

Triodos  Bank

Annual Report 2020

Parent company financial statements

The company balance consist of Triodos Bank N.V. including the branches.

Parent company balance sheet as at 31 December 2020

in thousands of EUR	Reference*	31.12.2020	31.12.2019
ASSETS			
Cash and cash equivalents		2,536,320	1,990,520
Loans and advances to banks	33	107,510	173,939
Loans and advances to customers	34	7,999,465	7,097,903
Debt securities at amortised cost	35	1,146,456	896,996
Investment securities	36	255,023	257,099
Intangible fixed assets	37	43,121	38,194
Property and equipment	38	87,710	105,627
Investment property	39	10,914	11,012
Right-of-use assets	40	17,648	19,976
Non-trading derivatives		1,795	8,722
Deferred Tax Assets		14,684	15,933
Current tax receivable		1,723	-
Other assets	41	61,692	97,461
Non-current Assets Held for Sale	42	16,203	10,197
Total assets		12,300,264	10,723,579
LIABILITIES			
Deposits from banks	43	815,140	70,595
Deposits from customers	44	10,183,171	9,344,998
Lease liabilities	40	18,252	20,680
Non-trading derivatives		10,452	15,063
Deferred Tax Liabilities		4,346	8,957
Current tax liabilities		8,394	14,815
Other liabilities	45	49,059	46,482
Provisions	46	3,238	1,062
		11,092,052	9,522,652

in thousands of EUR	Reference*	31.12.2020	31.12.2019
Capital	47	723,353	720,088
Share premium reserve	48	200,811	198,626
Translation reserve		-4,385	-3,354
Cost of hedging reserve		-55	123
Fair value reserve		-2,025	1,938
Other reserve	49	43,806	38,914
Retained earnings	50	219,504	205,587
Result for the period		27,203	39,005
Equity		1,208,212	1,200,927
Total equity and liabilities		12,300,264	10,723,579
Contingent liabilities	51	90,286	104,518
Irrevocable facilities		1,740,444	1,208,690
		1,830,730	1,313,208

* References relate to the notes starting on page 274. These form an integral part of the parent company annual accounts.

Parent company profit and loss account 2020

in thousands of EUR	Reference*	2020	2019
Income			
Interest income calculated using the effective interest method	52	178,163	185,290
Interest expense	53	-16,311	-21,980
Interest		161,852	163,310
Investment income	54	449	679
Fee and Commission income	55	61,149	56,056
Fee and Commission expense	56	-4,046	-4,534
Net fee and commission income		57,103	51,522

in thousands of EUR	Reference*	2020	2019
Net income from other financial instruments at FVTPL	57	-361	430
Other income	58	753	603
Other income		392	1,033
Total income		219,796	216,544
EXPENSES			
Personnel expenses	59	100,419	103,589
Other administrative expenses	59	52,756	55,159
Amortisation and value adjustments of intangible assets	60	10,072	9,534
Depreciation and value adjustments of property and equipment	60	17,164	9,175
Operating expenses		180,411	177,457
Impairment losses on financial instruments	61	20,875	3,644
Total expenses		201,286	181,101
Operating result before taxation		18,510	35,443
Taxation on operating result	62	-5,612	-10,286
Result on participating interests after taxation		14,305	13,848
Net profit		27,203	39,005

*References relate to the notes starting on page 274. These form an integral part of the parent company annual accounts.

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Parent company statement of changes in equity 2020

in thousands of EUR	Share capital
Equity as at	
1 January 2019	674,734
Result for the period	
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	
Total comprehensive income	-
Increase of share capital	32,148
Stock dividend	13,206
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Transfer to other reserve for development costs	
Purchasing or sale of own depository receipts	
Equity as at	
31 December 2019	720,088

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
190,324	-3,474	-	1,887	34,715	179,760	35,187	1,113,133
						39,005	39,005
	120	123					-
			51		-		243
							51
-	120	123	51	-	-	39,005	39,299
21,508							53,656
-13,206							-
					8,231	-8,231	-
						-26,956	-26,956
					21,921		21,921
				4,199	-4,199		-
					-126		-126
198,626	-3,354	123	1,938	38,914	205,587	39,005	1,200,927

in thousands of EUR	Share capital
Equity as at	
1 January 2020	720,088
Result for the period	
Foreign operations – foreign currency translation differences	
Net gain (loss) on hedges of net investments in foreign operations	
Debt instruments at FVOCI – net change in fair value	
Conversion Visa shares	
Equity investments at FVOCI – net change in fair value	
Total comprehensive income	-
Increase of share capital	3,265
Stock dividend	-
Profit appropriation for previous financial year, addition to the other reserves	
Profit appropriation for previous financial year, dividend	
Dividend not distributed in cash	
Reverted dividend	
Transfer to other reserve for development costs	
Purchasing or sale of own depository receipts	
Equity as at	
31 December 2020	723,353

Share premium	Translation reserve	Cost of hedging reserve	Fair value reserve	Other reserve	Retained earnings	Result for the period	Total equity
198,626	-3,354	123	1,938	38,914	205,587	39,005	1,200,927
						27,203	27,203
	-1,031	-178					-
							-1,209
			-303		303		-
			-3,660				-3,660
-	-1,031	-178	-3,963	-	303	27,203	22,334
2,185							5,450
-							-
					39,005	-39,005	-
						-	-
					-		-
				4,892	-4,892		-
					-20,499		-20,499
200,811	-4,385	-55	-2,025	43,806	219,504	27,203	1,208,212

Notes to the parent company financial statements

General

The general information is the same as those for the consolidated Annual Accounts. For the general information, please refer to the general information in the consolidated financial statements.

Basis of preparation

The parent company's financial statements are prepared in accordance with the legal requirements for the Annual Accounts of banks contained in Title 9 Book 2 of The Netherlands Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board, with application of the IFRS recognition and measurement principles. Except for the participating interests in group companies, which are recognised at net asset value. Triodos Bank complies with article 362 of Title 9 Book 2 of The Netherlands Civil Code, also known as combination 3.

The accounting principles for recognition and measurement are the same as for the consolidated financial statements. For the relevant accounting principles and the information regarding risk management, please refer to the accounting principles and the risk management section in the consolidated financial statements.

Accounting principles

Participating interests

Participating interests are valued based on the equity method. On initial recognition, the investment in the participating interest is recognized at cost. 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 participating interest's Net Income (or Net Loss) for the period
- Decrease in the value of the participating interest for distribution of dividends received from the participating interest, where dividends received from the participating interest are not recorded in the Profit & Loss account
- Increase (or decrease) in the value of the investment for Triodos Bank's share of the participating interest's Other Comprehensive Income for the period.

In 2019 Triodos Bank N.V. transferred the assets and liabilities of the branch in the United Kingdom to the wholly-owned subsidiary Triodos Bank UK Ltd. against book value at the moment of transfer.

The wholly-owned subsidiaries Kantoor Buitenzorg B.V., Kantoor Nieuweroord B.V. and Triodos Nieuwbouw B.V. were liquidated in 2019 and Triodos Investment Advisory Services B.V. was liquidated in 2020. The assets and liabilities of these entities were transferred to Triodos Bank N.V. against book value at the moment of transfer.

For those items not included in the Notes to the parent company financial statements, please see the Notes to the consolidated financial statements.

Notes to the parent company balance sheet

33 Loans and advances to banks

	2020	2019
On demand deposits with banks	85,017	151,911
Deposits with banks	22,495	22,039
Interest receivable	-1	1
Allowance for ECL	-1	-12
Balance sheet value as at 31 December	107,510	173,939

An amount of EUR 22.1 million of the deposits is encumbered (2019: EUR 21.7 million). These are on demand deposits at Cecabank in the amount of EUR 1.0 million (2019: EUR 1.0 million), ING Bank EUR 13.0 million (2019: EUR 13.0 million), Banco Cooperativo EUR 7.5 million (2019: EUR 7.0 million) and Mastercard EUR 0.6 million (2019: EUR 0.7 million). A deposit of EUR 1.0 million (2019: EUR 1.0 million) is subordinated. All other deposits can be freely disposed of.

34 Loans and advances to customers

	2020	2019
Loans	8,046,008	7,129,694
Provision for doubtful debts	-46,543	-31,791
Balance sheet value as at 31 December	7,999,465	7,097,903

	2020			2019		
	Gross carrying amount	Allowance for ECL	Carrying amount	Gross carrying amount	Allowance for ECL	Carrying amount
Corporate loans	4,912,146	-42,137	4,870,009	4,814,132	-30,105	4,784,027
Mortgage lending	2,739,930	-1,650	2,738,280	1,977,175	-838	1,976,337
Municipality loans	252,700	-	252,700	271,000	-	271,000
Current accounts and credit cards	118,907	-2,756	116,151	47,611	-848	46,763
Municipality loans	5,286	-	5,286	2,424	-	2,424
Interest receivables	17,039	-	17,039	17,352	-	17,352
Balance sheet value as at 31 December	8,046,008	-46,543	7,999,465	7,129,694	-31,791	7,097,903

Loans classified by residual maturity:

	2020	2019
Payable on demand	129,353	193,915
1 to 3 months	583,095	452,546
3 months to 1 year	739,036	500,356
1 to 5 years	2,754,583	2,013,585
Longer than 5 years	3,793,398	3,937,501
Balance sheet value as at 31 December	7,999,465	7,097,903

EUR 252.7 million (2019: EUR 271.0 million) of the loans relates to loans to local authorities with a maximum original maturity of one year and one day.

The loans and advances to customers includes an amount of EUR 37.9 million (2019: EUR 42.8 million) regarding loans provided to consolidated participating interests.

A breakdown related to received collateral, relevant industries, sectors and per geographic region can be found in the pillar 3 report 2020 which can be found on the website of Triodos Bank.

35 Debt securities at amortised cost

	2020	2019
Dutch Government bonds	69,983	70,292
Belgian Government bonds	141,697	168,222
Spanish Government bonds	63,209	72,182
Other bonds	861,978	576,574
Interest receivable	8,494	8,072
Fair value hedge accounting	1,146	1,680
Allowance for ECL	-51	-26
Balance sheet value as at 31 December	1,146,456	896,996

The movement in interest-bearing securities is as follows:

	2020	2019
Balance sheet value as at 1 January	896,996	1,270,624
Purchase	458,031	112,417
Repayments	-199,002	-362,823
Sale	-	-
Transfer*	-	-111,822
Amortisation difference between acquisition price and redemption value	-9,432	-8,718
Exchange rate results on foreign currencies	-	-
Interest receivable movement	422	-3,337
Fair value hedge accounting movement	-534	650
Net movement in allowance for ECL	-25	5
Balance sheet value as at 31 December	1,146,456	896,996

*This relates to the transfer of the interest-bearing securities from the branch in the UK to the subsidiary Triodos Bank UK Ltd.

36 Investment securities

	2020	2019
Participating interests in group companies	223,810	232,800
Shares S.W.I.F.T. SCRL	80	20
Participating interests designated at fair value through OCI	26,673	19,542
Participating debt at mandatory fair value through profit and loss	4,460	4,737
Balance sheet value as at 31 December	255,023	257,099

This relates to equity participations that are held long-term for business operation purposes. The statement of equity participations in accordance with Section 2:379 of The Netherlands Civil Code is included under the accounting principles for consolidation in the Notes to the consolidated Annual Accounts.

The movement of the participating interests in group companies is as follows:

	2020	2019
Balance sheet value as at 1 January	232,800	22,645
Acquisitions	-	-
Incorporations *	-	200,036
Increase of capital	-	2,500
Result on participating interests	14,305	13,848
Transfer from or to provision for negative equity of participating interests	-	-
Dividend paid	-11,222	-5,082
Revaluation	-	-
Repayment of capital	-686	-4,393
Sale	-	-
Exchange rate result on foreign currency	-11,387	3,246
Balance sheet value as at 31 December	223,810	232,800

* The incorporation relate to the transfer of the assets and liabilities from the branch in the UK to the subsidiary Triodos Bank UK Ltd.

The shares in S.W.I.F.T. SCRL are held in the framework of the Bank's participation in S.W.I.F.T. payment transactions.

The movement in shares is as follows:

	2020	2019
Balance sheet value as at 1 January	20	20
Purchase	60	-
Sales	-	-
Balance sheet value as at 31 December	80	20

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

	2020	2019
Balance sheet value as at 1 January	19,542	19,018
Acquisitions	210	-
Increase of capital	12,099	349
Revaluation	-4,138	-279
Repayment of capital	-	-
Divestments	-	-
Conversion*	-292	-
Exchange rate results on foreign currencies	-748	454
Balance sheet value as at 31 December	26,673	19,542

* A portion of the shares held in Visa were converted and are therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

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

	2020	2019
Balance sheet value as at 1 January	4,737	3,430
Acquisitions	-	-
Increase of capital	-	877
Revaluation	-209	352
Repayment of capital	-	-
Divestments	-	-
Conversion*	292	-
Exchange rate results on foreign currencies	-360	78
Balance sheet value as at 31 December	4,460	4,737

* A portion of the shares held in Visa were converted and are therefore derecognised as participating interest at fair value through OCI and recognised as participating debt at fair value through profit and loss.

37 Intangible fixed assets

	2020	2019
Development costs for information systems	41,839	36,354
Computer software	1,282	1,840
Balance sheet value as at 31 December	43,121	38,194

Development costs for information systems

The development costs for information systems relate to the development costs for the banking system.

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

	2020	2019
Purchase value as at 1 January	66,307	57,442
Cumulative amortisation as at 1 January	-29,953	-23,758
Balance sheet value as at 1 January	36,354	33,684
Capitalised expenses	14,737	12,894
Amortisation	-9,252	-7,465
Impairments	-	-890
Transfer*	-	-1,869
Exchange rate result on foreign currency	-	-
Balance sheet value as at 31 December	41,839	36,354
Purchase value as at 31 December	65,633	66,307
Cumulative amortisation as at 31 December	-23,794	-29,953
Balance sheet value as at 31 December	41,839	36,354

* This relates to the transfer of the bookvalue of the development costs for information systems from the branch in the UK to the subsidiary Triodos Bank UK Ltd.

Computer software

Computer software relates to software that has been purchased.

The movement in computer software is as follows:

	2020	2019
Purchase value as at 1 January	3,825	4,612
Cumulative amortisation as at 1 January	-1,985	-2,004
Balance sheet value as at 1 January	1,840	2,608
Purchase	276	474
Amortisation	-834	-1,142
Impairments	-	-37
Transfer*	-	-63
Balance sheet value as at 31 December	1,282	1,840
Purchase value as at 31 December	3,191	3,825
Cumulative amortisation as at 31 December	-1,909	-1,985
Balance sheet value as at 31 December	1,282	1,840

* This relates to the transfer of the bookvalue of the development costs for information systems from the branch in the UK to the subsidiary Triodos Bank UK Ltd.

38 Property and equipment

	2020	2019
Property for own use	60,558	73,114
Equipment	27,152	32,513
Balance sheet value as at 31 December	87,710	105,627

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

	2020	2019
Purchase value as at 1 January	80,930	29,800
Cumulative revaluation as at 1 January	-1,595	-1,595
Cumulative depreciation as at 1 January	-6,221	-2,385
Balance sheet value as at 1 January	73,114	25,820
Purchase	139	3,517
Depreciation	-1,960	-487
Revaluation	-	-
Impairment	-4,971	-
Transfer*	-5,764	44,264
Exchange rate differences	-	-
Balance sheet value as at 31 December	60,558	73,114
Purchase value as at 31 December	65,413	80,930
Cumulative revaluation as at 31 December	-1,595	-1,595
Cumulative depreciation as at 31 December	-3,260	-6,221
Balance sheet value as at 31 December	60,558	73,114

The transfer in 2020 relates to by the decision of the Executive Board of Triodos Bank to sell the buildings located at the Nieuweroordweg 1 and Utrechtseweg 60 in Zeist. These buildings are expected to be sold during 2021, such that these buildings will be reclassified to assets held for sale. Refer to note 7 Property and equipment and 12 Non-current Assets Held for Sale of the consolidated financial statements for further details. In 2019 properties for own use were transferred in from the liquidated subsidiaries Kantoor Buitenzorg B.V., Kantoor Nieuweroord B.V. and Triodos Nieuwbouw B.V. in the amount of EUR 60,848 and the transfer out of the Property for own use from the branch in the UK to the subsidiary Triodos Bank UK Ltd in the amount of EUR 13,084.

The movement in equipment is as follows:

	2020	2019
Purchase value as at 1 January	55,353	34,490
Cumulative depreciation as at 1 January	-22,840	-22,350
Balance sheet value as at 1 January	32,513	12,140
Purchase*	2,344	21,432
Sale**	-887	-4
Depreciation**	-6,638	-4,252
Impairment	-83	-60
Transfer***	-97	3,257
Exchange rate differences	-	-
Balance sheet value as at 31 December	27,152	32,513
Purchase value as at 31 December	52,263	55,353
Cumulative depreciation as at 31 December	-25,111	-22,840
Balance sheet value as at 31 December	27,152	32,513

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

** Excluding disposal in the amount of EUR 3.5 million (2019: EUR 2.6 million).

*** This relates to the transfer in 2019 of the equipment from the liquidated subsidiaries Kantoor Buitenzorg B.V., Kantoor Nieuweroord B.V. and Triodos Nieuwbouw B.V. in the amount of EUR 4,911 and the transfer out of the equipment from the branch in the UK to the subsidiary Triodos Bank UK Ltd in the amount of EUR 1,654.

39 Investment property

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.

The movement in the investment property is as follows:

	2020	2019
Purchase value as at 1 January	12,630	12,589
Cumulative depreciation as at 1 January	-1,618	-1,265
Balance sheet as at 1 January	11,012	11,324
New foreclosed assets	158	41
Depreciation	-234	-239
Impairments	-22	-114
Balance sheet value as at 31 December	10,914	11,012
Purchase value as at 31 December	12,788	12,630
Cumulative depreciation as at 31 December	-1,874	-1,618
Balance sheet value as at 31 December	10,914	11,012

40 Leases

Triodos Bank leases many 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

	2020				2019			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Balance at 1 January	18,220	1,413	343	19,976	17,955	1,358	15	19,328
Depreciation	-2,473	-601	-68	-3,142	-3,358	-616	-8	-3,982
Additions	333	367	174	874	3,623	671	336	4,630
Disposals	-18	-42	-	-60	-	-	-	-
Balance at 31 December	16,062	1,137	449	17,648	18,220	1,413	343	19,976

Lease liabilities

Maturity analysis – contractual undiscounted cash flows	2020				2019			
	Property	Vehicles	Other	Total	Property	Vehicles	Other	Total
Less than one year	2,418	397	72	2,887	2,248	352	62	2,662
One to five years	8,042	1,041	242	9,325	7,839	1,019	245	9,103
More than five years	12,082	-	144	12,226	12,553	-	54	12,607
Total undiscounted lease liabilities at 31 December	22,542	1,438	458	24,438	22,640	1,371	361	24,372
Current	1,767	376	72	2,215	1,813	394	59	2,266
Non-current	14,865	792	380	16,037	17,092	1,038	284	18,414
Lease liabilities included in the statement of financial position at 31 December	16,632	1,168	452	18,252	18,905	1,432	343	20,680

41 Other assets

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

	2020	2019
Receivable regarding the deposit guarantee scheme	3,916	3,916
Other prepayments and accrued income	9,789	32,897
Other	47,987	60,648
Balance sheet value as at 31 December	61,692	97,461

Of the other assets, EUR 40,172 thousand has a maturity of less than one year (2019: EUR 79,862 thousand). Due to the nature and the maturity of the other assets, the fair value approximates the carrying value.

The other assets includes an amount of EUR 68 thousand (2019: EUR 3.0 million) regarding receivables from consolidated participating interests.

42 Non-current Assets Held for Sale

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

	2020	2019
Reposessed assets	10,343	10,197
Own property held for sale	5,860	-
Balance sheet value as at 31 December	16,203	10,197

Triodos Bank can acquire the collateral 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.

The disclosure regarding the addition to the assets held for sale as required by IFRS 5 is included in note 7, Property and equipment, on page 148 of the financial statements.

43 Deposits from banks

	2020	2019
Deposits from banks	66,965	70,023
TLTROIII	750,000	-
Interest payable	-1,825	572
Balance sheet value as at 31 December	815,140	70,595

44 Deposits from customers

	2020	2019
Savings accounts	6,525,824	5,432,087
Other funds entrusted	3,655,845	3,910,241
Interest payable	1,502	2,670
Balance sheet value as at 31 December	10,183,171	9,344,998

The Other funds entrusted item includes an amount of EUR 13.4 million (2019: EUR 22.2 million) for deposits from consolidated participating interests.

Savings are defined as:

- savings accounts (with or without notice) of natural persons and non-profit institutions
- fixed term deposits of natural persons and non-profit institutions

Other funds entrusted are defined as:

- current accounts of natural persons and non-profit institutions
- all accounts of governments, financial institutions (excluding banks) and non-financial corporations

Funds entrusted classified by residual maturity:

	2020			2019		
	Savings	Other funds entrusted	Total	Savings	Other funds entrusted	Total
Payable on demand	6,084,890	3,569,661	9,654,551	4,872,636	3,840,835	8,713,471
1 to 3 months	78,469	14,639	93,108	102,609	16,553	119,162
3 months to 1 year	193,035	26,265	219,300	228,854	26,197	255,051
1 to 5 years	141,003	40,572	181,575	197,223	25,287	222,510
Longer than 5 years	29,457	5,180	34,637	32,318	2,486	34,804
	6,526,854	3,656,317	10,183,171	5,433,640	3,911,358	9,344,998

45 Other liabilities

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

	2020	2019
Other liabilities	17,014	20,866
Other accruals and deferred income	32,045	25,616
Balance sheet value as at 31 December	49,059	46,482

Of the other liabilities, EUR 47,700 thousand has a maturity of less than one year (2019: EUR 45,802 thousand). Due to the nature and the maturity of the other liabilities, the fair value approximates the carrying value.

The other liabilities includes an amount of EUR 2.4 million (2019: EUR 8.5 million) regarding payables to consolidated participating interests.

46 Provisions

	2020	2019
Financial guarantee contracts issued	13	18
Loan commitments issued	1,724	529
Other provisions	1,501	515
	3,238	1,062

The movement of the provisions is as follows:

	2020	2019
Balance sheet value as at 1 January	515	4,847
Addition	998	915
Withdrawal	-12	-1,944
Release	-	-2,682
Transfer*	-	-698
Exchange rate differences	-	77
Balance sheet value as at 31 December	1,501	515

47 Capital

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 14,467,056 ordinary shares (2019: 14,401,765 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 14,467,056 depository receipts (2019: 14,401,765 depository receipts), each with a nominal value of EUR 50.

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

The movement in the number of shares is as follows:

	2020	2019
Number of shares as at 1 January	14,401,765	13,494,697
Increase of share capital	65,291	642,944
Stock dividend	-	264,124
Number of shares as at 31 December	14,467,056	14,401,765

48 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.

49 Other reserve

	2020	2019
Development costs	43,806	38,914
Balance sheet value as at 31 December	43,806	38,914

Development costs

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

	2020	2019
Balance sheet value as at 1 January	38,914	34,715
Transfer from retained earnings	4,892	4,199
Balance sheet value as at 31 December	43,806	38,914

50 Retained earnings

The movement in retained earnings includes purchasing of own depository receipts. At year-end 2020, Triodos Bank had purchased 237,976 own depository receipts (2019: 1,321).

51 Contingent liabilities

During 2020, Triodos Bank has provided a guarantee with a maximum of EUR 20 million to Triodos Investment Management relating to a transaction that was made on behalf of an investment fund managed by Triodos Investment Management. Triodos Bank receives a fee of 0.1% per annum over the maximum guarantee.

Notes to the parent company profit and loss account

52 Interest income calculated using the effective interest method

	2020	2019
Loans	162,060	171,383
Banks	1,856	406
Interest-bearing securities	10,192	11,804
Other investments	91	85
Negative interest expense other	3,964	1,612
Total interest income calculated using the effective interest method	178,163	185,290

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 (2019: nil).

The interest income includes revenues derived from loans provided to consolidated participating interest in the amount of EUR 175 thousand (2019: EUR 160 thousand).

53 Interest expense

	2020	2019
Funds entrusted	4,408	10,620
Banks	657	534
Negative interest income banks	7,599	7,770
Other	2,674	2,571
Negative interest income other	973	485
	16,311	21,980

54 Investment income

	2020	2019
Dividend from other participations	449	679
Realized result from other participations	-	-
	449	679

55 Fee and commission income

	2020	2019
Guarantee commission	598	710
Transaction fee securities	2,210	2,011
Payment transactions	31,761	26,265
Lending	11,475	13,077
Asset Management	6,723	6,894
Management fees	3,949	2,885
Other commission income	4,433	4,214
	61,149	56,056

56 Fee and commission expense

	2020	2019
Commission to agents	123	146
Asset Management	613	721
Other commission expense	3,310	3,667
	4,046	4,534

57 Net income from other financial instruments at FVTPL

	2020	2019
Net result on investment debt mandatorily at fair value through profit and loss:	-361	430
	-361	430

58 Other income

	2020	2019
Exchange results for foreign currency transactions	115	-107
Transaction results on currency forward contracts	56	108
Realized results assets not in use *	-	239
Income assets not in use *	181	246
Hedge accounting ineffectiveness	111	-15
Other income	290	132
	753	603

* 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.

59 Personnel and other administrative expenses

	2020	2019
Co-worker costs:		
• salary expenses	65,462	63,068
• pension expenses*	8,558	8,166
• social security expenses	12,162	12,888
• temporary co-workers	16,495	17,410
• other staff costs	5,723	7,885
• capitalised co-worker costs	-7,981	-5,828
	100,419	103,589
Other administrative expenses:		
• office costs	3,503	4,220
• IT costs	14,751	14,323
• external administration costs	10,358	9,482
• travel and lodging expenses	901	2,014
• fees for advice and auditor*	7,206	8,087
• advertising charges	4,700	5,817
• accommodation expenses	4,466	5,027
• other expenses	6,871	6,190
	52,756	55,159
	153,175	158,748
Average number FTE's during the year**	1,035.6	1,068.2

*The details of the pension scheme and of the auditor fees are included in note 27 Personnel and other administrative expenses of the financial statements.

** Of which 474.8 FTE (2019: 557.9 FTE) works outside of the Netherlands.

60 Depreciation, amortisation and value adjustments of property and equipment, and intangible assets

	2020	2019
Amortisation of intangible fixed assets	10,072	8,606
Impairment of intangible fixed assets	-	928
Amortisation & impairment charge for the year	10,072	9,534
Depreciation of property and equipment	11,920	9,001
Impairment of tangible fixed assets	5,244	174
Amortisation & impairment charge for the year	17,164	9,175

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

61 Impairment losses on financial instruments

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

	2020	2019
Allowance for expected credit loss	20,582	3,314
Modification result	7	34
Correction on addition to provision doubtful debts regarding interest that has been invoiced but not received	-	-7
Impairments other receivables	286	303
Total expense	20,875	3,644

62 Taxation on operating result

	2020	2019
Taxation to be paid	7,940	8,166
Deferred taxation	-2,328	2,120
	5,612	10,286

Prior year taxation on operating results have been adjusted for an amount of EUR 1,409. For further explanation see the general accounting principles.

Reconciliation of effective tax rate

	2020	2019
Result before taxation	18,510	35,443
Statutory tax rate	25.0%	25.0%
Statutory tax amount	4,628	8,861
Income Non Taxable	17	-283
Tax Deduction Not Expensed	-	-44
Expenses Non Deductible	1,095	1,089
Impact tax rate differences - stat rate foreign jurisdictions	-293	726
Restatement of deferred taxation items as the result of amended tax rates	815	329
Incentives for gifts, community investment and innovation	-330	-214
Other reconciling items	-320	-178
Effective tax amount	5,612	10,286
Effective tax rate	30.3%	29.0%

63 Subsequent events

The end of 2020 was marked by an increasing number of Covid-19 infections across Europe leading to additional measures taking in the affected countries. The economic consequences for vulnerable individuals and firms resulted into additional governmental support. Triodos Bank monitors the potential and social implications for the countries and sectors where it is active. Mitigating actions have been taken and will be adapted as necessary as we keep on supporting our customers. The uncertainties and sensitivity that accompanies the pandemic is captured

in the allowance for expected credit losses as calculated by Triodos Bank. The reflection of this ongoing event has therefore been captured in the financial valuations as per 31 December.

Triodos Bank has temporarily stopped offering depository receipts as from 5 January 2021. A trade pattern has emerged where the number of sell orders outweighs the number of buy orders for Depository Receipts. This trend emerges despite the financial health of the bank, as our capital and liquidity ratios remain well above regulatory minimum levels. The ongoing uncertainty around the Corona crisis and its longer-term economic effects have not disappeared, on the contrary, further lockdown and other restrictions are seen globally. Relevant measures are investigated to achieve balanced trading. The details of possible new measures are considered relevant information for making an informed investment decision.

Peter Blom, our CEO, has decided to step down from his role, having worked at Triodos Bank for forty years. He will leave Triodos Bank at the end of this year's Annual General Meeting, on 21 May 2021.

Jellie Banga decided to step down from her role as Vice-Chair of the Executive Board and the Chief Operating Officer effective May 1, 2021. In reviewing the scope of Jellie's role, Triodos Bank has decided to split her role into a COO role – focusing on the operating side of the bank – and a Chief Commercial Officer (CCO) role - focusing on the commercial side of the bank. This will bring the total number of Executive Board members to five.

Fitch Ratings (Fitch) announced on 16 February 2021 it has assigned Triodos Bank a Long-Term Issuer Default rating at 'BBB' with a stable outlook and a Viability Rating at 'bbb'. Fitch's rating analysis was done at the request of Triodos Bank. The rating gives Triodos Bank a better position on the financial markets should the need arise. It will improve access to institutional debt funding and potentially reduce the cost of funding. Therefore, it supports the bank's financial health. The Stable Outlook reflects Fitch's view that Triodos Bank's ratings have sufficient headroom at their current level to absorb significant shocks under various scenarios to Fitch's baseline economic forecast.

Zeist, 17 March 2021

Supervisory Board,

Aart de Geus, Chair
Fieke van der Lecq, Vice-Chair
Ernst Jan Boers
Sébastien D'Hondt
Mike Nawas
Dineke Oldenhof

Executive board,

Peter Blom, Chair
Jellie Banga, Vice-Chair
André Haag
Carla van de Weerd