	-	-	710	842
Total fee and commission income	31,697	27,564	7,654	6,108	3,653	3,463	12,173	11,626	1,878	1,189	57,055	49,950	54,046	42,537	1,602	537	112,703	93,024
Commission to agents	-	-	-144	-149	-	-	-2	-1	-	-	-146	-150	-	-	-	-	-146	-150
Asset Management	-721	-1,009	-	-	-	-	-	-	-	-	-721	-1,009	-2,865	-3,391	-	-	-3,586	-4,400
Other commission expense	-	-	-328	-408	-382	-88	-1,872	-1,922	-1,099	-853	-3,681	-3,271	50	43	-	-	-3,631	-3,228
Total Fee and commission expense	-721	-1,009	-472	-557	-382	-88	-1,874	-1,923	-1,099	-853	-4,548	-4,430	-2,815	-3,348	-	-	-7,363	-7,778
Net fee and commission income	30,976	26,555	7,182	5,551	3,271	3,375	10,299	9,703	779	336	52,507	45,520	51,231	39,189	1,602	537	105,340	85,246

B. Performance obligations and revenue recognition policies
Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Triodos Bank recognises revenue when it transfers control over a service to a customer.
The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Transaction fee securities	Fee charged to customers for Revenue related to transactions is recognised at the point in time when the transaction takes place. processing security transtactions. Fee is charged when the transaction is settled.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Payment transactions	Fee charged for processing payment transactions of customers. Fee is charged when the transaction is processed.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Lending	Fee charged as part of the lending process, not an integral part of the effective interest rate. These fees are charged either at the start of the loan of during the lifetime.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Asset Management	Asset management fees include fees earned by Triodos Bank on trust and fiduciary activities in which the Triodos Bank holds or invests assets on behalf of its customers. Payment is due on at least quarterly basis.	Revenue from account service and servicing fees is recognised over time as the services are provided, at the latest on the moment of payment.
Management fees	Asset management fees include fees earned by Triodos Investment Management on asset management activities for clients or Triodos Investment Funds. Payment is due on at least quarterly basis.	Revenue from account service and servicing fees is recognised over time as the services are provided, at the latest on the moment of payment.
Other	These are other fees charged to clients. Payment is mostly due when transactions are setteled.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

25. Net income from other financial instruments at FVTPL

	2019	2018
Net result on investment debt mandatorily at fair value through profit and loss:	430	-5
Net income from other financial instruments at FVTPL	**430**	**-5**

	2019	2018
Exchange results for foreign currency transactions	-138	57
Transaction results on currency forward contracts	108	324
Realized results assets not in use *	239	1,407
Income assets not in use *	246	235
Hedge accounting ineffectiveness	-15	-20
Other income	300	75
Other income	**740**	**2,078**

* Assets not in use relates to acquired collateral on written off loans,
The other income relates to fees for other services performed and results from asset disposals,

Expenses

27. Personnel and other administrative expenses

	2019	2018
Personnel expenses		
• salary expenses	83,414	77,475
• pension expenses	11,146	11,888
• release pension provision DB plan	-	-7,934
• social security expenses	16,281	14,807
• temporary co-workers	18,619	15,397
• other staff costs	10,255	8,320
• capitalised co-worker costs	-5,828	-7,256
Personnel expenses	133,887	112,697
Other administrative expenses:		
• office costs	5,844	5,110
• IT costs	16,125	13,560
• external administration costs	9,846	8,882
• travel and lodging expenses	3,407	3,229
• fees for advice and independent auditor	10,363	11,387
• advertising charges	7,449	6,290
• accommodation expenses	6,063	5,531
• regulatory expenses	14,391	12,133
• other expenses	6,432	7,764
Other administrative expenses	79,920	73,886
	213,807	186,583
Average number FTE's during the year	1,345.6	1,296.7

Pension expenses

	2019	2018
Pension expenses, defined contribution schemes	11,146	5,808
Pension expenses, defined benefit pension schemes	–	6,080
	11,146	11,888

The pension expenses for the defined contribution schemes and the defined benefit pension schemes are based on the contributions owed for the financial year.

Pension scheme per country

Triodos Bank's pension scheme in The Netherlands is a defined contribution scheme. The commitment to the participating co-workers consists of paying the outstanding contribution to a maximum of EUR 107.593. Until December 2018 Triodos Bank's pension scheme in The Netherlands was a combination of a defined benefit pension scheme and a defined contribution scheme. For the part of the gross annual salary up to EUR 53.706 a defined benefit pension scheme applied; the obligation vis-à-vis the participating co-workers consisted of the granting of the accrued pension. For the part of the gross annual salary above EUR 53.706, a defined contribution scheme applied; the commitment to the participating co-workers consisted of paying the outstanding contribution to a maximum of EUR 105.075. The defined benefit pension scheme ended ultimo 2018 with no remaining obligations for Triodos Bank. The accrued pension rights of the co-workers stay within the insurance company which guarantee these rights. Ultimo 2018 the pension provision in the amount of EUR 7.9 million was released as a benefit towards the pension expenses.

The Triodos Bank pension schemes in Belgium, the United Kingdom, Spain and Germany are defined contribution schemes that have been placed with life insurance companies in those countries. The commitment to the participating co-workers consists of paying any outstanding contribution. Participation in the pension scheme is obligatory for co-workers in Belgium, Spain and the United Kingdom. In Belgium, co-workers' contribution is 2% of salary and the employer's contribution is 6%. In Spain, the pension contribution is 1.5% of salary, paid in full by the employer. In the United Kingdom, the co-workers' contributions are optional with those who opt to do so contributing between 1% and 20% of their salary, and the employer's contribution amounts to 8% or 10% of salary depending on length of service.

In Germany, participation in the pension scheme is voluntary. The co-workers' contribution is 3.33% of the salary and the employer's contribution is 6.67%. 98% of the co-workers in Germany participate in the pension scheme.

Remuneration Policy and Report

Triodos Bank's international remuneration and nomination policy applies to all co-workers. The highlights of the policy are described below. The execution of and reporting on the remuneration policy and practices for the Executive Board and Supervisory Board are described in the subsequent sections.

International Remuneration and Nomination policy

The International Remuneration & Nomination Policy is based on the principle of human dignity and aims to enhance social coherence within the organization. Remuneration within Triodos Bank is gender neutral. Furthermore, the same terms and conditions of employment apply to all co-workers in line with national legislation. The policy incorporates the Regulation of the Dutch Central Bank on Sound Remuneration Policies, the EBA Guidelines on Sound Remuneration Policies, EBA Guidelines on remuneration of sales staff and GRI standards for sustainability reporting. In our view remuneration enables co-workers to earn a decent living and to contribute to the organization and society at large. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to our mission and to work according to our corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive.

Triodos Bank operates in the financial sector. Therefore its remuneration practice needs to be within the scope of what is expected in the financial sector. It allows for a healthy in- and outflow of co-workers. At the same time Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. Variable components are modest and discretionary and are not an incentive to favour the co-workers' or the bank's own interest to the detriment of the Triodos Bank's customers. This all contributes to a strong sense of being jointly responsible for realizing the mission of Triodos Bank.

This International Remuneration and Nomination Policy has been revised in 2019 and was approved by the Supervisory Board on 14 November 2019.

The remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Remuneration Committee. The basic principles of the Triodos Bank remuneration system are taken into account.

The remuneration paid to Supervisory Board members and members of the Foundation for the Administration of Triodos Bank Shares (SAAT) Board is set at the Annual General Meeting and the Annual Meeting of Depository Receipt Holders respectively. While remuneration is modest, it is sufficient to attract and retain qualified members.

Key elements of Triodos Bank's international remuneration policy are:

- Triodos Bank does not offer bonus or share option schemes to either members of the Executive Board, the Supervisory Board, the Board of SAAT nor to co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long term.
- Triodos Bank may provide additional individual "Tokens of Appreciation". These Tokens of appreciation are very limited and discretionally decided and are maximum one months' salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements and are at the discretion of management after consultation with Human Resources. Such a token is not based on pre-set targets, and always offered in retrospect. The Tokens of Appreciation are subject to claw back arrangements. The members of the Executive Board are excluded from these awards.

- An annual, collective token of appreciation can be paid for the overall achievements and contribution of all co-workers. This very modest amount is the same, for all co-workers with a maximum of € 500 gross for each co-worker. This can be paid in cash or in Triodos Bank NV depository receipts. For 2019 no collective end-of-year token of appreciation was awarded. This amount is equal for all co-workers whether they work full-time or part time and pro-rata if not in service throughout the whole year. The members of the Executive Board refrain from this award.
- Severance payments should be modest and should never reward failure or misconduct. Severance payments to members of the Executive Board do not exceed one year's salary.

More details on the Triodos Bank remuneration policy are available on the www.triodos.com (https://www.triodos.com/governance#corporate-governance).

Triodos Bank has defined key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Executive Board are key management personnel within this definition.

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

	2019			2018		
	Amount outstanding	Average interest rate	Repay-ments	Amount outstanding	Average interest rate	Repay-ments
Pierre Aeby	125	2.2%	–	125	2.2%	–
Jellie Banga	433	1.7%	31	464	1.7%	32

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

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

	2019	2018
Fixed salary expenses	803	805
Pension expenses	73	81
Pension allowance for salary above € 100,000	115	123
Private use company car	4	11
Social security expenses	41	40
Severence payment[1]	263	-
	1,299	**1,060**

1 In consultation with the Supervisory Board, Pierre Aeby stepped down from his position as a Member of the Executive Board of Triodos Bank N,V, on 18 May 2019, A severance payment of 100% of his yearly salary was granted, This is in line with applicable regulations, The severance pay will be paid out during 2020,

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

	2019	2018
Peter Blom, Chair	312	304
Pierre Aeby[2]	101	257
Jellie Banga	250	244
Carla van der Weerdt[1]	140	-
	803	**805**

1 The Executive Board membership for Carla van der Weerdt has started on 18 May 2019 and the amount of 2019 includes her compensation earned as from 18 May 2019 until 31 December 2019.
2 The Executive Board membership for Pierre Aeby ended on 18 May 2019 and the amount of 2019 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. until 18 May 2019. After his Board Membership at Triodos Bank N.V. Pierre Aeby continues as advisor until 1 September 2019 to facilitate the transition to the new CFO. His salary level for that period equals his former salary as CFO. His employment agreement with Triodos Bank N.V. ends on 1 September 2020. During this last year he fulfills dedicated roles, assignments and activities on behalf of the Executive Board and is remunerated accordingly.

Remuneration paid to the Supervisory Board
The remuneration paid to the Supervisory Board members is as follows:

Amounts in EUR	2019 Remune-ration	2019 Renume-ration Commit-tees	2019 Compen-sation for travel time	2019 Total	2018 Total
Aart de Geus (Chair)	28,099	3,871	-	31,970	30,000
Fieke van der Lecq (Vice-Chair)	19,046	6,871	1,000	26,917	23,500
Ernst-Jan Boers	19,046	5,215	2,000	26,261	25,750
Sebastien d'Hondt (as per 13 December 2019)	1,041	260	1,000	2,301	-
Mike Nawas (as per 17 May 2019)	12,466	3,116	-	15,582	-
Dineke Oldenhof (as per 18 May 2018)	19,046	3,621	-	22,667	14,667
Gary Page (until 18 May 2019)	6,676	1,526	5,000	13,202	31,500
Udo Philipp (until 28 February 2019)	2,917	500	1,000	4,417	30,500
Carla van der Weerdt (until 12 April 2019)	4,950	1,414	-	6,364	23,500
	113,287	**26,394**	**10,000**	**149,681**	**179,417**

The Supervisory Board remuneration has been adjusted as per the date of the Annual General Meeting 2019. The aim is to achieve a fair remuneration that does justice to the effort made, that is well balanced with the interests of other stakeholders of Triodos Bank and is in line with remuneration policy for Triodos Bank co-workers. The increased complexity of the financial sector and the growth of Triodos Bank requires more and more time from the Supervisory Board. The role and responsibility of supervisory bodies have been greatly expanded and the time taken for a member of the Supervisory Board to execute their duties has increased accordingly in recent years. The remuneration of the Supervisory Board has not been adjusted in the past seven years and can no longer be considered adequate.

The following fees apply (per annum):
- EUR 17.500 Member of the Supervisory Board, EUR 20.000 as per 17 May 2019;
- EUR 25.000 Chair of the Supervisory Board, EUR 30.000 as per 17 May 2019;
- EUR 4.000 Member of the Audit and Risk Committee, EUR 5.000 as per 17 May 2019;
- EUR 5.000 Chair of the Audit & Risk Committee; EUR 6.000 as per 17 May 2019
- EUR 3.000 Member of the Nomination and Compensation Committee, EUR 4.000 as per 17 May 2019*;
- EUR 4.250 Chair of the Nomination and Compensation Committee, EUR 5.000 as per 17 May 2019*.

Supervisory Board members who travel to a meeting outside their home country receive EUR 1.000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time.

* As per 1 July 2019 the NCC is split in a Remuneration Committee and a Nomination Committee.
The remuneration is also split per 1 July 2019:
- EUR 2.500 Chair Remuneration Committee;
- EUR 2.000 Member Remuneration Committee;
- EUR 2.500 Chair Nomination Committee;
- EUR 2.000 Member Nomination Committee.

Remuneration of the Board of SAAT

The remuneration for the members of the Board of the Foundation for the Administration of Triodos Bank Shares, is as follows:

Amounts in EUR	2019 Remuneration	2019 Compensation for travel time	2019 Total	2018 Total
Josephine de Zwaan (Chair)	10,000	5,000	15,000	15,000
Willem Lageweg (Vice-Chair)	7,000	–	7,000	8,000
Marjatta van Boeschoten (until 18 May 2018)	–	–	–	5,917
Frans de Clerck (until 18 May 2018)	–	–	–	4,917
Mike Nawas (until 23 April 2019)	2,167	1,000	3,167	14,000
Koen Schoors	7,000	7,000	14,000	15,000
Nikolai Keller (as per 18 May 2018)	7,000	8,000	15,000	7,667
Mercedes Valcarel (as per 17 May 2019)	4,667	4,000	8,667	–
	37,834	25,000	62,834	70,501

The following fees apply (per annum):
- EUR 7.000 Member of the Board of SAAT;
- EUR 10.000 Chair of the Board of SAAT;

Board of SAAT members who travel to a meeting outside their home country receive EUR 1.000 per return travel (to a maximum of EUR 12.000 per annum) as compensation for travelling time.

Independent auditor’s fees

The table below specifies the fees of the PricewaterhouseCoopers Accountants N.V. (‘PwC Accountants NV’) audit firm that relates to services concerning the financial year.
The column Other PwC network specifies the fees that were invoiced by PwC units with the exception of PwC Accountants NV.

2019	PWC Accountants NV	Other PwC network	Total PwC network
Audit of the financial statements	1,149	582	1,731
Other audit-related engagements	144	8	152
Tax-related advisory services	–	–	0
Other non-audit services	–	–	0
Total	1,293	590	1,883

2018	PWC Accountants NV	Other PwC network	Total PwC network
Audit of the financial statements	790	318	1,108
Other audit-related engagements	65	–	65
Tax-related advisory services	–	–	0
Other non-audit services	–	–	0
Total	855	318	1,173

The increase of the audit fees mainly relates to the start of the subsidiary Triodos Bank UK Ltd and the preparation for the implementation of the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our independent auditor, PwC Accountants NV, has rendered, for the period to which our statutory audit 2019 relates, in addition to the audit of the statutory financial statements the following services to the company and its controlled entities.

Other audit services required by law or regulatory requirements:
- Statutory audits of controlled entities
- Audit of the regulatory returns to be submitted to the Dutch Central Bank and the National Bank of Belgium
- Assurance engagement on cost price models to be submitted to the AFM
- Assurance engagement on segregation of assets to be submitted to the AFM

Other audit services:
- Assurance engagement on the sustainability report
- Assurance engagement profit forecast
- ISAE type II engagement relating to Triodos Investment BV
- Agreed upon procedures on interest rate risk to the Dutch Central Bank
- ISAE type I on DGS reporting to the Dutch Central Bank
- Assurance engagement on credit claims to the Dutch Central Bank

Regulatory expenses
The regulatory expenses can be broken down as follows:

	2019	2018
Bank tax	3,043	2,877
Depository Guarantee Scheme	10,488	8,488
Single resolution fund	860	768
	14,391	**12,133**

28. Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

	2019	2018
Amortisation of intangible fixed assets	9,391	7,721
Impairment of intangible fixed assets	928	512
Amortisation & impairment charge for the year	**10,319**	**8,233**
Depreciation of property and equipment	10,119	9,333
Impairment of property and equipment	174	28
Depreciation & impairment charge for the year	**10,293**	**9,361**

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

29. Impairment losses on financial instruments

	2019	2018
Allowance for expected credit loss	3,324	3,542
Modification result	1,705	2,527
Correction on addition to provision doubtful debts regarding interest that has been invoiced but not received	-28	-65
Impairments other receivables	352	395
Impairment losses on financial instruments for the year	**5,353**	**6,399**

30. Taxation on operating result

	2019	2018
Taxation to be paid	**12,965**	**9,370**
Origination and reversal of temporary differences	2,065	1,016
Changes in tax rates	-402	855
Deferred taxation	**1,663**	**1,871**
Total taxation expense	**14,628**	**11,241**

Current tax balance

	2019	2018
Corporate tax payable	4,629	149
Other tax payable	10,186	8,528
	14,815	**8,677**

Amounts recognised in OCI

			2019			2018
	Before tax	Tax (-expense) benefit	Net of tax	Before tax	Tax (-expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Revaluation gains/(losses) on equity instruments designated at fair value through other comprehensive income	174	-123	51	5,034	-542	4,492
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	243	-	243	-	-	-
	417	-123	294	5,034	-542	4,492

The other comprehensive income for Triodos Bank consists of revaluations of equity instruments at fair value through OCI and foreign currency translation differences. Investment securities are the related balance sheet acount for the revaluations, for which any realised result will not subsequently be taken into the profit or loss. The foreign currency translation difference relates to the UK subsidiary for the part not subject to the net investment hedge. Tax on both of these items can be subject to the participation exemption under Dutch Tax Law.

Reconciliation of effective tax rate

	2019	2018
Result before taxation	52,551	46,428
Statutory tax rate	25,0%	25,0%
Statutory tax amount	13,138	11,607
Income Non Taxable	-284	-79
Tax Deduction Not Expensed	-45	-23
Expenses Non Deductible	1,831	888
Impact tax rate differences - stat rate foreign jurisdictions	284	148
Restatement of deferred taxation items as the result of amended tax rates	402	-855
Incentives for gifts, community investment and innovation	-550	-284
Other reconciling items	-149	-162
Effective tax amount	**14,627**	**11,240**
Effective tax rate	**27.8%**	**24.2%**

Movement in deferred tax balances

2019	Balance at 31 December					
	Net balance at 1 January	Recog-nised in profit or loss	Recog-nised in OCI	Net	Deferred tax assets	Deferred tax liabili-ties
Property and equipment, and intangible assets	-3,740	-917	-	-4,657	1,699	6,356
Investment securities at FVOCI	-429	-21	-124	-574	193	767
Effective interest method application	5,646	-525	-	5,121	5,295	174
Allowance for expected credit losses	1,169	-70	-	1,099	1,099	-
Employee benefits	99	40	-	139	139	-
Lease liability	90	118	-	208	208	-
Loan modifications	604	370	-	974	974	-
Tax losses carried forward	6,897	-579	-	6,318	7,803	1,485
Other	-597	-56	-	-653	-370	283
Tax assets (liabilities)	9,739	-1,640	-124	7,975	17,040	9,065

2018	Balance at 31 December					
	Net balance at 1 January	Recog-nised in profit or loss	Recog-nised in OCI	Net	Deferred tax assets	Deferred tax liabili-ties
Property and equipment, and intangible assets	-2,931	-809	-	-3,740	1,626	5,366
Investment securities at FVOCI	92	21	-542	-429	169	598
Effective interest method application	5,237	409	-	5,646	6,641	995
Allowance for expected credit losses	954	215	-	1,169	1,169	-
Employee benefits - Vitality leave	128	-29	-	99	99	-
Employee benefits - Defined benefit plan	1,984	-1,984	-	-	-	-
Lease liability	-	90	-	90	90	-
Loan modifications	-	604	-	604	604	-
Tax losses carried forward	7,207	-310	-	6,897	8,574	1,677
Other	-518	-79	-	-597	-261	336
Tax assets (liabilities)	12,153	-1,872	-542	9,739	18,711	8,972

Deferred tax balances 2019				
	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current balance	1.431	1.092	1.415	1.867
Non-current balance	15.609	7.973	17.296	7.105
Total	17.040	9.065	18.711	8.972

The deferred tax asset relates for an amount of EUR 7.3 million (2018: EUR 7.7 million) to tax losses incurred by the German branch for which it is expected that these will be fully recovered against future profits. Compensation is expected in the coming years. Under the German corporate income tax code tax losses have no expiration date. The remaining deferred tax asset relates to temporary differences because of differences between accounting rules and tax rules.

The deferred tax liability relates for an amount of EUR 1.5 million to a taxable temporary difference following the tax losses incurred by the German branch over the period 2009 – 2011 amounting to EUR 6.8 million which have been offset against taxable income in the Triodos Dutch corporate income tax return over the same period. The Dutch corporate income tax act 1969 allowed income tax deduction on losses incurred by foreign branches of a Dutch resident taxpayer in so far that these tax losses could not be recovered in the country of residence till 2011. This Dutch income tax deduction is subsequently reversed when the branch recovers profitability and the incurred tax losses are offset in the local income tax return, resulting in a taxable temporary difference. Under the German corporate income tax code tax losses have no expiration date.

Fiscal unity

Triodos Bank, as a parent company, forms a tax unity for corporate income tax purposes with Triodos Finance, Triodos Investment Management and Triodos Investment Advisory Services as subsidiaries. Triodos Bank, as a parent company, also forms a tax unity for value added tax with Triodos Finance as subsidiary. The method chosen for the taxation set-off between Triodos Bank and its subsidiaries is that of proceeding as if the legal entities were independently liable to pay tax. In fact, the legal entities are jointly and severally liable for the tax liabilities of the companies belonging to the fiscal unity.

31. Related Parties

Triodos Bank has links with the following legal entities:

- Triodos Bank provides services to Triodos Fair Share Fund at competitive rates in the amount of EUR 16. The services relate to the administration of positions of third party distributors.
- Triodos Bank holds funds of and provides banking services to related parties in the amount EUR 106,042 at competitive rates.
- Triodos Bank provides credit facilities and bank guarantees to investment funds and international funds in the amount of EUR 33,781 at competitive rates.
- Triodos Bank, Triodos Investment Management and Triodos Investment Advisory Services carry out management activities for investment funds and receive a competitive management fee in the amount of EUR 52,534 for these activities.
- Stichting Triodos Beleggersgiro acts as intermediairy for investment funds, no transactions between Triodos Bank and Stichting Triodos Beleggersgiro have taken place during the year.
- Legal Owner Triodos Funds performs custodial services for Triodos Fair Share Fund at a competitive fee in the amount of EUR 7.
- Triodos Bank distributes and registers securities, issued by investment funds and placed with customers of Triodos Bank, at competitive rates in the amount of EUR 6.

32. Subsequent events

As of early 2020 COVID-19 has taken effect as a pandemic. As a consequence, many countries have shut down borders, schools have been closed and leisure activities have stopped. Further, governments have taken actions and introduces support programs. Triodos Bank has taken sufficient measures to continue business as usual for example by operating remotely. Triodos Bank considers the COVID-19 Pandemic as a significant event after closing the financial statements 2019.

The impact of the pandemic on people, companies and the economy at large cannot be assessed in full depth at this stage. However, the expected impact for Triodos Bank relates to credit risk and may have a downward effect on profitability. Measures to mitigate the operational risks are in place. Additional measures are dependent on our own assessments and the response of authorities.

Triodos Bank has decided not to distribute the 2019 dividend on its Depository Receipts. The decision to revise its dividend proposal of 18 March 2020 has been taken in a direct response to the recommendation made by the European Central Bank and De Nederlandsche Bank (DNB) on 27 March to all banks, not to pay out dividend in order to prioritise supporting the real economy by lending to customers during the COVID-19 pandemic. Also, Triodos Bank decided to temporary close the trade in Depository Receipts as of March 18th.

Triodos Bank provided in the different countries where it operates general moratoria to clients. General moratoria are for example a six-months postponement of loan payments. These measures have been set up to provide liquidity relief to clients. Similar measures have been provided to other clients who have requested aid. Governments have issued facilities under which clients can receive funding with government guarantees

As the COVID-19 Pandemic causes great uncertainties for the future, Triodos Bank considers different macro-economic scenario's when determining estimated impact. These scenario' s range from best case to worst case and led to an impact estimate of our impairment provisions of EUR 12 mln YTD per month-end May 2020 (ECL stage 1 and 2). Our interest margin has not been affected significantly in this first five months of 2020 due to COVID-19. We continue to monitor and support our clients in these challenging times and are content that we have not yet incurred ECL stage 3 credit losses due to COVID-19 up until the end of May 2020. Depending on the duration of the COVID-19 crisis and the continued impact on economic activity Triodos Bank will assess the impact on a monthly basis, which will be reflected in our ECL provisions accordingly.

Triodos Bank has a resilient capital base. Our capital and liquidity ratios currently remain well above the minimum required levels. Consequently, based on the current knowledge we conclude that the effects of COVID-19 are at the moment of issuing this IFRS special purpose financial statement sufficiently disclosed. Although the impact of COVID-19 on result, liquidity and capital position remain unpredictable, based on the current knowledge and scenario analysis made there is currently no material uncertainty with respect to the financial condition of the company.

33. Financial risk management

Financial risk is an umbrella term for multiple types of risk associated with financing the balance sheet. To manage this, financial risk is subdivided in three categories: credit risk, liquidity risk and market risk.

A. Credit risk

Credit risk

Credit Risk loan book

Credit risk is the risk that a counterparty does not fulfil its financial obligations. Triodos Bank manages its Credit Risk at a client and at portfolio level. It operates within a pre-defined set of criteria for accepting credits. Credits are extended within the target markets and lending strategy in accordance with Triodos Bank's mission and expertise. Before accepting a credit facility, Triodos Bank makes an assessment of the customer's risk profile, cash flows, available collateral and the requested transaction, including an assessment of the integrity and reputation of the borrowers or counterparty. Compliance analysis with Triodos Lending Criteria is an integral part of each credit proposal.

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

Obligor Risk

An obligor is a single legal entity that commits to the terms and conditions of a loan agreement. The obligor is thoroughly analysed from meeting Triodos Bank's lending criteria to its capacity to repay a loan. The risk related to the obligor is that it fails to meet its contractual obligations. Obligors are rated through an internal rating methodology system.

A thorough assessment of each obligor and the structure of their loan is made before any loan is provided. A review of approved credit is made once a year, as a minimum, to assess the evolution of the client's capacity to meet its obligations. The high quality of securities (collateral) against outstanding loans reduces credit risk. Principal collateral are for example: mortgage registrations for business or private properties, securities from public authorities, companies or private individuals, and rights of lien on movables, such as office equipment, inventories, receivables and/or contracts for projects.

Triodos Bank aims to finance specific projects and assets that are in line with its mission. When financing a project, the bank has a pledge on the underlying contracts. For the financing of objects, Triodos Bank will take a pledge or mortgage on the specific object. It applies haircuts, in all cases, on the market value. The level of this haircut will depend on the marketability of the asset in a negative scenario. This allows Triodos Bank to make a proper assessment of the overall risk of the loan and the value of the asset in case of a downturn. The value of the collateral is reviewed on a yearly basis. An external valuation by an expert will be requested, at a minimum every three years, for large loans with a mortgage.

Triodos Bank has an early warning system that helps identify problem loans early, to allow for more available options and remedial measures. Once a loan is identified as being in default (unlikeliness to pay or overdue payments beyond 90 days), it is managed under a dedicated remedial process, with a focus on full recovery.

Group Exposures

The risk related to a Group is that if one obligor fails to meet its contractual obligations, so will the remaining obligors within the Group. A group is defined as two or more obligors that are interrelated in such a way that they are considered as a single risk.

Each obligor of the Group, and the Group as a whole, are analysed on all aspects, from meeting Triodos Bank's lending criteria to their capacity to repay the loan.

Concentration Risk loan book

Loans are provided to businesses and projects that contribute to achieving Triodos Bank's mission. Given that this involves a small number of sustainable sectors, a certain level of sector concentration is inherent to the loan portfolio. Concentration in the existing sectors is acceptable as Triodos Bank has considerable expertise in these sectors and actively invests in further increasing its knowledge.

Triodos Bank focus primarily on the quality and diversification of its loan portfolio. We put extra effort into identifying loans to front-runners in their fields; the entrepreneurs developing the sustainable industries of the future.

A diversified credit risk portfolio is the result of assets spread over many debtors, sectors and geographies that are not interrelated. In order to manage concentration risks and face an economic downturn with confidence, Triodos Bank maintains a set of limits. It measures and limits the following concentration risks in its lending activities: obligor exposures; group exposures; top 20 exposures (excluding central and lower government exposures); government exposures; exposures at sector per country; mortgage exposures; and country exposures.

Besides lending activities, Triodos Bank has established limits related to the investment portfolio concerning central banks, governments, supranational institutions and banks and financial institutions. These limits are derived from the risk appetite framework and aim to keep concentration risk at an acceptable level.

From a regulatory perspective, exposures to a client or a group of connected clients may never exceed 25% of the Actual Own Funds. Loans in excess of 10% of the Actual Own Funds require special reporting to the supervisory authority.

Triodos Bank has no loans to a group of connected clients exceeding 10% of the Actual Own Funds in its loan book (Limits of the investment portfolio are described in the relevant chapters).

Sector concentrations

Triodos Bank is active in well-defined sectors where it has extensive expertise and which are in line with its mission. It has set limits on sectors, based on Actual Own Funds, at group and branch level. Sector studies have shown relatively low correlations of risk drivers in sectors that Triodos Bank finances in multiple countries.

At group level, Triodos Bank divides the sector concentration limits in different levels. Specific limits for each sector per country are set by the Executive Board within these levels, taking into account the specific risks of each sector and country.

Larger sectors are strategic for Triodos Bank. These are well distributed across branches (and countries) and have an overall low risk profile that justifies a higher consolidated concentration. Sector analyses are performed on an annual basis and are presented to the Central Credit Committee to be able to respond swiftly to developments that may affect the risk profile of the portfolio. Central Credit Risk can request sector updates at shorter intervals if there is a change to a sector risk profile.

Sector limits are approved on the basis of thorough annual sector analyses demonstrating an in-depth knowledge of the sector and Triodos Bank's track record.

Country concentrations

Triodos Bank is a European bank, acting under the European Banking Directive since 1993, with branches and subsidiaries in five countries (The Netherlands, Belgium, United Kingdom, Spain and Germany) and with additional exposures amongst others in France and Ireland.

Triodos Bank does not set any country limits for the countries it operates in as long as these countries have a credit rating of AA- or better. Specific limits are defined for countries with a credit rating of A+ or lower.

Credit risk investment portfolio

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

There are no regulatory restrictions to exposures on governments. Triodos Bank sets limits based on the country risk.

There are also no regulatory restrictions to exposures on mulitilateral development banks as far as an institution has a credit risk weight of 0% for regulatory capital requirements. Triodos Bank has set limits to avoid concentration risk in these exposures.

Credit risk banks
Banks are selected on the basis of their creditworthiness and screened on their sustainability performance. Exceptions can occur, when the capacity of selected banks in a country is considered not sufficient to place Triodos Bank's liquidities using a certain maximum concentration per individual bank. In such cases, deposit maturity periods will not exceed three months. All counterparty limits for banks are set by either the Executive Board or the Central Credit Committee. Branches and subsidiaries place excess liquidity with the country's central banks (minimum reserve requirements and deposit facility). There are no regulatory restrictions on exposures to Central Banks.

The Capital Requirements Regulation Large Exposures Regime limits the maximum exposure to a bank at 25% of its Tier 1 capital plus (if available) Tier 2 with a maximum of one third of Tier 1 capital. To avoid the interbank exposure exceeding the regulatory maximum, Triodos Bank applies a maximum exposure below the limit based on the Large Exposures Regime. The limits are furthermore adapted to the external rating of the counterparty and also deposits on banks are limited to a maximum maturity of one year.

Credit risk related to derivatives
Triodos Bank has exposure to credit risk resulting from outstanding Foreign Exchange (FX) contracts (spot, forward and swap transactions) with Financial Institutions and with funds managed by Triodos Investment Management. Triodos Bank services these funds by providing hedges for the foreign exchange risk of these funds' investments.

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

A limit is set per counterparty based on the expected amount of outstanding FX transactions and the corresponding expected exposure, as calculated by the method above. This limit is subject to the overall counterparty limit Triodos Bank has per counterparty.

Any collateral needed for FX transactions is calculated and managed daily. In the liquidity stress tests, the amount of collateral needed for FX transactions is stressed in order to calculate the potential impact on Triodos Bank's liquidity position.

Triodos Bank enters into FX deals with Triodos Investment Funds and these deals are hedged by deals with a few banks. Wrong-way risk is the risk that the exposure to a counterparty is adversely correlated with the credit quality of that counterparty. The FX deals with the Triodos Investment Funds do not cause wrong-way risk as these FX deals hedge the FX risk of the underlying assets of the Investment Funds. In addition, the wrong-way risk of transactions with banks is mitigated by only using banks with a sufficient credit rating and by having collateral agreements in place.

Additional disclosure related to the credit quality of assets
Business loans in the portfolio are periodically reviewed on an individual basis. Their frequency depends on the debtor's creditworthiness, the degree of market exposure and the market in which the debtor operates. Small business and private loans are reviewed at portfolio level, and on individual basis if appropriate. The credit committee of a banking entity 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.

The net allocation (addition minus release) to the specific provision for doubtful debts have remained very low in 2019 and amounted to EUR 3.6 million. This is mainly due to a strong economy in the different European countries Triodos Bank is active in. The effects of the economy lead to lower amounts in defaults, more clients that can be cured from their default status and when in default, the collateral value used for recovery of the loan will often generate a higher value than in an economic downturn scenario. The loan portfolio has grown by 13% in 2019 and at the same time total provisions have been reduced by 14% compared to 2018, total provisions as percentage of the loan portfolio has reduced from 0.5% ultimo 2018 to 0.4% ultimo 2019 and the defaulted portfolio as percentage of the total portfolio reduced from 1.9% to 1.6%. Although the outlook is somewhat uncertain (Brexit, trade wars) with a possible slowdown of the economy in 2020, the effect on the Triodos Bank portfolio will be relatively limited as we predominantly support local production for a local need. This largely limits the negative effects of global markets and (limited) cross border trade.

Provisions for loan losses are taken for doubtful debtors at an individual level based on the difference between the total amount of the debtor's outstanding liability to Triodos Bank and the future expected cash flows, discounted at the original effective interest rate of the contract. These individual provisions include provisions for concessions or refinancing given to debtors who face financial difficulties. They are only granted to the debtor in question in order to overcome their difficulties in these exceptional circumstances. These are described as forbearance measures.

The credit risk in the loan portfolio is reported each month to the Central Credit Committee, and quarterly to the Audit and Risk Committee as part of the ERM report.

Qualitative disclosure requirements on institutions' use of external credit ratings under the standardised approach for credit risk.

In addition to our own opinion, external credit ratings – if available – are used to determine the credit worthiness of the counterparties of our investment portfolio and banks, and for a few corporates. External ratings are also used for calculating the minimum capital requirement for credit risk under the standardised approach. For this purpose, we use the ratings of Fitch and Moody's.

i. Credit quality analysis
The following table sets out information about the credit quality of financial assets, loan commitments and guarantee contracts. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances to banks at amortised cost

	2019	2018
	Stage 1	Stage 1
Gross amount	227,633	237,085
allowance for expected credit losses	-42	-42
Carrying amount	227,591	237,043

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Loans and advances to customers at amortised cost	2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost								
Rating 1-9: Normal risk	5,218,256	125,882	-	5,344,139	4,900,702	122,453	-	5,023,154
Rating 10-13: Increased risk	55,990	88,815	-	144,805	44,612	58,804	-	103,416
Rating 14: Default	-	-	190,836	190,836	-	-	162,337	162,337
Not rated	2,018,922	540,940	-	2,559,862	1,570,882	446,130	-	2,017,012
	7,293,168	755,637	190,836	8,239,641	6,516,196	627,386	162,337	7,305,919
allowance for expected credit losses	-4,475	-1,000	-28,304	-33,779	-4,524	-1,021	-33,742	-39,287
Carrying amount	7,288,693	754,637	162,532	8,205,862	6,511,672	626,365	128,595	7,266,632

Triodos Bank applies ratings to its clients based on its credit risk policy. Within the policy clients with total business loans above EUR 250 thousand are rated. Clients with retail mortgage loans and or total business loans below EUR 250 thousand have no rating appointed. These are represented in the not rated category.

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3.

Loans and advances to customers at amortised cost	2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Current	7,256,802	739,317	-	7,996,119	6,401,399	594,444	-	6,995,843
Overdue < 90 days	36,366	16,319	-	52,686	114,798	32,941	-	147,739
Overdue > 90 days	-	-	190,836	190,836	-	-	162,337	162,337
Total	7,293,168	755,636	190,836	8,239,641	6,516,197	627,385	162,337	7,305,919

Debt securities at amortised cost	2019	2018
	Stage 1	Stage 1
AAA	177,102	330,559
AA	425,926	445,949
A	55,894	422,407
BBB	375,403	71,740
Not rated	-	-
allowance for expected credit losses	-34	-31
Carrying amount	**1,034,291**	**1,270,624**

	2019			2018		
Loan commitments	**Stage 1**	**Stage 2**	**Total**	**Stage 1**	**Stage 2**	**Total**
Gross carrying amount	943,411	177,216	1,120,627	992,045	173,493	1,165,538
allowance for expected credit losses	-570	-107	-677	-678	-119	-797
Carrying amount (provision)	**-570**	**-107**	**-677**	**-678**	**-119**	**-797**

	2019	2018
Financial guarantee contracts	**Stage 1**	**Stage 1**
Gross carrying amount	75,901	118,570
allowance for expected credit losses	-19	-91
Carrying amount (provision)	**-19**	**-91**

Cash and cash equivalents
Triodos Bank held cash and cash equivalents of €2.270 million at 31 December 2019 (2018: €1.795 million). The cash and cash equivalents are held with central banks.

ii. Collateral held and other credit enhancements
Triodos Bank can hold collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		
	31 December 2019	**31 December 2018**	**Principal type of collateral held**
Non trading derivatives	100	100	Cash Collective
Loans and advances to customers			
Mortgage lending	96	90	Residential Property
Business lending	76	66	Commercial Property, Other
Current accounts	0	0	None

Residential mortgage lending
The following tables stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

	31 December 2019	31 December 2018
LTV ratio		
Less than 65%	978,172	617,776
65-75%	405,268	329,983
75-90%	218,329	222,808
More than 90%	375,406	333,853
Total	**1,977,175**	**1,504,420**

Assets obtained by taking possession of collateral
Details of financial and non-financial assets obtained during the year by taking possession of collateral held as security against loans and advances and held at the year end are shown below.

	2019	2018
Property	**4,304**	**2,240**

Triodos Bank sometimes repossesses assets which come from acquisition in public auctions. These assets are collaterals of an executed loan. A part of the repossessed assets however will not be sold immediately because Triodos Bank has opted to add value by letting these assets and are therefore presented as investment properties.

Allowance for expected credit losses
The following tables show reconciliations from the opening to the closing balance of the allowance for expected credit losses by class of financial instrument.

Loans and advances to banks at amortised cost have no changes in rating, and therefore credit risk, from issuance of current outstanding balance and therefore everything is within stage 1.

	2019	2018
Loans and advances to banks at amortised cost		
Balance at 1 January	43	26
Transfer to Stage 1	-	-
Transfer to Stage 2	-	-
Transfer to Stage 3	-	-
Net remeasurement of allowance for expected credit losses*	3	14
New financial assets originated or purchased	-	3
Financial assets that have been derecognised	-2	-
Balance at 31 December	44	43

* The allowance for expected credit losses in these tables includes ECL on loan commitments for certain retail products such as credit cards and overdrafts, because the Group cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

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	2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost - Business loans and current accounts								
Balance at 1 January	4,185	851	33,515	38,551	3,992	1,186	43,449	48,627
Transfer to Stage 1	57	1	-58	-	139	-138	-1	-
Transfer to Stage 2	-158	179	-21	-	-189	190	-1	-
Transfer to Stage 3	-34	25	9	-	-32	-20	52	-
Net remeasurement of allowance for expected credit losses	-767	-264	10,033	9,085	-733	-618	7,561	6,210
New financial assets originated or purchased	1,251	71	-	1,322	1,267	351	-	1,618
Financial assets that have been derecognised	-432	-35	-6,429	-6,896	-259	-100	-3,956	-4,315
Write-offs	-	-	-9,137	-9,137	-	-	-13,561	-13,561
Exchange rate differences	-	-	99	99	-	-	-28	-28
Balance at 31 December	**4,102**	**828**	**28,011**	**32,941**	**4,185**	**851**	**33,515**	**38,551**

The allowance for expected credit losses in these tables includes ECL on loan commitments for certain retail products such as credit cards and overdrafts, because the Group cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

	2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost – Mortages								
Balance at 1 January	339	167	230	736	298	130	229	657
Net remeasurement of allowance for expected credit losses	-97	-38	66	-69	-75	-20	1	-94
New financial assets originated or purchased	154	-	-	211	134	64	-	198
Financial assets that have been derecognised	-23	-17	-	-40	-18	-7	-	-25
Balance at 31 December	**373**	**169**	**296**	**838**	**339**	**167**	**230**	**736**

Triodos Bank determines the ECL on mortgages on a portfolio basis. Stage transfers are therefore included within net remeasurement.

	2019	2018
Debt securities at amortised cost	Stage 1	Stage 1
Balance at 1 January	31	9
Net remeasurement of allowance for expected credit losses	9	23
New financial assets originated or purchased	-	-
Foreign exchange and other movements	-6	-1
Balance at 31 December	34	31

	2019	2018
Financial guarantees	Stage 1	Stage 1
Balance at 1 January	91	57
Net remeasurement of allowance for expected credit losses	-	1
New financial assets originated or purchased	-	33
Foreign exchange and other movements	-72	-
Balance at 31 December	19	91

	2019			2018		
Loan commitments issued	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Balance at 1 January	678	119	797	737	190	927
Impact of allowance for expected credit losses change during the year	-108	-12	-120	-59	-71	-130
Balance at 31 December	570	107	677	678	119	797

Loan commitments issued for the most significant part result in issued loan when offers are issued or when commitments are used. The table therefore shows the totas of the loan commitment ECL per stage.

Allowance for expected credit losses reconciliation to income statement
The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of allowance for expected credit losses per class of financial instrument; and
- the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks	1	-	-	1
Loans and advances to customers	-49	-21	3,582	3,512
Debts securities at amortised cost	3	-	-	3
Financial guarantees	-72	-	-	-72
Loan commitments issued	-108	-12	-	-120
Impairment losses on financial instruments for the year	-225	-33	3,582	3,324

	2018			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks	17	-	-	17
Loans and advances to customers	234	-296	3,663	3,601
Debts securities at amortised cost	22	-	-	22
Financial guarantees	33	-	-	33
Loan commitments issued	-59	-71	-	-130
Impairment losses on financial instruments for the year	247	-367	3,663	3,543

Credit-impaired financial assets
The following table sets out a reconciliation of changes in the net carrying amount of credit- impaired loans and advances to customers.

	2019	2018
Credit-impaired loans and advances to customers at 1 January	33,742	43,678
Addition	10,016	7,561
Write-off	-9,137	-13,561
Release	-6,416	-3,908
Exchange rate differences	99	-28
Balance sheet value as at 31 December	**28,304**	**33,742**

Modified financial assets
The following table provides information on financial assets that were modified during the reporting period. The net modification loss comprises the modification result minus modification fees or penalty interest received.

	2019	2018
Financial assets modified during the period		
Amortised cost before modification	53,359	128,633
Net modification loss	-1,344	-1,286

iv. Offsetting financial assets and financial liabilities
Triodos Bank does not make use of any netting under master agreements for its financial instruments.
The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, Triodos Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Triodos Bank receives and gives collateral in the form of cash in respect of the derivatives held for risk management. This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

The impact of potential collateral requirements is increasing at Triodos Bank. The amount pledged with central and commercial banks, for payment system purposes, increased in 2019 and is expected to increase with the further growth of Triodos Bank. The collateral needs stemming from FX forwards increased in 2019 because Triodos Bank partly hedged the currency risk of the UK subsidiary equity participation of Triodos Bank.

Interest Rate Swaps which are centrally cleared, increased the potential collateral needs as well during the year. At the end of 2019 total net amount of EUR 9.3 million cash collateral was posted. This cash collateral is posted as part of the ISDA agreement as mentioned above, elligible for the counterparty in case of default.

Part of the value of debt securities at amortised is used as collateral for a possible debit balance, amounting to EUR 89.4 million at the Dutch Central Bank (2018: EUR 69.5 million). This will serve as collateral when Triodos Bank obtains a line of credit from the Dutch Central Bank and cover this line in case of default. TriodosBank did not make use this in 2018 and 2019.

33. Financial risk management (continued)

B. Liquidity risk

Management of liquidity risk
Triodos Bank does not have a complex business model as it only lends to and invests in sustainable enterprises in the real economy. Triodos Bank is not dependent on funding from the wholesale market. Funds are attracted from depositors and shareholders.

Triodos Bank does not invest in complex financial instruments. It has been this approach that enabled Triodos Bank to remain solid and stable in a time of market crisis but also to continue to row steadily.
The key factor to achieve this is to maintain healthy levels of liquidity. Triodos Bank has a large, good quality liquidity buffer resulting in sufficient liquidity and funding ratios. Triodos Bank does not act as correspondent bank which minimises liquidity needs during the day.

The following funding principles apply:
- Balanced growth in funds entrusted is a prerequisite for growth in loans
- No dependency on cross-currency funding
- No dependency on central bank contingency funding

The daily liquidity management is currently executed at banking entity level as it is the business strategy of Triodos Bank to have this process close to the end-customer to provide detailed cash forecasts.
On aggregated level, Group Treasury monitors the liquidity buffer versus the internal limits daily.

The management of the liquidity position under 'normal' conditions is described in the Liquidity Risk Management Policy. Triodos Bank manages the liquidity position to withstand a liquidity crisis without damaging the on-going viability of its business. The potential but unlikely event of an upcoming liquidity crisis requires a set of early warning indicators and triggers, a set of potential early warning and recovery measures, and a dedicated organisation including a communication strategy to handle such a crisis. A list of potential early warning and recovery measures is included in the Recovery Plan. The other aspects mentioned are described in the Liquidity Contingency Plan.

The liquidity portfolio slightly increased during 2019 and Triodos Bank's liquidity position remained strong. Triodos Bank policy is to hold a sound liquidity buffer and invest liquidities in highly liquid assets and/or inflow generating assets in the countries where it has banking entities. Due to the ongoing expansion of the monetary policy by the ECB and specifically the asset purchase program, yields of government bonds and other high rated counterparties were not attractive to invest in. Hence, the profile of the liquidity buffer changed during 2019. The bonds portfolio decreased by almost 19%, due to maturing bonds being placed mostly at the central bank.

Liquidity monitoring and reporting
Triodos Bank monitors and reports its liquidity position at different levels and frequencies. Firstly, the total liquidity position is monitored by Group Treasury and the individual banking entities on a daily basis. Secondly, the detailed liquidity position, both in total and at banking entity level, is reported to the Chief Financial Officer and Chief Risk Officer on a weekly basis. Finally, every month the liquidity ratios are reported to the Asset and Liability Committee. The main liquidity ratios are part of the quarterly ERM report.

In addition, Triodos Bank conducts liquidity stress tests on a monthly basis.

Mitigation of liquidity risk
The liquidity buffer is the source of funds in case of liquidity needs. It consists of liquid assets with central and commercial banks and liquid investments in deposits and bonds. The bond investments are divided into different liquidity classes. The optimal size and composition of the liquidity buffer is determined considering the risk appetite, balance sheet composition and expected development, strategic plans and funding needs.

The Liquidity Risk Management Policy describes the actions to manage the liquidity position of Triodos Bank.

The Internal Liquidity Adequacy Assessment Process (ILAAP) assesses Triodos Bank's liquidity adequacy and liquidity management during normal business activities and in times of stress. This process is performed at least once a year and the results are submitted to the Dutch Central Bank as part of the Supervisory Review and Evaluation Process (SREP). The ILAAP Report is an internal document. The goal of this report is to properly evaluate the liquidity and funding risks and Triodos Bank's corresponding liquidity levels and the quality of the liquidity management.

The Liquidity Contingency Plan and the Recovery Plan describe the main items that should be considered in managing the liquidity risk position of Triodos Bank in a 'stressed situation'. This includes liquidity stress indicators and trigger levels for management actions.

To increase the possibilities of recovery in periods of liquidity stress, Triodos Bank executed a retained securitisation transaction of Dutch mortgage loans (Sinopel 2019).

Concentration of funding
All Triodos Bank's funding comes from two sources, i.e. funds entrusted and depository receipts (DRs), while the bank does not make use of wholesale funding.

For its funding Triodos Bank mainly depends on retail funds entrusted, consisting of current accounts, saving accounts and fixed term accounts.

The total amount of funds entrusted is EUR 10,690 million of which 77% are deposits insured by the Deposit Guarantee Scheme.

With regard to the distribution of capital, depository receipts belong to institutional investors, private persons and family offices. 7.0% of the total share capital is owned by larger institutional investors with a participating interest of 1% or more.

Collateral calls
The impact of potential collateral requirements is increasing at Triodos Bank. The amount pledged with central and commercial banks, for payment system purposes, increased in 2019 and is expected to increase with the further growth of Triodos Bank. The collateral needs stemming from FX forwards increased in 2019 because Triodos Bank partly hedged the currency risk of the UK subsidiary equity participation of Triodos Bank.

Interest Rate Swaps which are centrally cleared, increased the potential collateral needs as well during the year. At the end of 2019 total net amount of EUR 9.3 million cash collateral was posted.

Declaration
The liquidity risk appetite as determined by the Executive Board (EB) and Enterprise Risk Committee (ERC) is reviewed and approved by the Supervisory Board. With this governance structure in place, the risk appetite regarding liquidity is well anchored within the senior management team of the bank. The adequate organisational structure with three lines of defence ensures that a clear division of tasks, power and responsibility is in place together with an independent control, compliance, audit and risk management function.

A robust framework is in place at Triodos Bank to identify, measure and manage liquidity risk in line with BCBS/ EBA principles. An integrated overview of the group cash position and liquidity metrics is available on a daily and weekly basis.

In the last two years, the liquidity contingency plan has been tested and reviewed thoroughly to achieve a solid crisis management structure in case a liquidity crisis at Triodos Bank emerges.

A limit structure is in place to manage the inherent funding mismatch other than in exceptional circumstances. Triodos Bank follows the BSBC/EBA principles considering its sustainable profile, the very strong relationship with its customers, the granularity of the Funds Entrusted and its conservative and robust liquidity management framework that is integrated in the business processes.

As a mid-sized European bank with total Funds Entrusted of EUR 10,690 million per the end of December 2019, liquidity risk is an important risk for Triodos Bank. The Bank has intensively worked on the development of a solid liquidity framework to have always sufficient funds to meet sudden and (un)expected short-term liquidity needs. The high cash liquidity buffer in combination with a high-quality investment portfolio, reflects the low risk appetite for liquidity risk.

Triodos Bank has a large, good quality liquidity buffer resulting in high Liquidity Coverage Ratios and Net Stable Funding Ratios. In all liquidity stress test scenarios Triodos Bank has sufficient liquidity to survive the total stress period.

The remaining low interest rate climate influences liquidity risk management at Triodos Bank. Triodos Bank needs to manage its liquidity buffer at an ever-increasing cost-of-carry. The trade-off between having sufficient liquidity versus the relative high costs of holding that liquidity is becoming more important.

Securitisation
In 2019, Triodos executed its first retained residential mortgage backed securitisation (RMBS) transaction called Sinopel 2019 B.V. ("Sinopel"). A securitisation is a transaction where a pool of assets is sold to a special purpose vehicle. The special purpose vehicle issues notes with different tranches to finance the purchase price of the assets.

With Sinopel Triodos Bank structured a retained RMBS wherebyTriodos is the sole buyer of the issued notes and has as such not transferred any credit risk. Through the retained RMBS, Triodos strengthens its financial resilience and gains additional access to (central bank) liquidity. The Sinopel RMBS is collatoralised by Dutch residential mortgages loans. The structure is fully compliant with the new Simple Transparant Standardised EU regulation. For notes issued by Sinopel 2019 B.V., the following ECAIs were involved: DBRS Ratings Limited and S&P Global Ratings Europe.

As there is no risk transfer with the Sinopel transaction, the securitisation exposures (notes) are not risk-weighted separately. The securitised assets (mortgage loans) are taken into account as if they were not securitised. Triodos consolidates Sinopel in its annual accounts.

Apart from the Sinopel transaction Triodos is not active as originator, investor or sponsor of securitisation exposures. As a result, Triodos does not hold any re-securitisation positions and does not provide securitisation related services to any other SPV.

Maturity analysis for financial liabilities and financial assets
The following tables set out the earliest possible contractual maturities of Triodos Bank's financial liabilities and financial assets.

31 December 2019	Less than 1 month[1]	1–3 months	3 months –1 year	1–5 years	More than 5 years	No maturity	Total
Financial asset by type							
Cash and cash equivalents	2,270,224	-	-	-	-	-	2,270,224
Loans and advances to banks	205,078	7,513	15,000	-	-	-	227,591
Loans and advances to customers	215,742	470,833	554,765	2,311,366	4,653,156	-	8,205,862
Debt securities at amortised cost	20,312	15,051	162,407	663,024	173,497	-	1,034,291
Investment securities	-	-	-	-	-	24,299	24,299
Non-trading derivatives	552	-	5,035	2,227	908		8,722
Other assets[2]	51,191	508	18,925	19,408	13,269	205,329	308,630
Total assets	**2,763,099**	**493,905**	**756,132**	**2,996,025**	**4,840,830**	**229,628**	**12,079,619**
Financial liability by type							
Deposits from banks	697	1,425	5,267	27,484	35,847	-	70,720
Deposits from customers	9,356,771	730,225	306,174	265,725	34,804	-	10,693,699
Non-trading derivatives	578	-	7,429	4,629	2,427	-	15,063
Other liabilities[3]	39,696	8,518	24,493	12,637	14,558	1,518	101,420
Total liabilities	**9,397,742**	**740,168**	**741,474**	**398,111**	**87,636**	**1,518**	**10,880,902**
Contingent liabilities	2,468	882	1,071	61,413	41,661	-	107,495
Irrevocable facilities	68,713	68,414	138,097	617,951	509,275	-	1,402,450
Total off balance sheet liabilities	**71,181**	**69,296**	**139,168**	**679,364**	**550,936**	**-**	**1,509,945**

1 Includes assets and liabilities on demand.
2 Includes intangible assets, property and equipment, investment property, right-of-use assets, deferred tax assets, other assets and non-current assets held for sale as presented in the consolidated balance sheet.
3 Includes lease liabilities, deferred tax liabilities, current tax liability and other liabilities as presented in the consolidated balance sheet.

31 December 2018	Less than 1 month[1]	1–3 months	3 months –1 year	1–5 years	More than 5 years	No maturity	Total
Financial asset by type							
Cash and cash equivalents	1,795,272	-	-	-	-	-	1,795,272
Loans and advances to banks	166,651	55,392	14,000	1,000	-	-	237,043
Loans and advances to customers	334,843	300,433	368,994	1,957,968	4,304,394	-	7,266,632
Debt securities at amortised cost	-	82,480	288,710	730,554	168,880	-	1,270,624
Investment securities	-	-	-	-	-	22,468	22,468
Non-trading derivatives	983	-	504	3,761	-		5,248
Other assets[2]	42,613	429	10,964	20,869	15,387	179,555	269,817
Total assets	**2,340,362**	**438,734**	**683,172**	**2,714,152**	**4,488,661**	**202,023**	**10,867,104**
Financial liability by type							
Deposits from banks	821	1,415	3,906	29,988	31,904	-	68,034
Deposits from customers	8,217,482	682,766	329,854	295,699	37,932	-	9,563,733
Non-trading derivatives	955	-	415	4,297	1,169	-	6,836
Other liabilities[3]	63,766	4,447	19,764	14,717	11,950	1,852	116,496
Total liabilities	**8,283,024**	**688,628**	**781,595**	**427,656**	**82,955**	**1,852**	**9,755,099**
Contingent liabilities	2,775	37	4,030	82,484	51,667	-	140,993
Irrevocable facilities	70,760	13,765	137,966	658,932	582,566	-	1,463,989
Total off balance sheet liabilities	**73,535**	**13,802**	**141,996**	**741,416**	**634,233**	**-**	**1,604,982**

1 Includes assets and liabilities on demand.
2 Includes intangible assets, property and equipment, investment property, right-of-use assets, deferred tax assets, other assets and non-current assets held for sale as presented in the consolidated balance sheet.
3 Includes lease liabilities, deferred tax liabilities, current tax liability and other liabilities as presented in the consolidated balance sheet.

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Contingent and irrevocable facilities	Contractual maturity date of the off balance facility. Contingent facilities relate to credit and non-credit substitute guarantees. Credit substitute guarantees are guarantees to customers for loans provided to these customers by other banks. Non-credit substitute guarantees are guarantees to customers for all other obligations of these customers to third parties. Many of these quarantees are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows. Irrevocable facilities mainly constitute accepted loans not yet paid out. Many of these facilities are for a fixed duration and bear interest at a floating rate.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.

Triodos Bank's expected cash flows on some financial assets and financial liabilities can vary significantly from the contractual cash flows. The principal differences are as follows:
- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of up to 35 years, end of 2019 this resulted in an average contractual maturity of 15.5 years and an average expected maturity of 10.1 years because customers take advantage of early repayment options.

iii. Liquidity reserves
Liquidity reserves

	2019 Carrying amount	2018 Carrying amount
Balances with central banks	2,270,224	1,795,272
Cash and balances with other banks	227,591	237,043
Unencumbered debt securities issued by sovereigns	613,518	738,149
Undrawn credit lines granted by central banks*	787,627	103,100
Other assets eligible for use as collateral with central banks	313,773	445,611
Total liquidity reserves	**4,212,733**	**3,319,175**

* The amount is the actual credit line available.

iv. Financial assets available to support future funding
The following table sets out the availability of Triodos Bank's financial assets to support future funding.

31 december 2019	Pledged as collateral	Unencumbered	Total
Cash and cash equivalents	-	2,270,224	2,270,224
Loans and advances to banks	21,706	205,885	227,591
Debt securities at amortised cost	92,826	941,465	1,034,291
Loans and advances to customers	889,580	7,316,282	8,205,862
Investment securities	-	24,299	24,299
Non-financial assets	-	317,352	317,352
Total assets	**1,004,112**	**11,075,507**	**12,079,619**
31 december 2018			
Cash and cash equivalents	-	1,795,272	1,795,272
Loans and advances to banks	19,795	217,248	237,043
Debt securities at amortised cost	71,330	1,199,294	1,270,624
Loans and advances to customers	115,000	7,151,632	7,266,632
Investment securities	-	22,468	22,468
Non-financial assets	-	275,065	275,065
Total assets	**206,125**	**21,528,083**	**10,867,104**

In addition, in some Triodos Bank N.V. has an obligation to maintain a reserve with central banks. As at 31 December 2019, the minimum mandatory reserve deposits with various central banks amount to EUR 91.752 (2018: EUR 81.810).

33. Financial risk management (continued)

C. Market risk

i. Interest rate risk
Market risk is the risk of losses in on and off-balance positions arising from movements in market prices. For Triodos Bank this means changes in interest rates and foreign exchange rates in particular. Triodos Bank does not have a trading book, interest rate risk and foreign exchange rate risk are present in the banking book.

Interest Rate Risk in the Banking Book
Triodos Bank defines interest rate risk in the banking book (IRRBB) as the risk that changes in prevailing interest rates will adversely affect the market value of assets versus that of liabilities and/or income versus expenses. Triodos Bank identifies the following three main sources of IRRBB:
- Gap risk, the risk of adverse consequences due to differences in timing of the impact of interest rate changes on the value and interest of assets and liabilities, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by tenor (non-parallel risk).
- Basis risk, the risk of adverse consequences which result from changes in the difference between two or more rates for different instruments with the same interest maturity but different benchmark rates on which the pricing is based.
- Option risk, the risk that changes in market interest rates prompt changes in the value or maturity of instruments, due to explicit or implicit optionality embedded in the bank's products.

Interest Rate Risk management and mitigation strategies
Interest rate risk is generated by normal customer related banking activities. Triodos Bank uses retail funding to finance clients and projects which aim to improve society and the environment. In addition, the bank maintains solid capital and liquidity buffers to support its resilience.

The level of interest rate risk is managed in a four-stage risk control cycle. In this cycle, first the relevant definitions, indicators, measurement methods, and analysis for IRRBB are set. Next, the limits for the main IRRBB indicators are specified in the risk appetite statement. The third stage defines the roles and responsibilities for IRRBB management, model governance, and escalation procedures and exceptions. Lastly, the risks are monitored, reported and mitigated if necessary.

The new production at the individual banking entities determines an important part of the risk development. Each banking entity sets up a budget for the new production for the next three years and updates it quarterly with a forecast. The budgets are consolidated and compliance with the risk appetite is checked. Adherence to the budget means that asset and liability management is predictable and therefore the fulfilment of the budget is closely monitored.

Triodos Banks manages its interest rate risk position in three ways. Firstly, Triodos Bank is to a limited extent able to steer the volume and interest rate terms of new assets and the interest rate of its liabilities in order to maintain the interest rate risk exposure within limits. However, changes in client rates and terms will not be made to the extent that they would materially impair Triodos Bank's customer service, market position, profitability, capital adequacy and reasonable customer expectations. Secondly, the amount and duration of the marketable investments in the liquidity buffer can be adjusted. Finally, Triodos Bank uses Interest Rate Swap (IRS) contracts to maintain the bank's IRR exposure within the limits, if the first two methods are not effective enough. The use of IRS is subject to hedge accounting to avoid volatility in the P&L.

The ALCo is delegated by the Executive Board to monitor and take decisions related to the management of the IRRBB. Additionally, the ALCo approves material changes to IRRBB models and changes to important model assumptions. Finally, the ALCo decides on approval of and monitors adherence to the group-wide pricing framework for retail and business banking products.

One of our main strategic risks is the low interest rate environment. With the economy slowing down, low interest rates are likely to continue for some time, with a negative impact on Triodos Bank's return. As rates on the assets are decreasing, and the rates on the liabilities have hit the psychological floor of zero percent, the margin is being compressed.

Main measures
Triodos Bank uses various indicators to measure interest rate risk. The interest rate risk position is monitored by the ALCo monthly and reported quarterly to the Executive Board. The main IRRBB indicators used are Earnings at Risk, Economic Value of Equity at Risk, Modified Duration of Equity, and Gap analysis. Below follows a brief description:

- Earnings at Risk: a short-term indicator which shows the effect of an interest rate shock on Triodos Bank's net interest income over a one year and two-year horizon.
- Economic Value of Equity at Risk: a long-term indicator which represents the change of the Economic Value of Equity (which is the net present value of the future cash flows of all assets netted with the net present value of the future cash flows of the liabilities) in the event of an interest rate shock.
- Modified Duration of Equity: an indicator that expresses the sensitivity of the Economic Value of Equity in the event of small parallel interest rate changes.
- Gap analysis: allows to get a quick and intuitive sense of how Triodos is positioned by comparing the values of the assets and liabilities that roll over – or reprice – at various time periods in the future. While a Gap analysis is a good measure of repricing risk, it is not able to measure interest rate risk stemming from option risk and basis risk. Therefore, Triodos Bank monitors the sensitivity of economic value of the banking book items to interest rate changes for different parts of the yield curve, by calculation of key rate durations.

Option risk is typically present in the form of caps and/or floors on floating interest rates and as a result of client and bank behaviour, i.e. due to prepayments on loans and mortgages, withdrawal of funds entrusted, and the discretion to change the interest rate on savings and current accounts. Both embedded options and behavioural characteristics are considered in the IRRBB measures.

Due to the growth of the mortgage portfolio, Triodos has also worked (and continues working) on improving the data on off-balance commitments. Especially fixed rate commitments (which are often present in new mortgages to be paid out) add to the interest rate position of the Bank.

Stress scenarios
Triodos Bank runs a variety of interest rate scenarios to assess its level of interest rate risk. The scenarios are expressed as shocks to the market rate. These shocks can vary from parallel shocks to non-parallel shocks, downward to upward shocks, and instant to gradual shocks. Part of the shocks are prescribed by regulatory guidelines whereas other shocks are developed internally. The interest rate scenarios are regularly reviewed and approved in the ALCo.

Modelling
The model used for calculating IRRBB assumes that the balance sheet develops according to the budget/forecasts. In modelling of IRRBB, client behaviour is complex as it depends on many factors and, as a result, IRRBB models in general build on many assumptions. A brief description of relevant assumptions used in Triodos Bank's IRRBB modelling follows below.

First of all, behavioural models are used to assess the interest rate risk in savings and current accounts. The interest rate risk stemming from these products is difficult to quantify since these accounts typically have variable interest rates and no fixed maturity. The objective of the models used is to forecast the future outflow of the non-maturing deposits and their sensitivities to market conditions based on historical data, taking into consideration the statistical significance of that data. The model combines the relationship between client interest rates and market interest rates and outflow predictions."

Secondly, prepayments on loans and mortgages affect interest rate risk on the asset side of the balance sheet and depend on customer behaviour as well. Due to the low interest rate environment and the maturity of the portfolio, prepayments increased during the last years. Therefore, behavioural assumptions are present in the risk model and the level of prepayments is included in the measurement of IRRBB. Currently, a constant prepayment rate is used, consistent with the forecast made by the banking entities. Triodos Bank takes into account the correlation between interest rate levels and prepayment behaviour by using sensitivity analyses.

Thirdly, some of Triodos Bank's loans and mortgages contain caps and floors to prevent interest rates increasing or decreasing below a certain level. This affects the level of IRRBB in these products and both are taken into account in the economic value and earnings analysis. The economic value of the pipeline, which contains loans with a set interest rate which are committed but not yet remitted, is considered as well.

Lastly, the measurement method for the Outlier Criterion has changed and now uses risk-free discounting.

The 2019 year-end interest rate risk position decreased compared to the situation at the end of 2018.

The one-year Earnings at Risk decreased from 2.8% at the end of 2018 to 2.5% at the end of 2019. The worst-case Earnings at Risk occur under a depression scenario, determined by expert judgement, in which the interest rates move further down. Moreover, in that scenario long-term interest rates decrease stronger than short-term interest rates.

Duration of equity decreased from 3,2 years to 0,3 years in 2019. This decrease was mainly caused by the increasing duration of savings accounts, resulting from the behavioral Savings model. This in turn is caused by the lower interest rate environment. The duration of total assets (after hedging) stayed constant, despite the growth in long term fixed rate mortgages.

The Economic Value of Equity (EVE) at Risk decreased slightly from 6,3% at the end of 2018 to 6,2% at the end of 2019. The worst-case scenario from the perspective of EVE at Risk occurs under a steepening of the yield curve. The Outlier Criterion increased from 8,1% at the end of 2018 to 12,9% at the end of 2019. Unlike duration of equity and EVE at Risk, the outlier criterion is now determined using risk-free discounting.

Regarding the EUR portfolio, the duration of equity decreased from 3,6 years at the end of 2018 to 0,4 years at the end of 2019. The one-year Euro Earnings at Risk, at 2019 year-end, decreased slightly from 2,7% to 2,6%, compared to the end of 2018. The EUR EVE at Risk increased from 6,2% at the end of 2018 to 6,7% at the end of 2019.

Duration of equity of the Pound Sterling (GBP) portfolio increased from -0,2 years at the end of 2018 to +0,4 years at the end of 2019. The one-year GBP Earnings at Risk increased from 3.0% at the end of 2018 to 3,2% at the end of 2019. The GBP EVE at Risk decreased from 6,2% at the end of 2018 to 5,1% at the end of 2019.

2019	Floating rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	2,270,224	-	-	-	-	2,270,224
Banks	212,087	474	15,000	-	-	227,561
Loans	1,106,829	887,460	1,451,037	2,469,173	2,326,996	8,241,495
Hedged loans	-	82,800	67,400	-114,700	-35,500	-
Interest-bearing securities	-	55,226	161,072	640,717	166,407	1,023,422
Hedged interest-bearing securities	-	89,500	55,475	-104,975	-40,000	-
Total	**3,589,140**	**1,115,460**	**1,749,984**	**2,890,215**	**2,417,903**	**11,762,702**
Interest-bearing liabilities						
Banks	212	1,359	5,819	28,634	33,999	70,023
Funds entrusted	26,333	1,217,498	1,776,985	5,329,176	2,333,269	10,683,261
Total	**26,545**	**1,218,857**	**1,782,804**	**5,357,810**	**2,367,268**	**10,753,284**

2018	Floating rate	<= 3 months	<= 1 year	<= 5 years	> 5 years	Total
Interest-bearing assets						
Cash	1,795,272	-	-	-	-	1,795,272
Banks	216,196	5,860	14,000	1,000	-	237,056
Loans	1,127,105	688,440	1,105,434	2,299,490	2,113,278	7,333,747
Hedged loans	-	70,100	69,400	-91,200	-48,300	-
Interest-bearing securities	-	101,739	286,580	703,417	166,481	1,258,217
Hedged interest-bearing securities	-	69,500	61,975	-111,475	-20,000	-
Total	**3,138,573**	**935,639**	**1,537,389**	**2,801,232**	**2,211,459**	**10,624,292**
Interest-bearing liabilities						
Banks	212	1,380	4,530	32,017	29,078	67,217
Funds entrusted	30,668	1,145,875	1,642,173	4,661,975	2,070,859	9,551,550
Total	**30,880**	**1,147,255**	**1,646,703**	**4,693,992**	**2,099,937**	**9,618,767**

Notes:
Only interest-bearing assets and liabilities are reported in this table, which results in differences with the balance sheet figures. No allowance for expected credit lossess, net modification of amortised cost or interest amounts are showed in this table above.

Interest bearing securities are valued at redemption value including bond premium and after deduction of discounts.

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

All other interest-bearing assets and liabilities are reported as floating rates or are broken down in the maturity calendar by their remaining contractual interest rate term.

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 base currency of the UK subsidiary of Triodos is GBP.

Triodos Bank aims to avoid net currency positions with the exception of those arising from strategic investments. The forward positions in foreign currencies is for hedging the currency risk of the UK subsidiary equity participation of Triodos Bank and reflect the currency derivatives of Triodos Investment Funds.
The currency derivates of Triodos Investment Funds are nearly fully hedged.

The foreign exchange position is monitored daily and discussed in the Asset and Liability Committee on a monthly basis. Limits are agreed by the ALCo.

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

2019	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	1,577,785	1,372,842	-	192,519	12,424	-
USD	20,083	1,676	9,708	9,708	18,407	-
NOK	101	-	-	-	101	-
AUD	1	-	-	-	1	-
SEK	49	-	-	-	49	-
INR	-	-	38,786	38,786	-	-
IDR	-	-	6,172	6,172	-	-
CNY	-	-	3,309	3,309	-	-
Total	**1,598,019**	**1,374,518**	**57,975**	**250,494**	**30,982**	**-**

Net open foreign currency position (total of net positions debit and credit): 30.982

2018	Cash position Debit	Cash position Credit	Term position Debit	Term position Credit	Net position Debit	Net position Credit
GBP	1,209,050	1,206,502	-	-	2,548	-
USD	18,079	1,162	26,596	26,596	16,917	-
NOK	101	-	-	-	101	-
AUD	1	-	-	-	1	-
SEK	49	-	-	-	49	-
INR	-	-	50,237	50,237	-	-
IDR	-	-	5,837	5,837	-	-
CNY	-	-	3,287	3,287	-	-
Total	**1,227,280**	**1,207,664**	**85,957**	**85,957**	**19,616**	**-**

Net open foreign currency position (total of net positions debit and credit): 19.616

D. Capital management

Triodos Bank wants to be strongly capitalised to support our growth strategy and to be a strong counterparty for our clients.Therefore, we maintain a relatively high equity base, which as a consequence puts downward pressure on the Return on Equity.
The objective of Triodos Bank's capital strategy is to ensure its viability by:

- Maintaining sufficient capital to absorb current and future business losses, also in extreme situations ('stress');
- Adequately allocate capital to its business units; and
- Ensuring compliance to all applicable capital legislation and regulation at all times.

All of Triodos Bank's solvency comes from common equity.

Regulation

Banking industry is highly regulated. Regulations play an important role in society to ensure banks operate safely. Triodos Bank pays constant attention to comply with all regulation.

Basel III is a worldwide standard for regulation, supervision and risk management of the banking sector, developed by the Basel Committee on Banking Supervision. Basel III has been transposed by the European Union into the Capital Requirements Regulation and the Capital Requirements Directive IV. The Capital Requirements Regulation is directly applicable and the Capital Requirements Directive IV was transposed into local law by each of the members of the European Union so is the Dutch implementation of the Capital Requirements Directive IV as Triodos Bank is formally domiciled in The Netherlands.

There is no difference in the scope of consolidation for accounting and for prudential reporting purposes. Except for transfer of own funds of Triodos Bank UK Ltd, there is not any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among Triodos Bank and its consolidated companies.

Internal capital

The capital strategy of Triodos Bank is captured in its Internal Capital Adequacy Assessment Process ('ICAAP'). The ICAAP covers, for example, the measurement of risks requiring an adequate capital buffer, stress testing, capital contingency and the allocation of available capital to the different Triodos Bank banking entities and business units. The ICAAP is subjected to the Supervisory Review and Evaluation Process (SREP) of the Dutch Central Bank on a yearly basis.

The actual capital position is stressed regularly based on a number of stress scenarios. A capital contingency process is set up for Triodos Bank in case of a (potential) shortfall in available capital, which can be a threat to its solvency. For this purpose, the Recovery Plan contains measures for restoring its solvency by reducing risks and/or increasing capital and provides a specific governance structure for these stressed conditions.

Capital allocation and monitoring

Equity is allocated to banking entities, in proportion to the outcome of the internal capital calculation.

Triodos Bank works with a rolling three-year capital forecast. The Asset and Liability Committee monitors Triodos Bank's capital position and advises the Executive Board on the capital adequacy. The Asset and Liability Committee also assesses whether available capital is sufficient to support current and future activities on a monthly basis. During 2019 available capital has been at sufficient levels at all times in line withexternal regulatory minimum requirements. In 2019 new equity of (net) EUR 54 million was issued to finance Triodos Bank's further growth. In addition, a retained portion of the 2019 profit will be added to its reserves.

Capital requirements

Triodos Bank calculates its internal capital adequacy requirements based on minimum requirements ('pillar I') and supplemented with additional capital charges ('pillar II'), as described in the Capital Requirement Regulation.

The Common Equity Tier 1 (CET1) ratio increased by 0.4% from 17.5% at the year end 2018 to 17.9% at the year end 2019. This ratio is still well above the regulatory requirement. Further quantative information is disclosed in the Pillar 3 report which can be found on the website of Triodos Bank.

Minimum capital requirements (pillar I)

The total minimum regulatory requirement consists of capital charges for credit risk, operational risk and market risk:

- Credit risk – Triodos Bank applies the standardised approach (SA) for calculating its minimum capital requirements for credit risk and the simple approach for credit risk mitigation. The risk weighted asset calculations are done for all on-balance sheet exposures (including the loan book and the investment book), and off-balance sheet items (such as loan offers, not yet accepted) and derivatives exposures;
- Operational risk – Based on the size and limited complexity of the Triodos Bank organisation, the basic indicator approach (BIA) is used for calculating the capital requirement for operational risk, which equals 15% of the average over three years of Triodos Bank's gross income;
- Market risk – The capital charge for Triodos Bank's market risk is related to its exposure to foreign exchange risk. The requirement is calculated as the sum of the bank's overall net foreign exchange position, multiplied by 8%. Triodos Bank only accepts limited net foreign exchange positions in strategic investments and in its UK activities in GBP. However, when the regulatory threshold of 2% of the actual own funds is not exceeded, the capital charge for market risk is zero;
- Credit valuation adjustment risk – The capital charge for the counterparty risk of derivative transactions that are not cleared through a qualified central counterparty.

Additional capital requirements

In order to determine its economic capital, Triodos Bank also calculates additional capital requirements. These consist of charges for risks or parts of risks that are not covered by Pillar 1. This consists of items in the areas of credit risk, strategic risk, interest rate risk in the banking book, model risk and operational risk.

The total capital requiment consists, next to the pillar I and II requirements, also of the combined buffer requirements.

Management of excessive leverage

The risk of excessive leverage is managed inclusively in our capital management. We aim for a strong capital base, reducing this risk.

34. Fair values of financial instruments

A. Valuation models

Triodos Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Triodos bank determines the fair value of its financial instruments using the following bases. The fair value of listed government paper and interest-bearing securities is the market value. The fair value of unlisted government paper and interest-bearing securities is public quoted information if available or nominal value. The fair value of loans and advances to banks, loans and advance to customers, lease liabilities and deposits from customers has been determined by calculating the net present value of expected interest and redemption cashflows, taken into account market interest rates as at the end of the year. Part of the loans and mortgages include caps and/or floors on the interest rates. The fair value of loans and advances to customers (including mortgages) has been determined by calculating the net present value of the interest and redemption cashflows, taken into account expected prepayment behavior. The net present value is calculated by using market data, i.e. zero coupon rates, as at the end of the year, which are adjusted with a Triodos Bank-specific spread. The spread is based on the expected margin the business units expect to make over the market base rates in the coming years on their production of business loans and mortgages. The fair value of the other items is assumed to be equal to the balance sheet value.

Investments securities comprise participating interests and debt where no significant influence can be exercised and are carried at fair value through either comprehensive income or profit and loss. In the case of an investment security that is listed on an active stock exchange, the fair value will be deemed to be equal to the most recently published stock exchange price. In the case of an investment security not listed on an active stock exchange or where there is no regular price quotation, the fair value will be determined to the best of one's ability using all available data, including an annual report audited by an external independent auditor, interim financial information from the institution and any other relevant data provided to Triodos Bank.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

B. Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Level 3 valuations relate to participating interest which are valued at fair value through other comprehensive income. Total fair value changes amount to EUR -272 (2018: EUR -88)

31 December 2019	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management				
Interest rate	-	908	-	908
Foreign exchange	-	7,814	-	7,814
Total	**-**	**8,722**	**-**	**8,722**
Participating interests				
Equities	13,160	1,442	4,960	19,562
Debt	-	4,737		4,737
Total	**13,160**	**6,179**	**4,960**	**24,299**
Derivative liabilities held for risk management				
Interest rate	-	5,012	-	5,012
Foreign exchange	-	10,051	-	10,051
Total	**-**	**15,063**	**-**	**15,063**

31 December 2018	Level 1	Level 2	Level 3	Total
Derivative assets held for risk management				
Interest rate	-	16	-	16
Foreign exchange	-	5,232	-	5,232
Total	**-**	**5,248**	**-**	**5,248**
Participating interests				
Equities	12,763	1,392	4,883	19,038
Debt	-	3,430		3,430
Total	**12,763**	**4,822**	**4,883**	**22,468**
Derivative liabilities held for risk management				
Interest rate	-	2,037	-	2,037
Foreign exchange	-	4,799	-	4,799
Total	**-**	**6,836**	**-**	**6,836**

C. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2019	Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
Assets					
Debt securities at amortised cost	948,403	109,798	-	1,058,201	1,034,291
Loans and advances to banks	-	-	227,611	227,611	227,591
Loans and advances to customers	-	-	8,315,161	8,315,161	8,205,862
Liabilities					
Deposits from banks	-	-	68,714	68,714	70,720
Deposits from customers	-	-	10,695,702	10,695,702	10,693,699

31 December 2018	Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
Assets					
Debt securities at amortised cost	1,212,035	82,021	-	1,294,056	1,270,624
Loans and advances to banks	-	-	237,062	237,062	237,043
Loans and advances to customers	-	-	7,362,465	7,362,465	7,266,632
Liabilities					
Deposits from banks	-	-	66,493	66,493	68,034
Deposits from customers	-	-	9,566,057	9,566,057	9,563,733

Fair value of the cash and cash equivalents approximates the total carrying amount as these are on demand balances and therefore not included in the above table.

35. Financial assets and financial liabilities

A. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

31 December 2019	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	-	-	-	2,270,224	2,270,224
Debt securities at amortised cost	-	-	-	1,034,291	1,034,291
Loans and advances to customers	-	-	-	8,205,862	8,205,862
Loans and advances to banks	-	-	-	227,591	227,591
Investment securities	4,737	-	19,562	-	24,299
Other assets				308,630	308,630
Derivative assets held for risk management	8,722	-	-	-	8,722
Total financial assets	**13,459**	**-**	**19,562**	**12,046,598**	**12,079,619**
Derivative liabilities held for risk management	15,063	-	-	-	15,063
Deposits from banks	-	-	-	70,720	70,720
Deposits from customers	-	-	-	10,693,699	10,693,699
Lease Liabilities	-	-	-	22,078	22,078
Other liabilities	-	-	-	79,342	79,342
Total financial liabilities	**15,063**	**-**	**-**	**10,865,839**	**10,880,902**

B. Classification of financial assets and financial liabilities
The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments

31 December 2018	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	-	-	-	1,795,272	1,795,272
Debt securities at amortised cost	-	-	-	1,270,624	1,270,624
Loans and advances to customers	-	-	-	7,266,632	7,266,632
Loans and advances to banks	-	-	-	237,043	237,043
Investment securities	3,430	-	19,038	-	22,468
Other assets	-	-	-	269,817	269,817
Derivative assets held for risk management	5,248	-	-	-	5,248
Total financial assets	**8,678**	**-**	**19,038**	**10,839,388**	**10,867,104**
Derivative liabilities held for risk management	6,836	-	-	-	6,836
Deposits from banks	-	-	-	68,034	68,034
Deposits from customers	-	-	-	9,563,733	9,563,733
Lease Liabilities	-	-	-	21,283	21,283
Other liabilities	-	-	-	95,213	95,213
Total financial liabilities	**6,836**	**-**	**-**	**9,748,263**	**9,755,099**

36. Non-trading derivatives and hedge accounting

A. Non-trading derivatives
The following table describes the fair values of derivatives held for risk management purposes by type of instrument.

31 December 2019	2019		2018	
Instrument type	Assets	Liabilities	Assets	Liabilities
Interest rate				
Designated in fair value hedges	908	5,012	16	2,037
Foreign exchange				
Designated in a net investment hedge	-	2,565	-	-
Other derivaitves	7,814	7,486	5,232	4,799
	7,814	**10,051**	**5,232**	**4,799**
Total non-trading derivatives	**8,722**	**15,063**	**5,248**	**6,836**

i. Fair value hedges of interest rate risk
Triodos Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed- rate euro notes issued and fixed-rate loans and advances in respect of a benchmark interest rate (mainly Euribor). Pay-fixed/receive-floating interest rate swaps are matched to specific issuances of fixed-rate notes or pay-fixed/receive-floating interest rate swaps are matched to fixed-rate loans.

Triodos Bank discloses its risk management relates to interest rate risk in note 33 C. Market risk.

Before fair value hedge accounting is applied, Triodos Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. Triodos Bank considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. Triodos Bank evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. Further the qualitative assessment is supported by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

Any ineffectiveness in the fair value hedge relationships is recognised in the profit and loss account in the line item 'Net income from other financial instrument at FVTPL'.

Triodos Bank established the hedge relation only to instruments where the critical terms match between the hedged item and the hedging instrument, the critical terms are; nominal amount, currency, maturity, the interest payment frequency, payment dates and day-count convention. At the time of designation of the hedge relationship, the hedge relationship can be expected to be highly effective since the critical terms match.

Prospectively effectiveness will be assessed at the start of the reporting period by testing the critical terms as mentioned above. Retrospectively a dollar offset test is performed by calculating the fair value of the hedged items and hedging instruments with the curves applicable as at that date (month end). Any ineffectiveness in the hedge relationship is booked into profit or loss.

Hedge relationships designated under this policy are expected to be highly effective. However, some degree of ineffectiveness is expected due to:

- Discounting of assets with curve of the payment frequency where the swaps are discounted using the OIS curve
- Fair value changes in the floating leg of the swaps

2019		Carrying amount			
	Nominal amount	Assets	Liabilities	Change in fair value	Ineffect-iveness
Interest rate swaps – hedge of debt securities at amortised cost	151,475	581	2,255	651	-
Interest rate swaps – hedge of loans and advances to customers	153,000	327	2,757	-1,432	-15

Fair value hedge adjustments	Carrying amount		Carrying amount		
	Assets	Liabilities	Assets	Liabilities	Change in fair value
Debt securities at amortised cost	153,155	-	1,680	-	651
Loans and advances to customers	155,424	-	-376	-	1,417

2018		Carrying amount			
	Nominal amount	Assets	Liabilities	Change in fair value	Ineffect-iveness
Interest rate swaps – hedge of debt securities at amortised cost	131,475	16	1,008	-1,646	-7
Interest rate swaps – hedge of loans and advances to customers	142,300	-	-998	-1,592	-13

Fair value hedge adjustments	Carrying amount		Carrying amount		
	Assets	Liabilities	Assets	Liabilities	Change in fair value
Debt securities at amortised cost	132,504	-	1,029	-	1,639
Loans and advances to customers	143,307	-	1,007	-	1,580

ii. Net investment hedges
Triodos Bank entered into GBP foreign currency forward contracts in 2019 for a notional amount of EUR 192,5 million for hedging the currency risk of the UK subsidiary equity participation of Triodos Bank. In order to maintain an effective hedging relationship, not the full value of the UK subsidiary equity participation is hedged. Triodos Bank hedges up to a maximum of 95% of the UK subsidiary. The net investment hedge has been entered into as of May 2019, whilst fx forward contracts have been entered into before the start of the net investment hedge.

Triodos Bank discloses its risk management relates to foreign exchange risk in note 33 C. Market risk.

Triodos Bank ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. This qualitative assessment is supplemented quantitatively using the hypothetical derivative method for the purposes of assessing hedge effectiveness. Triodos Bank assesses effectiveness by comparing past changes in the fair value of the derivative with changes in the fair value of a hypothetical derivative. The hypothetical derivative is constructed to have the same critical terms as the net investment designated as the hedged item and a fair value of zero at inception. The net investment is held for a period longer than the maturity of the forward foreign exchange contracts, Triodos Bank hedges the net investment only to the extent of the nominal amount of the foreign exchange leg of the derivative.

2019	Carrying amount				
	Nominal amount	Assets	Liabilities	Change in fair value	Ineffect-iveness
Foreign currency forward contracts (EUR:GBP)	163,000	-	2,565	3,004	-

Hedged item	Carrying amount				
	Nominal amount	Assets	Liabilities	Change in fair value	Foreign currency translation reserve
GBP net investment in UK subsidiary	175,894	207,748	-	3,247	3,247

Key figures 2019 by branch and business unit

A. Basis for segmentation
Triodos Bank has the following branches and subsidiaries, which are reportable segments. These branches and subsidiaries operate in different countries and therefore are managed separately based on Triodos Bank's management and internal reporting structure.

Reportable segments	Operations
Bank Netherlands	Retail Banking, Business Banking and Private Banking
Bank Belgium	Retail Banking, Business Banking and Private Banking
Bank United Kingdom	Retail Banking and Business Banking
Bank Spain	Retail Banking and Business Banking
Bank Germany	Retail Banking and Business Banking
Investment Management	Impact investing taking place through investment funds or investment institutions bearing the Triodos name
Other	Head office, TRMC and an agency in France

Retail Banking: offer our customers products with a purpose including savings, payments, lending, private banking and investments.

Business Banking: lend money to organisations working to stimulate positive and lasting change.
Head office is organised into the following main departments: ICT, Finance, Treasury, Risk Management, Compliance, HR, Group Audit, Corporate Strategy, Legal, Marketing & Communications. The majority of Group Functions' costs are allocated to the businesses.

TRMC: The primary objective is to manage unconsolidated entities that lend, invest or donate money that has as its main goal to make pioneering, transformative initiatives possible.

An Agency in France was establised with the intention to establish a banking branch. In December 2019 Triodos Bank announced it's decision not to establish a banking branch in France.

B. Information about reportable segments
Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's Management Committee, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Segment income statement for the year 2019

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain	Bank Germany	Total banking activities	Investment Management	Other	Elimination intercompany transactions	Total
External revenue										
Material items of income and expense										
- Net interest income	64,505	40,701	32,459	37,944	12,101	187,710	-54	-2,522	-	185,134
- Investment income	-	-	-	-	-	-	-	679	-	679
-Net fee and commission income	30,976	7,186	3,271	10,297	779	52,509	51,231	1,600	-	105,340
- Net income from other financial instruments at FVTPL	-	-	-	-	-	-	-	430	-	430
- Other revenue	-16	2	119	463	55	623	10	127	-	740
Intercompany revenue	-	-	-	-	-	-	-	3,791	-3,791	-
Total segment revenue	**95,465**	**47,889**	**35,849**	**48,704**	**12,935**	**240,842**	**51,167**	**4,105**	**-3,791**	**292,323**
Personnel and other administrative expenses	-71,917	-32,125	-27,910	-35,006	-12,260	-179,218	-34,793	-3,587	3,791	-213,807
- Depreciation and amortisation;	-1,365	1,646	-964	-4,476	-518	-8,969	-731	-10,912	-	-20,612
Impairment losses on financial instruments	1,782	-1,411	-173	-5,179	-367	-5,348	-15	-10	-	-5,353
Segment profit before tax	**23,965**	**12,707**	**6,802**	**4,043**	**-210**	**47,307**	**15,628**	**-10,384**	**-**	**52,551**
Taxation on operating result	-5,748	-3,929	-1,226	1-,035	-262	-12,200	-3,957	1,529	-	-14,628
Net profit	**18,217**	**8,778**	**5,576**	**3,008**	**-472**	**35,107**	**11,671**	**-8,855**	**-**	**37,923**
Operating expenses/total income	**77%**	**71%**	**81%**	**81%**	**99%**	**78%**	**69%**	**-**	**-**	**80%**

Segment income statement for the year 2018

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain	Bank Germany	Total banking activities	Investment Management	Other	Elimination intercompany transactions	Total
External revenue										
Material items of income and expense										
- Net interest income	59,266	41,837	29,568	30,084	9,719	170,474	-25	-1,063	-	169,386
- Investment income	-	-	-	-	-	-	-	372	-	372
-Net fee and commission income	26,555	5,553	3,375	9,703	336	45,522	39,189	535	-	85,246
- Net income from other financial instruments at FVTPL	-	-	-	-	-	-	-	-5	-	-5
- Other revenue	-18	13	138	1,507	8	1,648	42	388	-	2,078
Intercompany revenue	-	-	-	-	-	-	-	4,087	-4,087	-
Total segment revenue	**85,803**	**47,403**	**33,081**	**41,294**	**10,063**	**217,644**	**39,206**	**4,314**	**-4,087**	**257,077**
Personnel and other administrative expenses	-60,683	-34,877	-28,838	-32,243	-10,984	-167,625	- 30,692	7,647	4,087	-186,583
- Depreciation and amortisation;	-1,062	-1,385	-936	-4,777	-295	-8,455	-882	-8,257		-17,594
Impairment losses on financial instruments	-1,124	-1,550	-492	-5,031	-430	-6,379	-11	-9		-6,399
Income from investments in joint ventures	-73	-	-	-	-	-73	-	-	-	-73
Segment profit before tax	**25,109**	**9,591**	**2,815**	**-757**	**-1,646**	**35,112**	**7,621**	**3,695**	**-**	**46,428**
Taxation on operating result	-5,869	-3,123	-885	-191	225	-9,461	-1,955	175	-	-11,241
Net profit	**19,240**	**6,468**	**1,930**	**-566**	**-1,421**	**25,651**	**5,666**	**3,870**	**-**	**35,187**
Operating expenses/total income	**72%**	**76%**	**90%**	**90%**	**112%**	**81%**	**81%**	**-**	**-**	**79%**

Selected assets and liabilities per segment 2019

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain	Bank Germany	Total banking activities	Investment Management	Other	Elimination intercompany transactions	Total
Loans and advances to customers	3,328,293	1,823,199	1,153,377	1,413,707	530,109	8,248,685	-	-	-42,822	8,205,862
Number of loans	34,586	4,933	4,342	21,586	12,539	77,986	-	-	-2	77,984
Total assets	**5,299,796**	**2,441,784**	**1,627,760**	**2,263,218**	**696,169**	**12,328,727**	**37,476**	**1,817,288**	**-2,103,872**	**12,079,619**
Funds under management	800,293	618,093	-	-	-	1,418,386	4,973,533	79,413	-800,293	5,671,039
Total assets under management	**6,100,089**	**3,059,877**	**1,627,760**	**2,263,218**	**696,169**	**13,747,113**	**5,011,009**	**1,896,701**	**-2,904,165**	**17,750,658**
Deposits from customers	4,667,266	2,129,446	1,370,870	2,044,238	504,484	10,716,306	-	-	-22,606	10,693,699
Number of accounts	443,173	87,740	71,694	203,816	24,393	830,816	-	-	-	830,816
Total liabilities	4,873,212	2,139,788	1,420,673	2,071,065	581,986	11,086,724	13,833	612,507	-832,162	10,880,902
Average number of FTE's during the year	241.5	135.3	177.2	282.2	56.3	892.5	167.6	285.5	-	1,345.6

Selected assets and liabilities per segment 2018

in thousands of EUR	Bank Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain	Bank Germany	Total banking activities	Investment Management	Other	Elimination intercompany transactions	Total
Loans and advances to customers	2,722,426	1,732,754	969,656	1,399,369	443,330	7,267,534	-	-	-902	7,266,632
Number of loans	32,850	4,402	3,300	19,081	9,118	68,751	-	-		68,751
Total assets	**4,649,052**	**2,174,967**	**1,390,332**	**2,315,982**	**574,258**	**11,104,590**	**26,145**	**1,637,608**	**-1,901,240**	**10,867,104**
Funds under management	631,280	447,103	-	-	-	1,078,383	4,206,041	19,865	-631,280	4,673,009
Total assets under management	**5,280,332**	**2,622,070**	**1,390,332**	**2,315,982**	**574,258**	**12,182,973**	**4,232,186**	**1,657,473**	**-2,532,520**	**15,540,113**
Deposits from customers	4,033,379	1,907,616	1,199,441	2,033,703	401,305	9,575,444	-	-	-11,711	9,563,733
Number of accounts	459,383	81,791	62,570	212,847	22,651	839,242	-	-	-	839,242
Total liabilities	4,221,696	1,928,316	1,256,800	2,141,524	473,384	10,021,720	9,173	498,542	-774,336	9,755,099
Average number of FTE's during the year	229.2	135.3	166.9	277.4	52.8	861.6	168.7	266.4	-	1,296.7

C. Reconciliations of information on reportable segments to IFRS measures(a)

	2019	2018
i, Revenues	296,114	261,164
Total revenue for reportable segments	-	-
Unallocated amounts	3,791-	4,087-
Elimination of inter-segment revenue	292,323	257,077
Consolidated revenue		
ii, Profit before tax	52,551	46,428
Total profit or loss for reportable segments	-	-
Unallocated amounts	52,551	46,428
Consolidated profit before tax		
iii,Assets	12,079,619	10,867,104
Total assets for reportable segments	-	-
Other unallocated amounts	12,079,619	10,867,104
Consolidated total assets		
iv, Liabilities	**10,880,902**	**9,755,099**
Total liabilities for reportable segments	-	-
Other unallocated amounts	10,880,902	9,755,099
Consolidated total liabilities		

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D. Geographic information

Key figures 2019 by Country

in thousands of EUR	The Netherlands	Belgium	United Kingdom	Spain	Germany	France	Elimination inter-company transactions	Total
Names	Triodos Bank NV, Kantoor Buitenzorg BV, Kantoor Nieuweroord BV, Stichting Triodos Beleggersgiro, Triodos Custody BV, Triodos Finance BV, Triodos Investment Management BV, Triodos Investment Advisory Services BV, Triodos MeesPierson Sustainable Investment Management BV, Triodos Nieuwbouw BV	Triodos Bank NV, Triodos IMMA BVBA	Triodos Bank NV	Triodos Bank NV	Triodos Bank NV	Triodos Finance BV	-	-
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking	Bank	Bank	Bank	Agency for branch Belgium and market research	-	-
Geographical location	Zeist	Brussel	Bristol	Madrid	Frankfurt	Paris	-	-
Total income	148,066	47,889	35,849	48,704	12,935	2,671	-3,791	292,323
Operating expenses	-118,308	-33,771	-28,874	-39,482	-12,778	-4,997	3,791	-234,419
Impairment losses on financial instruments	1,777	-1,411	-173	-5,179	-367	-	-	-5,353
Segment profit before tax	**31,535**	**12,707**	**6,802**	**4,043**	**-210**	**-2,326**	**-**	**52,551**
							-	
Taxation on operating result	-8,210	-3,929	-1,226	-1,035	-262	34	-	-14,628
Net profit	**23,326**	**8,778**	**5,576**	**3,008**	**-472**	**-2,293**	**-**	**37,923**
Public subsidies received	-	-	1	-	-	-	-	1
Average number of FTE's during the year	680.2	135.3	177.2	282.2	56.3	14.5	-	1,345.6

Key figures 2018 by Country

in thousands of EUR	The Netherlands	Belgium	United Kingdom	Spain	Germany	France	Elimination inter-company transactions	Total
Names	Triodos Bank NV, Kantoor Buitenzorg BV, Kantoor Nieuweroord BV, Stichting Triodos Beleggersgiro, Triodos Custody BV, Triodos Finance BV, Triodos Investment Management BV, Triodos Investment Advisory Services BV, Triodos MeesPierson Sustainable Investment Management BV, Triodos Nieuwbouw BV	Triodos Bank NV, Triodos IMMA BVBA	Triodos Bank NV	Triodos Bank NV	Triodos Bank NV	Triodos Finance BV	-	-
Nature of activities	Bank, Private Banking and Investment management	Bank and Private Banking	Bank	Bank	Bank	Agency for branch Belgium and market research	-	-
Geographical location	Zeist	Brussel	Bristol	Madrid	Frankfurt	Paris	-	-
Total income	125,927	47,403	33,081	41,294	10,063	3,396	-4,087	257,077
Operating expenses	-90,733	-36,262	-29,774	-37,020	-11,279	-3,196	4,087	-204,177
Impairment losses on financial instruments	1,104	-1,550	-492	-5,031	-430	-	-	-6,399
Income from investments in joint ventures	73-						-	-73
Segment profit before tax	**36,225**	**9,591**	**2,815**	**-757**	**-1,646**	**200**	**-**	**46,428**
							-	
Taxation on operating result	-7,649	-3,123	-885	191	225	-	-	-11,241
Net profit	**28,576**	**6,468**	**1,930**	**-566**	**-1,421**	**200**	**-**	**35,187**
				-	-	-	-	-
Public subsidies received	-	-	-	-	-	-	-	-
Average number of FTE's during the year	649,1	135,3	166,9	277,4	52,8	15,2	-	1,296,7

Tax paid by Country

in thousands of EUR	The Nether-lands	Belgium	United Kingdom	Spain	Germany	France	Total
2019							
Tax on Profit	4,478	2,955	332	549	–	38	8,352
Value Added Tax (VAT)	12,612	896	1,265	2,009	373	150	17,305
Banking Tax	–	2,444	–	599	–	–	3,043
2018							
Tax on Profit	3,406	3,583	1,209	433	–	23	8,654
Value Added Tax (VAT)	14,044	977	1,458	1,878	374	136	18,867
Banking Tax	–	2,286	–	591	–	–	2,877

Triodos Bank's approach to tax reflects its values. It sees paying taxes not as a burden, but as a contribution to the societies that the bank operates in. Taxes are an important instrument to fund education, infrastructure and systems. As such, companies should pay taxes as an important part of their role as a responsible business. The VAT included in the table above are the non-deductible VAT paid on invoices to suppliers.

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Lending by sector in 2019 after intercompany eliminations

in thousands of EUR	Total			The Netherlands			Belgium			United Kingdom			Spain			Germany		
	amount	%	number	amount	%	number	amount	%	number	amount	%	number	amount	%	number	amount	%	number
Environment																		
Organic farming	154,769	1.9	843	40,820	1.2	341	5,191	0.3	70	45,592	4.0	235	63,054	4.5	190	112	0.0	7
Organic food	115,954	1.4	870	21,748	0.7	279	26,808	1.5	171	10,397	0.9	46	55,448	3.9	354	1,553	0.3	20
Renewable energy	1,598,856	19.5	955	192,032	5.8	123	609,152	33.4	305	287,580	24.9	261	284,162	20.1	194	225,930	42.6	72
Sustainable property	881,340	10.7	639	419,520	12.7	324	254,744	14.0	158	27,882	2.4	27	103,255	7.3	108	75,939	14.3	22
Environmental technology	120,283	1.5	275	5,692	0.2	23	37,561	2.1	78	2,498	0.2	5	33,446	2.4	163	41,086	7.8	6
	2,871,202	35.0	3,582	679,812	20.6	1,090	933,456	51.3	782	373,949	32.4	574	539,365	38.2	1,009	344,620	65.0	127
Social																		
Retail non-food	31,521	0.4	222	6,163	0.2	84	11,834	0.6	29	9,306	0.8	15	4,214	0.3	81	4	0.0	13
Production	25,821	0.3	146	3,995	0.1	41	12,058	0.7	47	6,067	0.5	6	3,697	0.3	38	4	0.0	14
Professional services	61,070	0.7	657	33,639	1.0	176	12,428	0.7	85	11,107	1.0	52	3,810	0.3	102	86	0.0	242
Social housing	473,596	5.8	412	45,685	1.4	140	74,854	4.0	42	342,879	29.7	220	10,178	0.7	10	-	0.0	-
Healthcare	1,109,503	13.5	1,638	367,814	11.2	703	231,981	12.7	280	193,759	16.8	104	191,144	13.5	468	124,805	23.6	83
Social projects	175,325	2.1	637	3,088	0.1	32	25,842	1.4	114	47,002	4.1	106	98,392	6.9	370	1,001	0.2	15
Fair trade	4,496	0.1	54	645	0.0	17	2,077	0.1	12	1,236	0.1	7	532	0.0	13	6	0.0	5
Development cooperation	23,847	0.3	49	8,491	0.3	11	12,068	0.7	20	243	0.0	8	3,045	0.2	9	-	0.0	1
	1,905,179	23.2	3,815	469,520	14.3	1,204	383,142	20.9	629	611,599	53.0	518	315,012	22.2	1,091	125,906	23.8	373
Culture																		
Education	290,520	3.5	596	21,843	0.7	101	95,497	5.2	219	50,842	4.4	49	85,310	6.0	185	37,028	7.0	42
Child care	18,141	0.2	86	6,235	0.2	49	3,579	0.2	18	5,482	0.5	4	2,705	0.2	13	140	0.0	2
Arts and culture	483,465	5.9	1,299	293,870	8.9	372	65,956	3.6	362	44,262	3.8	53	78,810	5.6	484	567	0.1	28
Philosophy of life	90,581	1.1	321	19,358	0.6	85	6,518	0.4	27	47,870	4.2	148	16,835	1.2	56	-	0.0	5
Recreation	192,703	2.3	478	77,646	2.4	231	34,493	1.9	61	19,237	1.7	51	40,656	2.9	125	20,671	3.9	10
	1,075,410	13.0	2,780	418,952	12.8	838	206,043	11.3	687	167,693	14.6	305	224,316	15.9	863	58,406	11.0	87
Private loans	1,997,756	24.4	67,785	1,449,332	44.1	31,438	300,558	16.5	2,835	136	0.0	2,945	246,553	17.4	18,615	1,177	0.2	11,952
Municipality loans	356,315	4.4	22	267,854	8.2	14	-	0.0	-	-	0.0	-	88,461	6.3	8	-	0.0	-
Total	8,205,862	100.0	77,984	3,285,470	100.0	34,584	1,823,199	100.0	4,933	1,153,377	100.0	4,342	1,413,707	100.0	21,586	530,109	100.0	12,539

Lending by sector in 2018 after intercompany eliminations

	Total			The Netherlands			Belgium			United Kingdom			Spain			Germany		
in thousands of EUR	amount	%	number	amount	%	number	amount	%	number	amount	%	number	amount	%	number	amount	%	number
Environment																		
Organic farming	151,429	2.1	833	44,271	1.6	340	3,545	0.2	56	41,500	4.3	239	61,968	4.4	191	145	0.0	7
Organic food	121,145	1.7	852	27,947	1.0	309	21,838	1.3	142	10,288	1.1	47	54,450	3.9	328	6,622	1.5	26
Renewable energy	1,737,432	23.9	1,117	203,251	7.5	85	635,145	36.7	420	262,385	27.1	219	417,115	29.8	217	219,536	49.6	176
Sustainable property	767,962	10.6	645	399,197	14.6	266	271,686	15.7	245	20,332	2.1	22	29,443	2.1	86	47,304	10.7	26
Environmental technology	101,331	1.4	214	5,021	0.2	21	28,896	1.7	47	2,210	0.2	3	22,978	1.7	138	42,226	9.5	5
	2,879,299	39.7	3,661	679,687	24.9	1,021	961,110	55.6	910	336,715	34.8	530	585,954	41.9	960	315,833	71.3	240
Social																		
Retail non-food	25,837	0.4	208	7,219	0.3	89	6,867	0.4	24	7,389	0.8	15	4,362	0.3	66	-	0.0	14
Production	22,054	0.3	142	4,786	0.2	48	6,327	0.4	45	6,316	0.6	8	4,431	0.3	30	194	0.0	11
Professional services	51,292	0.7	542	27,222	1.0	170	8,856	0.5	70	11,255	1.2	43	3,877	0.3	79	82	0.0	180
Social housing	407,099	5.6	411	42,071	1.5	136	77,836	4.4	59	278,851	28.8	205	8,341	0.6	11	-	0.0	-
Healthcare	989,953	13.6	1,497	312,993	11.5	621	224,882	13.0	312	186,829	19.3	114	176,918	12.6	371	88,331	20.0	79
Social projects	148,771	2.0	570	2,303	0.1	32	24,641	1.4	116	16,941	1.7	88	103,853	7.5	326	1,033	0.2	8
Fair trade	3,819	0.1	43	521	0.0	14	1,434	0.1	7	1,309	0.1	7	554	0.0	13	1	0.0	2
Development cooperation	22,165	0.3	44	9,540	0.3	12	9,043	0.5	19	247	0.0	6	3,335	0.2	6	-	0.0	1
	1,670,990	23.0	3,457	406,655	14.9	1,122	359,886	20.7	652	509,137	52.5	486	305,671	21.8	902	89,641	20.2	295
Culture																		
Education	262,899	3.6	559	26,937	1.0	103	93,402	5.4	214	33,697	3.5	49	72,520	5.2	157	36,343	8.2	36
Child care	16,347	0.2	82	6,838	0.3	52	1,818	0.1	13	5,044	0.5	3	2,464	0.2	11	183	0.0	3
Arts and culture	452,321	6.2	1,003	317,331	11.7	349	40,910	2.4	158	22,163	2.3	53	71,344	5.1	425	573	0.1	18
Philosophy of life	91,542	1.3	310	20,923	0.8	75	6,426	0.4	30	46,966	4.8	151	17,227	1.2	50	-	0.0	4
Recreation	152,409	2.1	420	86,493	3.2	215	7,607	0.4	40	15,823	1.6	44	42,486	3.0	120	-	0.0	1
	975,518	13.4	2,374	458,522	17.0	794	150,163	8.7	455	123,693	12.7	300	206,041	14.7	763	37,099	8.3	62
Private loans	1,503,201	20.6	59,246	1,035,205	38.0	29,910	261,595	15.0	2,385	111	0.0	1,984	205,533	14.7	16,446	757	0.2	8,521
Municipality loans	237,624	3.3	13	141,454	5.2	3	-	0.0	-	-	0.0	-	96,170	6.9	10	-	0.0	-
Total	7,266,632	100.0	68,751	2,721,523	100.0	32,850	1,732,754	100.0	4,402	969,656	100.0	3,300	1,399,369	100.0	19,081	443,330	100.0	9,118

Independent auditor's report

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

Report on the pro forma IFRS consolidated financial statements 2019

Our opinion
In our opinion, the pro forma IFRS consolidated financial statements of Triodos Bank N.V. ('the Bank') give a true and fair view of the financial position of the Bank as at 31 December 2019 and 31 December 2018, and of its results and its cash flows for the years then ended (hereafter 'the pro forma IFRS consolidated financial statements 2019') in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

What we have audited
We have audited the accompanying pro forma IFRS consolidated financial statements 2019 of Triodos Bank N.V., Zeist, the Bank together with its subsidiaries (the Group).
The pro forma IFRS consolidated financial statements comprise:
- the consolidated balance sheets as at 31 December 2019 and 31 December 2018;
- the following statements for 2019 and 2018: the consolidated profit and loss accounts, consolidated statements of comprehensive income, consolidated statements of changes in the equity and consolidated cash flow statements; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the pro forma IFRS consolidated financial statements is EU-IFRS.

The basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the pro forma IFRS consolidated financial statements' of our report.

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

Independence
We are independent of Triodos Bank N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Emphasis of matter - uncertainty related to the effects of the corona virus (COVID-19)
We draw attention to note 32 in the pro forma IFRS consolidated financial statements in which management has described the possible impact and consequences of the corona virus (COVID-19) on the bank and the environment in which the bank operates as well as the measures taken and planned to deal with these events or circumstances. This note also indicates that uncertainties remain and that currently it is not reasonably possible to estimate the future impact. Our opinion is not modified in respect of this matter.

Restriction on use
Our auditor's report is addressed to the executive board and the supervisory board of the bank to comply with the prospectus requirements. Third parties may not be aware of the purpose of our services and could interpret the results incorrectly. Accordingly, to the fullest extent permitted by law, we do not accept or assume and deny any liability, duty of care and/or responsibility to any parties who may choose to use this auditor's report, other than to whom our auditor's report is addressed.

Responsibilities for the pro forma IFRS consolidated financial statements and the audit

Responsibilities of the executive board and the supervisory board for the pro forma IFRS consolidated financial statements
The executive board is responsible for:
- the preparation and fair presentation of the pro forma IFRS consolidated financial statements in accordance with EU-IFRS; and for
- such internal control as the executive board determines is necessary to enable the preparation of the pro forma IFRS consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the pro forma IFRS consolidated financial statements, the executive board is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the pro forma IFRS consolidated financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the pro forma IFRS consolidated financial statements.

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

Our responsibilities for the audit of the pro forma IFRS consolidated financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the pro forma IFRS consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the pro forma IFRS consolidated financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Rotterdam, 3 July 2020
PricewaterhouseCoopers Accountants N.V.
M.D. Jansen RA

Appendix to our auditor's report on the pro forma IFRS financial statements 2019 of Triodos Bank N.V.

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

The auditor's responsibilities for the audit of the pro forma IFRS consolidated financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

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

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

Sustainable banking

means using money
with conscious thought
about its environmental,
cultural and social
impact, with the
support of savers and
investors who want
to make a difference.
It means meeting
present day needs
without compromising
those of future
generations.