

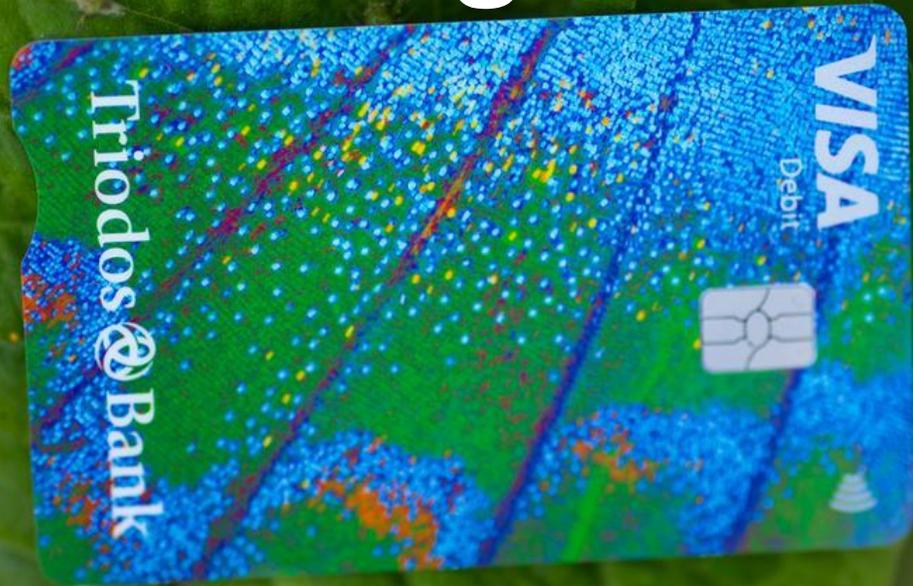


Triodos Bank

# Annual Results 2023

14 March 2024

# Triodos Bank at a glance

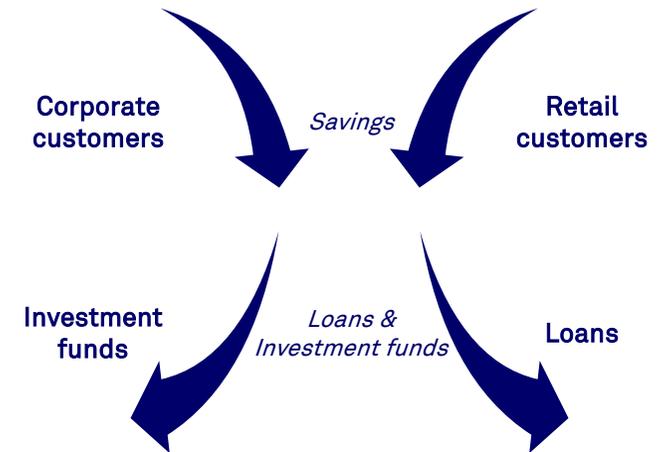


# A global pioneer in sustainable banking with a 40+ year history in impact creation

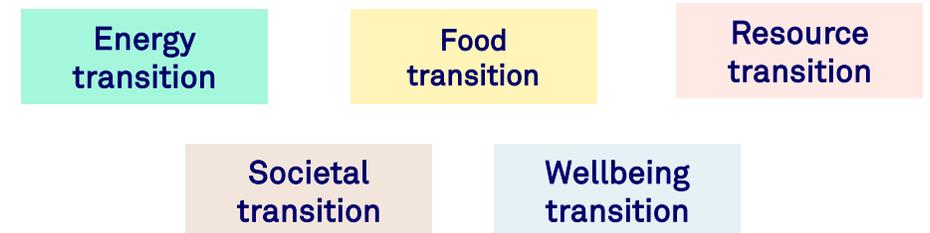
- ✓ Founded in 1980 as a **values driven financial service provider** completely devoted to harness the **transformative power of money** and to allow people to **consciously deal with money**
- ✓ Service built on deepening and developing long-term **relationships** with our customers
- ✓ Leveraging **different qualities of money**: savings and loans, mortgages, equity and bond investments, catalytic and gift money
- ✓ A **frontrunner** in impact banking, transforming customer savings into positive impact by investing in **five selected transitions**
- ✓ A **change-maker** in the financial system; changing the system from within
- ✓ **Founding member** in 2009 of the Global Alliance for Banking on Values (GABV), **largest GABV Bank** in Europe and also Certified B Corp as first bank in NL

## What is at the core of Triodos' impact model?

We transform customer savings into positive impact



## Five transition themes



# Creating impact with a simple and straightforward business model



Triodos Bank

Impact focused European bank established in 1980

Our mission is to make money work for **positive** social, environmental and cultural change

Committed to **net zero emissions by 2035**

Clean balance sheet with an absence of legacy assets and limited transition risks

Thanks to **modest risk profile**, track record of **stable returns** and **no losses**

## Organised along five geographies



Reaching 746,479 change makers with 1,718 FTEs, 50/50 gender split

## Four business lines



**Retail banking:** savings, payments, lending, private banking and investments



**Business banking:** savings, payments and lending



**Investment Management:** impact investing (SFDR article 9-only)



**Regenerative Money Centre:** impact-first lending, investing and donating

## Outstanding financial instruments

- **Depository Receipts**  
14.2 million certificates issued
- **Tier 2 Green bond**  
EUR 250 million  
First call date 2026, due 2032

# 2023 Highlights (I)

## Meaningful positive impact

- First bank to join the global campaign for a proposed Fossil Fuel Non-Proliferation Treaty
- EUR 23.2 billion (2022: EUR 22.6 billion) of total assets under management directed towards positive impact in our five transition themes and residential mortgages
- Named most active clean energy lead arranger globally by total number of deals (140)
- Ranked #3 in the global 2023 Sustainable Banking League Table

## Improved return and solid financial position

- Net profit increased 55% to EUR 77.2 million (2022: EUR 49.8 million)
- Return on Equity (RoE) increased by 2.1% points to 6.1% (2022: 4.0%)
- Cost to Income ratio (C/I) improved by 7% points to 73% (2022: 80%)
- Triodos Bank remains well capitalised, with a CET1 ratio at 16.7% (2022: 17.3%) and Total Capital Ratio at 20.4% (2022: 21.0%)
- Proposed final dividend of EUR 2.84 per depository receipt (DR). Including the interim dividend of EUR 1.23 per DR, this results in a total dividend of EUR 4.07 per DR

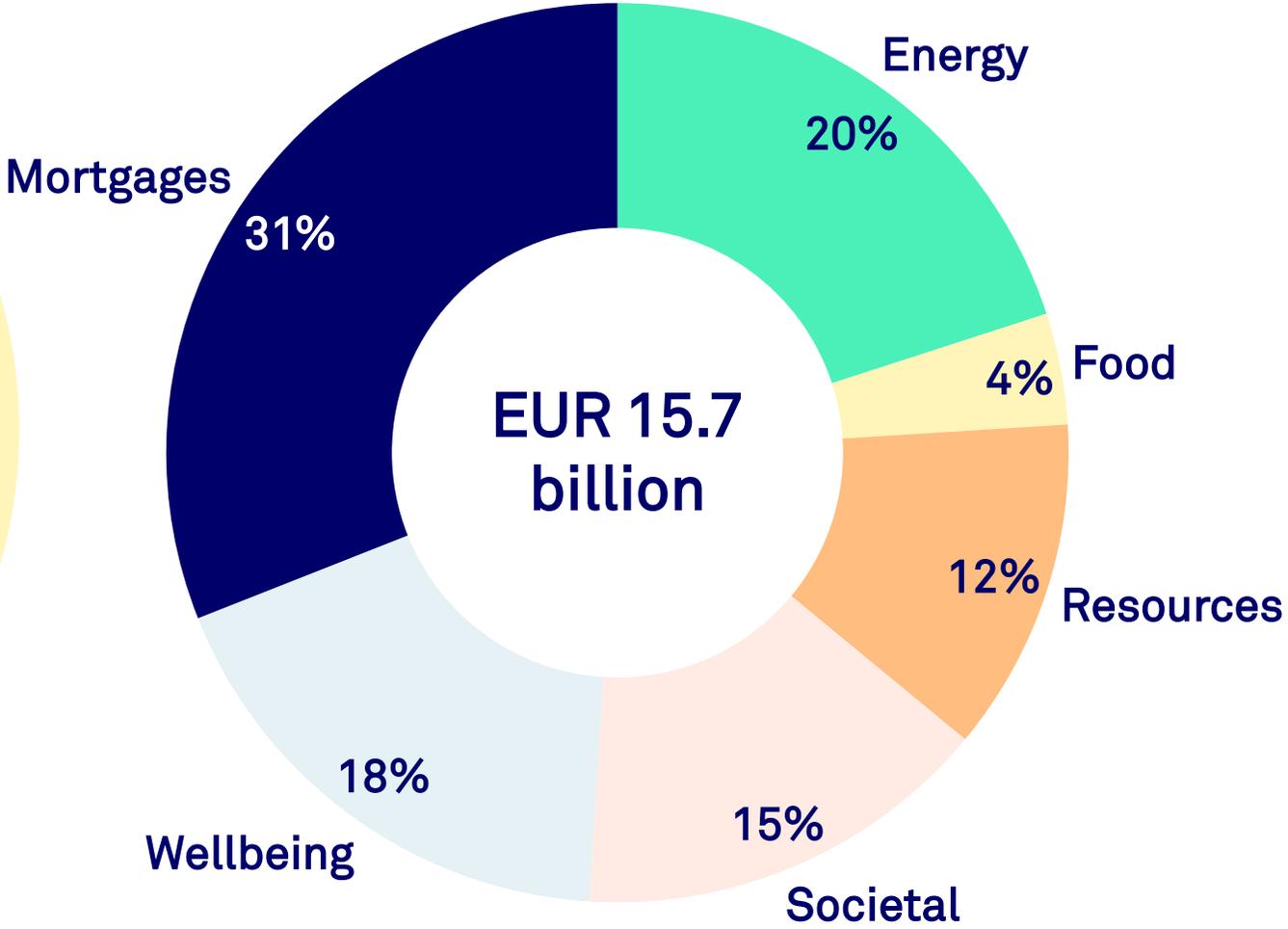
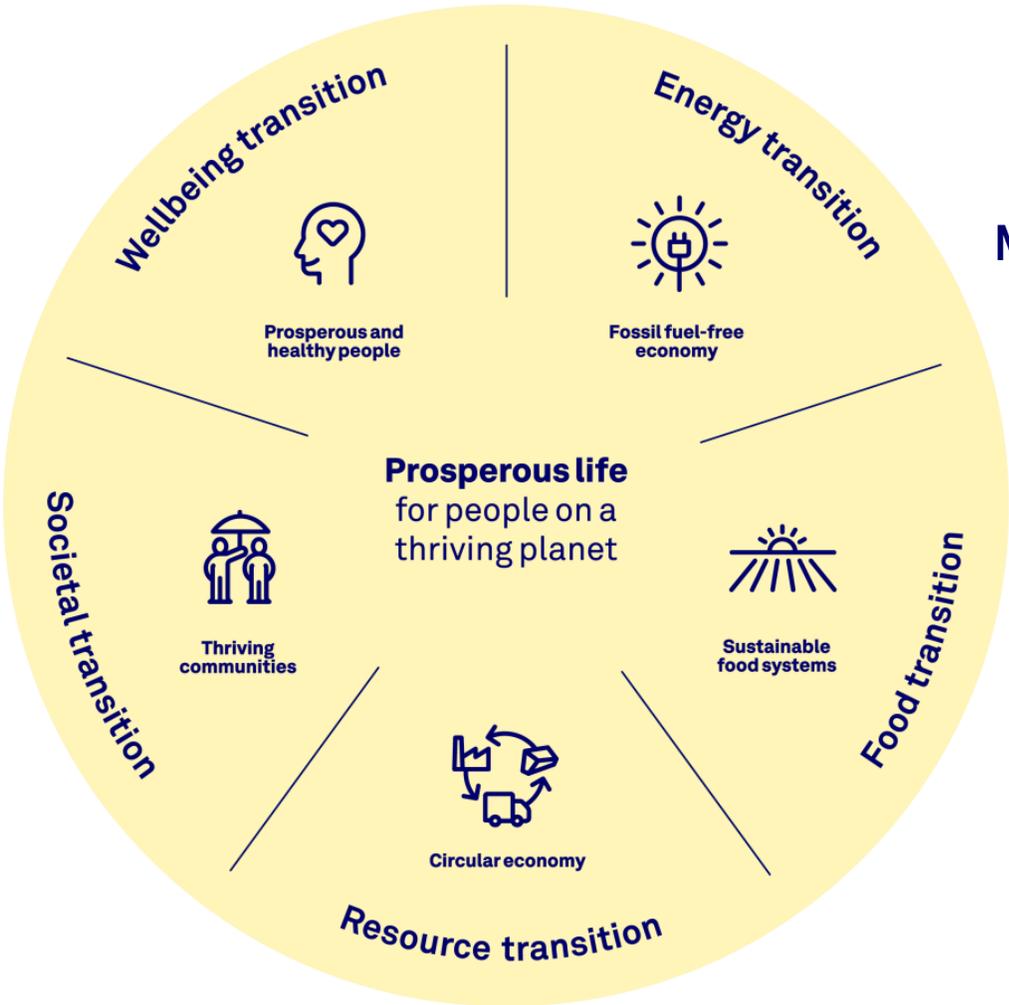
# 2023 Highlights (II)

## Strategic and Operational Highlights

- Continued significant lending to small and medium sized enterprises and entrepreneurs in all five countries where Triodos Bank operates
- Commercial initiatives such as “Save Fossil Free” and improvements of our cards and banking apps underpinned steady growth of customer base to over 746k
- Significant progress in implementing our operating model to deliver increased positive impact, completing implementation in 2024 with full benefits in 2025
- Listing of Depository Receipts on a multilateral trading facility (MTF)
- The Dutch Central Bank (DNB) informed Triodos Bank that it has closed the instruction given in March 2019. This instruction related to remedy shortcomings in adhering to legislation concerning anti-money laundering and countering financing of terrorism

# Triodos Bank' customer loans and funds' investments are invested in our five transition themes and residential mortgages

Triodos Bank



# Proven track record with focus on making impact across transition

## Transition themes                      Impact examples realised 2023                      Long-term impact target

Transition themes	Impact examples realised 2023	Long-term impact target
1 Energy transition	534 sustainable power-generating projects	57 energy-efficiency projects
2 Food transition	29,800 hectares of organic farmland across Europe, equating to 17,900 football pitches.	30,200 smallholder farmers were paid directly and fairly upon delivery of their harvests
3 Resource transition	26,700 sustainable homes financed via a residential mortgage loan	42,900 hectares of nature and conservation (co-) financed
4 Societal transition	20,300 people provided directly and indirectly with accommodation	20.4 million microfinance borrowers reached
5 Wellbeing transition	617 elderly care homes financed across Europe	45,200 elderly people cared for



in 2035

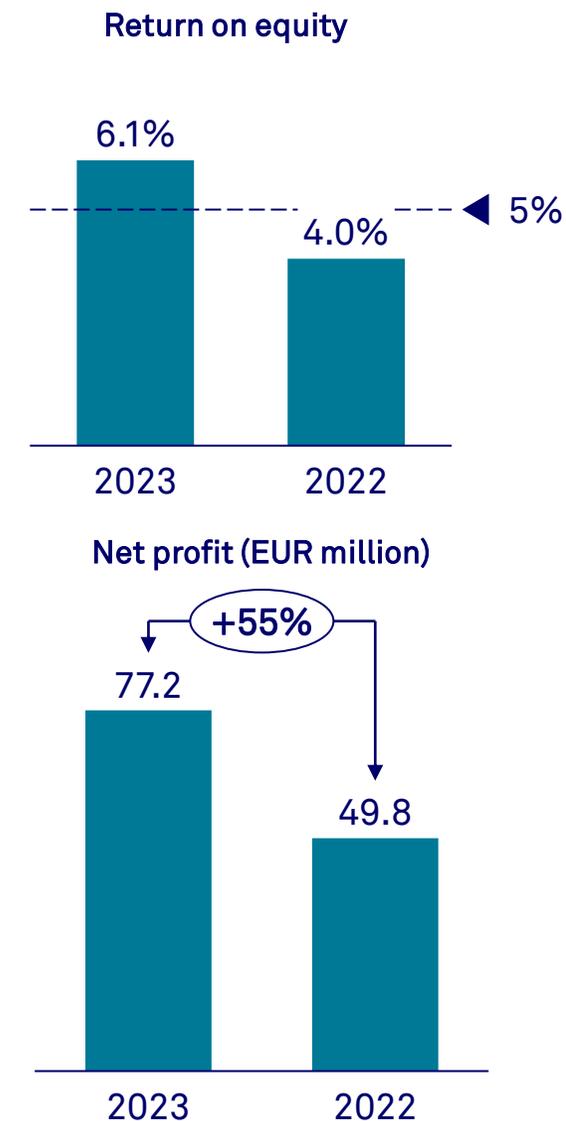
# Financial Results



## Positive performance benefited from the interest rate tailwinds

Result (EUR million, unless otherwise stated)	FY2023	FY2022	Delta
Total income	466.3	375.1	24%
Operating expenses	-339.0	-300.1	13%
Impairment result on financial instruments	-21.3	-8.1	162%
<b>Operating result before taxation</b>	<b>106.0</b>	<b>66.9</b>	<b>59%</b>
Taxation on operating result	-28.8	-17.1	69%
<b>Net profit</b>	<b>77.2</b>	<b>49.8</b>	<b>55%</b>
<b>Return on equity</b>	<b>6.1%</b>	<b>4.0%</b>	<b>+210bps</b>
<b>Cost to Income Ratio</b>	<b>73%</b>	<b>80%</b>	<b>+700 bps</b>

- Total income in 2023 amounted to EUR 466.3 million (2022: EUR 375.1 million), a strong increase of EUR 91.2 million or 24% compared to last year
- Total income improved mainly because of higher net interest margins driven by the favourable interest rate trends which started mid-2022 and continued throughout 2023, combined with lending growth of 4%.

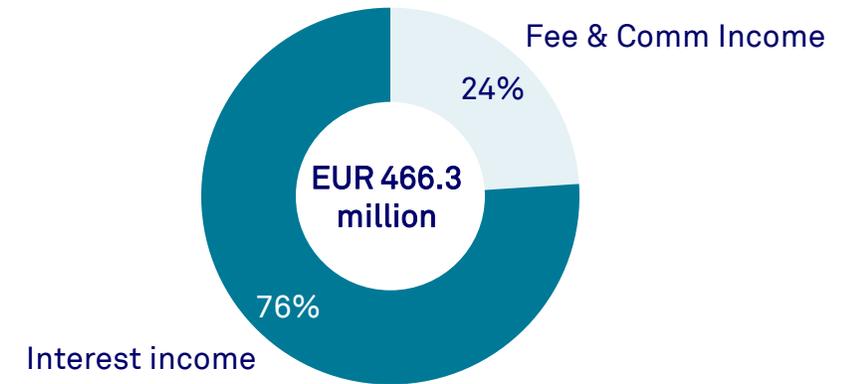


# Top-line growth driven by improved net interest income

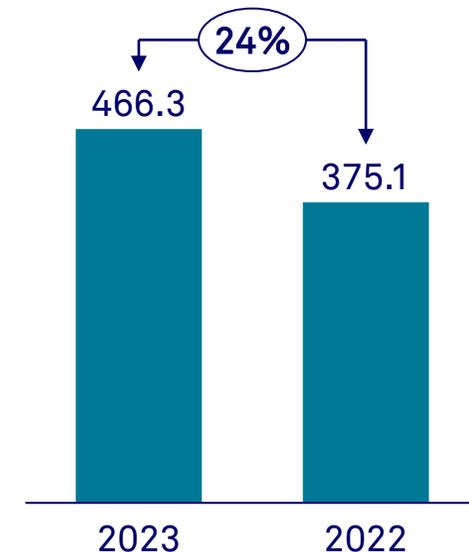
Income (in EUR million, unless otherwise stated)	2023	2022	Delta
Net interest income	356.2	252.9	41%
Investment income	0.7	0.6	NM
Net fee and commission income	112.3	120.9	-7%
Other income	-2.9	0.7	NM
<b>Total income</b>	<b>466.3</b>	<b>375.1</b>	<b>24%</b>
<b>Net interest margin</b>	<b>2.23%</b>	<b>1.57%</b>	<b>66bps</b>

- Net interest income rose to EUR 356.2 million in 2023 (2022: EUR 252.9 million), a growth of EUR 103.3 million or 41% year-on-year
- Interest income increased at a similar level in both the first half and second half of 2023 compared to the same periods in 2022
- Interest expenses grew faster in the second half of 2023 compared to the same periods in 2022, reflecting the impact of raised interest rates on savings accounts and an increased term deposit offering
- Net interest margin grew to 2.23% in 2023 (2022: 1.57%), an improvement of 66 basis points

Interest income and fee and commission income



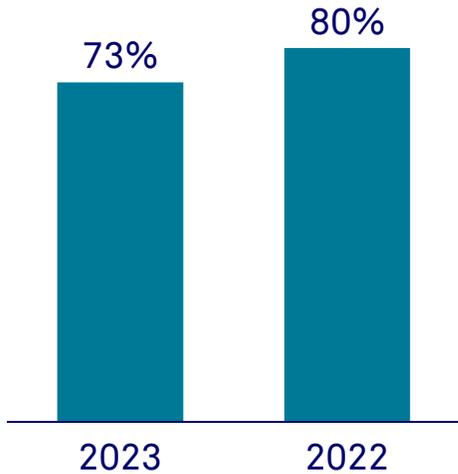
Total income (EUR million)



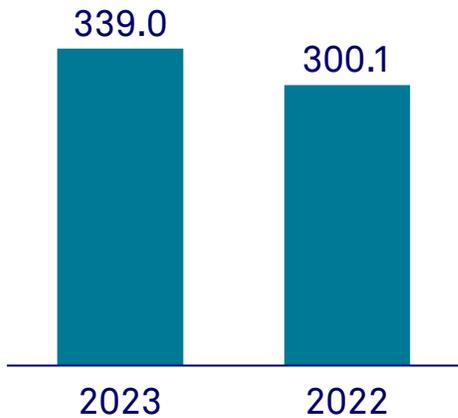
# Operating expenses increased due to the MTF Project, litigation & higher wage expenses

Operating expenses (EUR million, unless stated otherwise)	2023	2022	Delta
Personnel expenses	183.2	166.8	9.8%
Administrative expenses	125.2	107.7	16.2%
Other expenses	30.6	25.6	19.5%
<b>Total operating expenses</b>	<b>339.0</b>	<b>300.1</b>	<b>13.0%</b>
Average number of FTE	1,693	1,632	

Cost / Income Ratio (CIR)



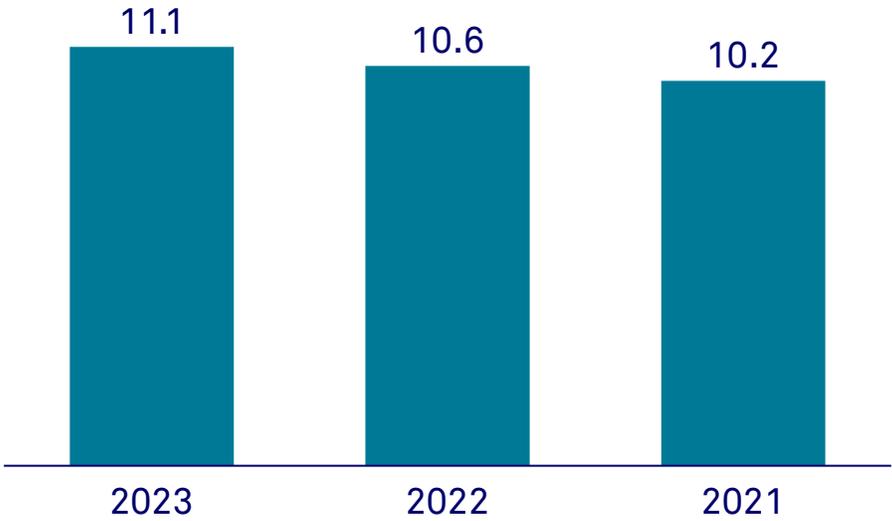
Operating expenses (EUR million)



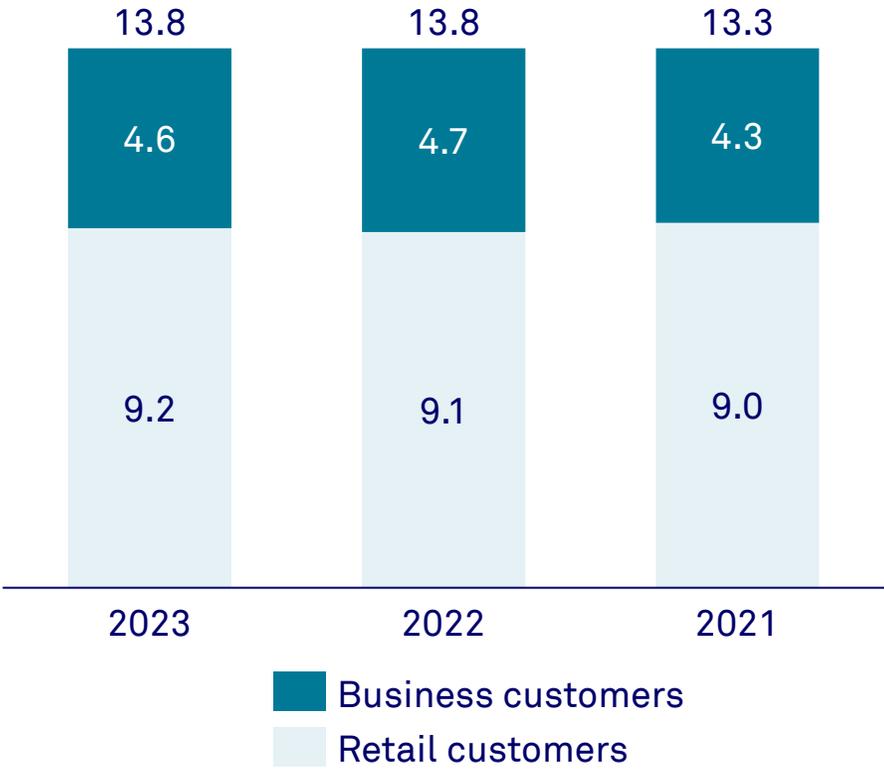
- Increase is partly due to EUR 16.4 million higher personnel expenses as the result of increased wages including inflation adjustments, while the number of co-workers grew modestly mainly due to activities for compliance and anti-money laundering
- The increase is in part due to expenses for the listing of the DRs of EUR 6.5 million in 2023, and legal advisory costs in relation to DR litigation of EUR 8.4 million
- Regulatory expenses decreased to EUR 15.9 million in 2023 (2022: EUR 18.3 million) due to lower expenses for the Deposit Guarantee Scheme of the Netherlands
- Significant progress in implementing our target operating model to deliver increased positive impact, completing implementation in 2024 with full benefits in 2025

# Triodos' loan book predominantly funded by retail customers

## Loans (in EUR billion)



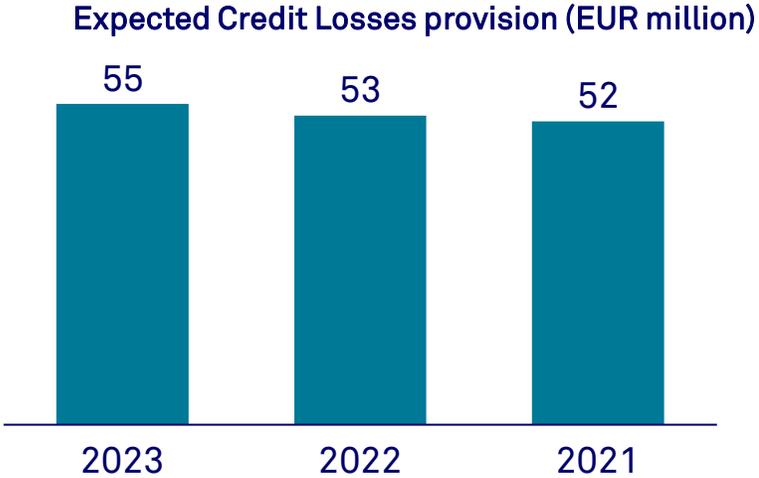
## Deposits (in EUR billion)



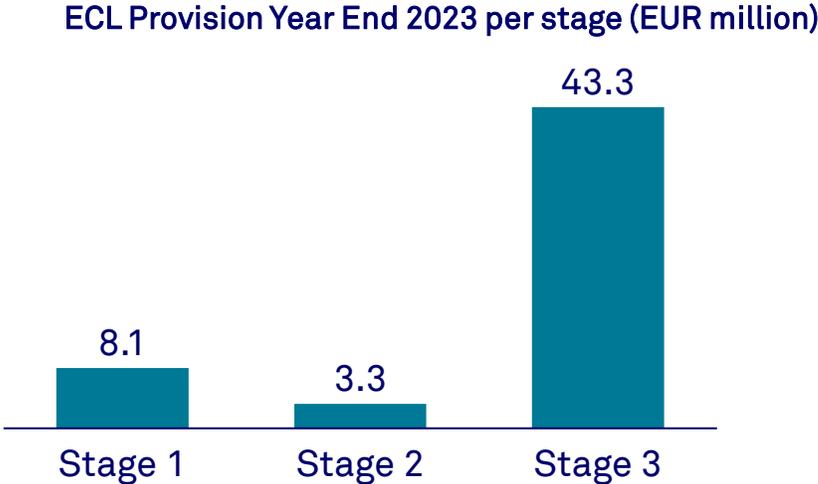
Triodos Bank lends exclusively to the real economy with business loans to small- and medium-sized enterprises and residential mortgage loans to households, leading to a well-diversified lending portfolio across geographies, sectors and loan durations

# Sound quality of loan book

Impairment charges per geography (EUR million)	2023	2022
Netherlands	2.2	-1.9
Belgium	0.2	2.0
United Kingdom	13.1	5.6
Spain	4.2	2.9
Germany	1.6	-0.5
<b>Total impairment charges</b>	<b>21.3</b>	<b>8.1</b>



- The impairment result on financial instruments/allowance for expected credit losses (ECL) was EUR 21.3 million in 2023 (2022: EUR 8.1 million). More than 60% of the ECL expenses related to two specific defaulted loans in the United Kingdom
- The credit quality in Triodos Bank’s loan portfolio remains high and robust, and is strengthened by our focus on balancing impact, risk and return for each loan engagement

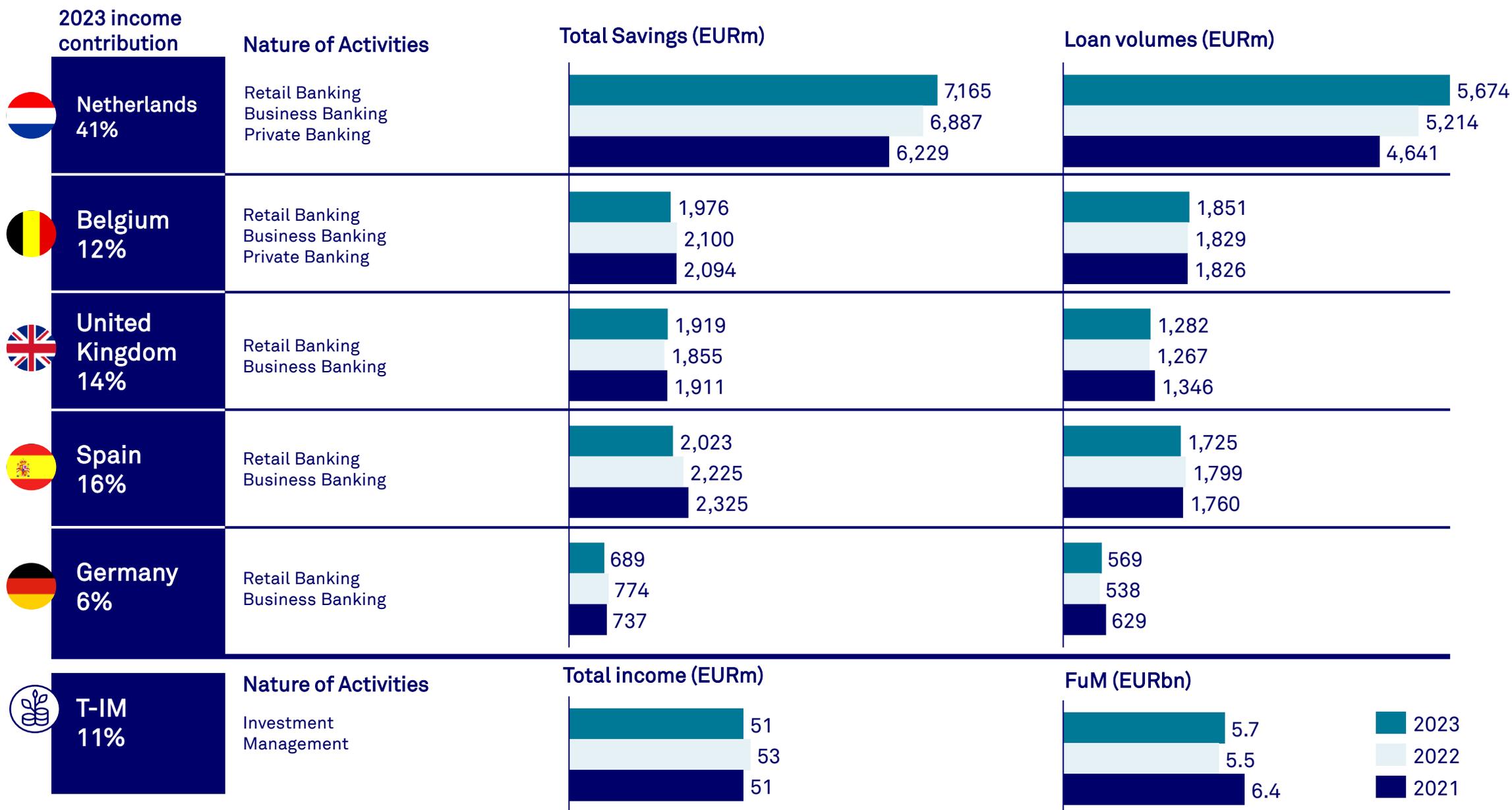


# Resilient capital and liquidity position



- The prudential capital of Triodos Bank consists of Common Equity Tier 1 (CET1) and subordinated debt capital (Tier 2). This capital is utilised for new and existing lending to our customers and in this way contributes to new and ongoing impact creation
- The CET1 capital decreased by 0.2% over the last 12 months to EUR 1,163 million per end of December 2023 (2022: EUR 1,165 million). Triodos Bank’s mid-term strategy aims for a CET1 ratio of at least 15.0% in the current regulatory context. The CET1 ratio ended at 16.7% in December 2023 (2022: 17.3%) in line with expectations and well above internal and external hurdle rates. Tier 2 capital remained stable at EUR 255 million per end of December 2023 (2022: EUR 255 million) mainly consisting of the Tier 2 subordinated green bond issued in November 2021
- The Leverage Ratio of Triodos Bank as per December 2023 is 6.9% (2022: 6.9%), well above the minimum requirement of 3.0%

# Operations in five countries

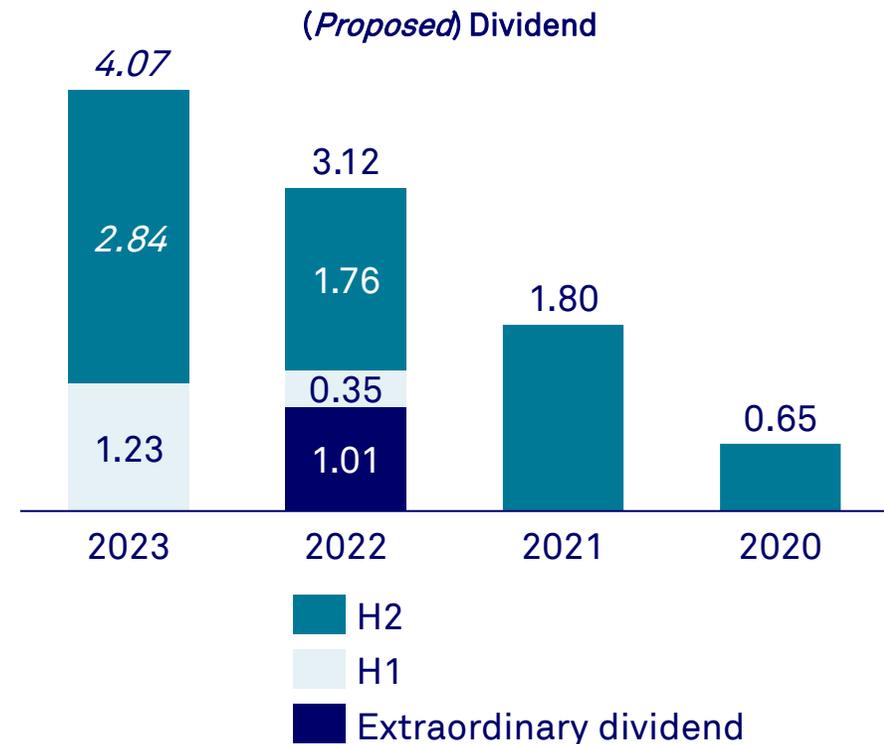


 2023  
 2022  
 2021

# Dividend

- The strong results over 2023 and the solid financial position enable Triodos Bank to propose a final dividend of EUR 2.84 per DR. Including the interim dividend of EUR 1.23 per DR, the total dividend paid in relation to 2023 amounts to EUR 4.07 per DR. This represents a payout ratio of 75% of the 2023 net profit
- Triodos Bank remains committed to its dividend policy which aims to distribute a total dividend over a financial year of 50% of net profit, with the possibility to adjust the payout upwards, as demonstrated by the 75% payout ratio for this year, or downwards, if circumstances allow or require
- Triodos Bank is considering additional options to further optimise its capital base and create value for its DR Holders. Currently, no decisions have been made in this respect

<i>(Proposed)</i> Dividends (in EUR)	H1	H2	Extra-ordinary	FY
2020		0.65		0.65
2021		1.80		1.80
2022	0.35	1.76	1.01	3.12
2023	1.23	2.84		4.07



# Financial targets

	2023	Medium-term target	Guidance
Return on Equity	6.1%	5-7%	<ul style="list-style-type: none"> <li>• Medium-term RoE target takes into account current interest rate environment</li> <li>• Triodos assumes the loan book can grow by 15-20% in the medium term</li> </ul>
Operating expense/total income	73%	70-75%	<ul style="list-style-type: none"> <li>• For the medium-term C/I ratio target Triodos focuses on the lower side of the range</li> <li>• Triodos Operating Model (TOM) impact is expected to be partially realised in 2023, almost fully in 2024</li> </ul>
CET1 capital ratio	16.7%	>15%	<ul style="list-style-type: none"> <li>• For the medium-term Triodos aims to keep the CET1 ratio above 15%</li> </ul>
Dividend pay-out ratio	75%	50%	<ul style="list-style-type: none"> <li>• The Triodos dividend policy assumes a 50% pay-out, with the possibility to adjust the payout upwards, as demonstrated by the 75% payout ratio for this year, or downwards, if circumstances allow or require.</li> </ul>
Contribution of fee income	24%	30-40%	<ul style="list-style-type: none"> <li>• Triodos targets a stable contribution of fee income as percentage of total income between 30% and 40%</li> <li>• This stable range takes into account the expected growth in net interest income thanks to higher rates and projected loan growth</li> </ul>

## Outlook 2024

Triodos Bank's business model, aligned with its purpose, is to attract money through savings, investments or gift money and deploy it for positive change in the form of investments, loans, patient capital or donations. We finance, invest in, or donate to the real economy, in line with our five chosen transition themes. Triodos Bank remains committed to making positive impact as its first priority, and in the coming years, we will continue to pursue this ambition.

The strong increases in interest rates starting in mid-2022 and continuing during 2023 which underpinned Triodos Bank's strong 2023 results are not anticipated to have the same effect on the 2024 results, albeit the interest rate environment is expected to remain positive when compared with the period up until mid-2022, which is supportive to Triodos Bank's operating performance.

To realise our strategy to enhance impact and financial results within the boundaries of our modest risk appetite, we will strive to simplify our organisation, focus on scalability and strategic fit to optimise resource allocation and synergy, explore potential partnerships and pursue further digitalisation. This will enable us to meet the expectations of our stakeholders and remain sustainable and meaningful over time.

Join the  
change



# Disclaimer

## Important Information and Disclaimer

Triodos Bank N.V.'s consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2023 Triodos Bank N.V. annual report. Small differences are possible in the tables due to rounding.

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## Financial calendar

Publication Agenda AGM	12 April 2024
AGM	17 May 2024
Ex-dividend date	20 May 2024
Dividend paid	3 June 2024
Half Year 2024 Results	22 August 2024

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# Triodos @ Bank

On 16 September 2023, De Reehorst was transformed into a vibrant festival ground for the first edition of the Triodos Festival. The theme of the festival was 'for today's changemakers'. We are proud of our growing community of changemakers who showed us the transformative power of money and created a great atmosphere.