

PRESS RELEASE

Triodos Bank will prepare for listing on Euronext

Driebergen-Rijsenburg, the Netherlands – 14 May 2024 – time 07:30 CEST. Based on the evaluation of the tradability of Depository Receipts (DRs) on the Multilateral Trading Facility (MTF), Triodos Bank N.V. (Triodos Bank) has concluded that the trading of DRs on the MTF does not provide the adequately functioning trading solution that DR Holders are looking for. Potential MTF improvements are deemed unlikely to sufficiently resolve the experienced limitations. Consequently, Triodos Bank has decided to start preparing for listing of the DRs on Euronext.

On 20 December 2023, Triodos Bank announced that it had started the MTF evaluation process, which was going to focus on tradability, pricing and liquidity, and operational performance and accessibility of the MTF. Triodos Bank invited three independent third parties Deloitte Financial Advisory B.V. (Deloitte), Oaklins Equity & ECM Advisory B.V. (Oaklins) and Ipsos B.V. (Ipsos) to make analyses and prepare reports for the evaluation. Triodos Bank has considered these reports carefully. Please see the Annex to this press release for more details. The reports mentioned and Triodos Bank's considerations are all publicly available on our website in English (www.triodos.com/mtfevaluation).

Jeroen Rijpkema (CEO and Chair of the Executive Board of Triodos Bank): "The MTF listing has not yet provided the adequately functioning trading solution that DR Holders and Triodos Bank are looking for. We have considered whether improvements to the functioning of the MTF would be capable of resolving the identified issues effectively. In parallel, we have considered the possibility to pursue a listing of the DRs on another trading venue. We have concluded a listing on Euronext will provide improved accessibility and therefore a better fit with new and current investors, while our mission, values and ambition to be a frontrunner in sustainable banking will remain unchanged."

Key observations of the evaluation

- The MTF listing has succeeded in restoring tradability on an external trading platform in accordance with market-based pricing.
- The MTF has successfully completed weekly auctions since the start of listing.
- Price formation of the DRs on the MTF is affected by the limited availability of liquidity.
- The research observations on accessibility and operational performance confirm that DR Holders have experienced issues with onboarding and interaction with the MTF platform.
- The evaluation indicates that a meaningful group of existing and potential new investors have not been able or willing to onboard and trade on an MTF.

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Overall, the research observations and Triodos Bank's own observations show that the MTF listing has not yet provided the adequately functioning trading solution that DR Holders and Triodos Bank are looking for. Furthermore, potential improvements of the MTF are not deemed capable or are insufficiently capable of delivering a structural solution for accessibility and liquidity. Following consideration of the evaluation, the possibility to pursue a listing on another trading venue and the interests of Triodos Bank and its stakeholders, Triodos Bank has decided to start preparing for listing on Euronext. Triodos Bank aims for such a listing to remove possible barriers to enhancing the possibilities to invest in Triodos Bank's DRs and further improve liquidity. On Euronext the price of DRs will continue to be determined by both buyers and sellers of DRs, as is now already the case on the MTF. The trading methodology will change from auction based to continuous trading. The mission and values of Triodos Bank will remain the same as they have always been.

Next steps

Triodos Bank will start preparing for the listing of the DRs on Euronext. Preparations will include an Extraordinary General Meeting to seek approval from DR Holders for the decision for a listing of the DRs on Euronext. In addition, approval of the relevant regulatory authorities will be sought. In the meantime, Triodos Bank and Captin will strive to further optimise the MTF, as trading will continue there until the listing on Euronext is completed and will work together to prepare for the listing and future trading on Euronext.

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About Triodos

Founded in 1980, Triodos Bank has become a frontrunner in sustainable banking globally. Triodos Bank is a listed independent bank that promotes responsible and transparent banking. It does not see any conflict between a focus on people and the planet and a good financial return. Instead, it believes that they reinforce each other in the long term.

Triodos Bank has banking activities in the Netherlands, Belgium, the UK, Spain and Germany as well as Investment Management activities based in the Netherlands but active globally. Triodos Bank co-founded the Global Alliance for Banking on Values, a network of 60 sustainable banks. Together these banks want to grow sustainable banking and its impact on the real economy substantially.

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This notice will also be published in Dutch, French, German and Spanish. If discrepancies should arise from the different language versions, the English version will prevail.

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Annex

Reasons for the evaluation

As of 28 June 2023, Triodos Bank's DRs are listed successfully on an MTF operated by Captin. The listing was an important moment for DR Holders and Triodos Bank, as it offers DR Holders the possibility to trade again after a prolonged period when trading was suspended. The order book first opened on 28 June 2023 and closed on 5 July 2023 when the first trading round took place. Since then, there were 39 weekly trading rounds until the end of March 2024 and 364,000 Depository Receipts were traded. In addition, the bank's governance was updated and for the first time DR Holders are entitled to vote at Triodos Bank's General Meetings.

By 11 March 2024, 34.5% of private DR Holders and 18.7% of legal entity DR Holders, owning 36.7% of all DRs, had registered and opened a trading account on the MTF, allowing them to trade DRs. At the same time over 1,200 trading accounts had been opened by potential new investors as of the end of March 2024. Despite the restored tradability of DRs, many DR Holders are disappointed with the DR pricing and liquidity on the MTF so far. Triodos Bank stated that it would evaluate the restoration of DR trading on the MTF.

Conclusions of Triodos Bank

Triodos Bank acknowledges that the relatively short period since the start of listing can only generate a limited data set. In addition, the evaluation is affected by limitations from the Market Abuse Regulation and confidentiality agreements between Triodos Bank and Captin. The evaluation focussed on tradability, pricing and liquidity, operational performance, and accessibility to the MTF, a review of the post-MTF listing investor engagement efforts and DR Holders' views about Triodos Bank and the MTF.

Triodos Bank mandated three independent third parties Deloitte, Oaklins and Ipsos to make analyses and to prepare a report about the evaluation. These firms have provided Triodos Bank with their written reports and have agreed to the publication of these reports by Triodos Bank. The summaries of their reports are available below. The reports mentioned and Triodos Bank's considerations are available in English at www.triodos.com/mtfevaluation.

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After carefully considering the reports, Triodos Bank came to the following conclusions:

Tradability, pricing and liquidity of Triodos Bank DRs

With respect to tradability, Triodos Bank concludes that the MTF listing successfully restored trading in DRs. DR Holders can trade again in DRs on a weekly basis. Triodos Bank considers that the introduction of the provisional DR price in the order book, launched in December 2023 provided useful additional information to investors.

Regarding pricing and liquidity, the research observations are as follows. The DR prices on the MTF have been low in comparison to the standards that were applied. Triodos Bank considers that the DR pricing and liquidity on the MTF are not functioning in the best interest of the DR Holder community yet. The low DR prices have financial and emotional impact on DR Holders resulting in legal action and a decline in DR Holder engagement and trust.

The price formation on the MTF is affected by the limited availability of liquidity. This results in trading volumes which are low in absolute and relative terms. Currently, Triodos Bank has no indications that liquidity on the MTF will adequately improve without additional measures.

Operational performance and accessibility of the MTF

The research observations on operational performance and accessibility confirm that many DR Holders have experienced issues with onboarding on the MTF platform. The scope and number of these issues are substantial and negatively affect DR Holders' views about the MTF and about Triodos Bank. In light of these negative experiences, Triodos Bank is consulting with Captin on which measures can be taken to address these issues.

Triodos Bank observes that it has devoted considerable resources to investor engagement efforts and Captin has opened well over 1,200 trading accounts for investors that were not DR Holders before the MTF listing. At the same time, however, this has not yet resulted in significant new DR investments by new investors. When explaining their decision to not yet invest in Triodos Bank DRs, prospective investors frequently refer to the MTF, the liquidity of the MTF and the litigation surrounding Triodos Bank. Triodos Bank concludes that the investor engagement efforts with existing and prospective new investors need to be continued.

Triodos Bank acknowledges that the research observations clarify that the MTF listing has not yet provided the adequately functioning trading solution that DR Holders and Triodos Bank are looking for. This is a major cause of concern for the bank, not only because of the financial impact low DR pricing has on DR Holders, but also because of the negative impact on the level of DR Holder engagement with Triodos Bank, who are a key stakeholder group for the bank.

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Deloitte

The assessment performed by Deloitte focused on three clearly defined research areas: (1) tradability, (2) pricing and liquidity and (3) operational performance and accessibility of the MTF platform. The assessment covered the period 28 June 2023 to 31 March 2024.

Tradability

The analysis compared Captin with two other MTFs in the Netherlands, NPEX and Nxchange. The analysis did not find any material differences between the three MTFs. All MTFs are licensed by the AFM and supervised by the AFM and DNB.

DR Holders who wish to trade Triodos Bank DRs are required to open a trading account with Captin. Via a Captin trading account, an investor can submit buy or sell orders to the order book on a 24/7 basis. All buy and sell orders are bundled in the once-per-week trading round held every Wednesday at 14.00 CET. The MTF determines the transaction price for each trading round by assessing the price at which the highest volume of DRs can be traded. If there is an imbalance between supply and demand at the determined transaction price, then the MTF applies a pro rata order allocation rule. In accordance with regulatory rules, Captin publishes the order book's ten highest bids and lowest asks, the preliminary transaction price, the transaction price, and data on executed orders.

Pricing and liquidity

The pricing and liquidity analysis reviewed four different topics resulting in the following key observations:

Analysis of development of transaction prices

During the assessment period, trading on the MTF started with a DR transaction price of EUR 50.00 and ended with a transaction price of EUR 32.00 on 27 March 2024. This represents a 36% decline in transaction price. Compared to Dutch banks Van Lanschot Kempen, ABN AMRO and ING, as well as a selection of other European banks, the price volatility of Triodos Bank's DRs was higher.

Analysis of transaction volumes

In the period from 5 July 2023 to 27 March 2024, a total of 364,000 DRs were traded on the MTF involving 1,288 DRHs (3% of total DRHs). Over the same period, the 4-weeks trailing average transaction volume declined, both in absolute number of DRs traded and in equity value of DRs. Compared to Dutch banks Van Lanschot Kempen, ABN AMRO and ING, the weekly transaction volume of Triodos Bank's DRs is lower. The annualised relative traded volumes of DRs during the assessment period of 3.5% is below the relative number of DRs sold by DR Holders during 2015 –2020 (4.1% - 8.8%).

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Analysis of dividends

In the period from 5 July 2023 to 27 March 2024 Triodos Bank delivered an annualized dividend yield starting at 6.2% and ending at 14.6%. As of 27 March 2024, the annualised dividend yield on the DRs of 12.72% is comparable to the dividend yield of Van Lanschot Kempen (12.76%) and higher than that of ABN AMRO (9.69%) and ING (7.40%).

Analysis of price-to-book ratio of the DRs

The price-to-book ratio (P/B ratio) is a financial ratio that compares the current market price of a company's share with the company's book value. In the period from 5 July 2023 to 27 March 2024, the P/B ratio of the DRs ranged from 0.2x to 0.6x. Triodos Bank's P/B ratio is lower than that of Dutch banks Van Lanschot Kempen, ABN AMRO and ING and at the lower end of the interquartile range of a selection of European banks.

Operational performance and accessibility of the MTF platform

The operational performance analysis reviewed six topics, resulting in the following four key observations:

Accessibility of the MTF for natural persons and legal entities

In accordance with Anti-Money Laundering legislation applicable in the Netherlands, Captin is required to perform a Know Your Customer/Customer Due Diligence assessment before opening a trading account for investors. The identity verification process of natural persons is performed based on a passport or identification document in combination with a photo (selfie). For legal entities, identification of each ultimate beneficial owner and the provision of a legal entity identifier (LEI) code are required in accordance with applicable laws.

Number of onboarded DR Holders and DRs

On 11 March 2024 (reported data closest to the end of assessment period), 34.5% of natural person-DR Holders and 18.7% of legal entity-DR Holders had successfully completed the procedure to open a trading account with Captin, resulting in an onboarding level of 36.7% of issued DRs. The onboarding rates differ per Triodos Bank country, with the Netherlands being highest at 43% and the UK lowest at 16.1%. In the period between 30 June 2023 and 11 March 2024 the percentages of onboarded DR Holders steadily increased on a month-by-month basis. This trend has continued after 11 March 2024.

Analysis of DR Holder complaints

Throughout the year 2023 up to 31 March 2024 DR Holders filed 1,118 complaints about the MTF with Triodos Bank. The complaints were spread relatively evenly across the year with a peak occurring in June and July 2023. A considerable portion of the complaints were related to onboarding with Captin, and the second most frequent complaint related to the price development. In 2023 and up to 11 March 2024, Captin recorded 32,186 service requests (known as "tickets") from DR Holders. The peaks occurred in April and June 2023 and gradually declined towards mid-March 2024.

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Oaklins

The analysis performed by Oaklins focused on two clearly defined research areas: (1) Investor engagement efforts after the MTF listing and (2) pricing and liquidity on the MTF.

Investor engagement

In the period between the start of the MTF listing on 28 June 2023 and December 2023, investor engagement efforts resulted in engagement with 85 prospective investors, consisting of institutional investors, high-net worth individuals, family offices and strategic investors. These 85 prospective investors were primarily located in the Netherlands, Belgium, the United Kingdom, France, Spain and Germany.

To further raise investor awareness, Triodos Bank initiated analyst coverage by Degroof Petercam and ABN AMRO – Oddo BHF. To increase the transparency of Captin's order book, Triodos Bank asked Captin to consider publishing a preliminary transaction price, which Captin began publishing in December 2023. Triodos Bank continued to engage with investors about their onboarding experience with Captin. In addition, Triodos Bank made further investments in its Investor Relations Department and appointed an external advisor to assist with further investor engagement efforts.

Pricing and liquidity

Compared to Dutch banks Van Lanschot Kempen, ABN AMRO and ING and Belgian bank KBC, the DR price performance was lower. This suggests that the Triodos Bank DR price formation might be affected by factors specifically related to Triodos Bank. Compared to listed banks with a clear ESG focus, the DR price performance is considerably lower, again suggesting that DR price formation might be affected by factors specifically related to Triodos Bank. The first two months of trading on the MTF were relatively volatile, possibly resulting from selling pressure after more than three years of suspended trading, limited liquidity on the MTF and (adverse) media exposure. The period from September 2023 to March 2024 initially exhibited a decline in the DR price followed by a period of stable or gradually increasing DR prices.

Compared to a benchmark group of 26 listed European banks, the price-to-earnings of Triodos Bank is considerably lower while the dividend yield of Triodos Bank DRs is considerably higher.

The average weekly trading volumes on the MTF vary between approximately 6,300 DRs and approximately 9,700 DRs, or 0.04% and 0.07% of all issued DRs and are lower compared to the former trading system.

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Conclusion

The change in price setting from Net Asset Value to market-based pricing resulted in a price discount to book value. The magnitude of this discount depends on several factors. Triodos Bank's investor engagement efforts have clarified that many institutional investors are not able or willing to invest on an MTF and perceive liquidity on the MTF as limited.

Also, the requirement to open a trading account is perceived as a barrier to investment. The prolonged suspension of trade has resulted in selling pressure on Triodos Bank DRs and declining DR prices. Investors are also deterred from investing in DRs by the legal and litigation risks surrounding Triodos Bank.

Ipsos

Survey results

All DR Holders were invited to participate in a quantitative survey with a high response rate of 27%. The DR Holders who participated in the quantitative survey are a heterogeneous group. In terms of country of residence, 3% live in Germany, 4% live in the UK, 17% in Belgium, 17% in Spain and 58% in the Netherlands. Most of the respondents (87%) are retail investors who are at the same time also a customer of Triodos Bank.

The analysis performed by Ipsos focused on four clearly defined research areas: (1) characteristics and motivations of DR Holders, (2) DR Holders' perception of Triodos Bank, (3) DR Holders' perception of the MTF and (4) DR Holders' perception of the new voting policy.

The qualitative study was conducted to add in-depth understanding to the insights of the quantitative study. The interviews lasted 45 minutes each and were conducted by trained qualitative interviewers who have done earlier research for Triodos Bank. Participants in the quantitative study indicated whether they allowed Ipsos to invite them for an in-depth interview. 52 in-depth online interviews (via Microsoft Teams) were conducted.

Characteristics and motivations of DR Holders

A majority of the respondents stated they invested in DRs for ideological reasons: 67% want to contribute to positive change and a sustainable impact on society, 58% support the mission of Triodos Bank and 41% want to contribute to enabling a better world. An overwhelming majority of respondents confirmed to have invested in DRs as a long-term investment (77%), not as a short-term investment (2%).

DR Holders' perception of Triodos Bank

Around 75% of the respondents feel involved with Triodos Bank, mostly because of Triodos Bank's mission. Around 25% of the respondents said they did not feel involved, mostly because of the suspension of trading and the DR prices on the MTF.

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The suspension of trading and the DR prices on the MTF caused 55% of the respondents to feel less involved with Triodos Bank, while 40% became more involved or remained neutral. A majority (54%) look with confidence or neutrally at their future relationship with Triodos Bank, while 46% have little confidence. The decline in DR prices on the MTF is an important contributor to the decline in engagement with and confidence in Triodos Bank.

Around 40% of the respondents keep supporting Triodos Bank's mission, regardless of the price development, while 27% is neutral and 33% of the respondents does not or no longer support Triodos Bank's mission regardless of the price development.

On the one hand, the interviewed DR Holders continue to feel connected to the mission of Triodos Bank, on the other hand, DR Holders feel very disappointed because of the pricing on the MTF. The MTF is not believed to be a credible solution because of the perceived closed character of the MTF.

DR Holders' perception of the MTF

The overwhelming majority of respondents (96%) were aware that the method of trading has changed and is now taking place on the MTF. Most respondents (59%) stated that they were sufficiently and timely informed about the launch of the MTF and the onboarding procedure.

Approximately 33% of the respondents have opened a trading account with Captin, and another 25% intend to do so within the next couple of months. Around 3% of the respondents with a trading account have actually traded DRs on the MTF (2% as buyer and 1% as seller), and 31% intend to do so. Most respondents do not intend to trade (very) frequently.

The activation of access to the register of DR Holders was perceived as difficult by 47% of the respondents, and as easy or neutral by 53%. The trading account opening procedure was perceived as difficult by 40% of the respondents and as easy or neutral by 60%. Around 67% of the DR Holders have not opened a trading account, but 39% of these DR Holders did activate their access to the DR Holder register, citing different reasons for not opening a trading account. The respondents that have opened a trading account but have not visited the MTF since account opening cited different reasons, the three most common reasons being the low DR price (48%), no intention to trade (39%), and lack of understanding of the operation of the MTF (23%).

DR Holders' perception of the new voting policy

The majority of the respondents (66%) are aware of SAAT's new voting policy, while a minority (34%) have indicated they are unaware. A key principle of the new voting policy is that if a DR Holder does not do anything with its voting rights, those voting rights will be lost.

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The majority (66%) of the respondents is aware of this effect, while 11% had an incorrect understanding and 23% did not know.

A majority (69%) of the respondents will not vote or is unlikely to vote, while 25% may do so and 6% will surely vote. A majority (75%) of the respondents consider that the two options offered for authorizing SAAT (Stichting Administratiekantoor Aandelen Triodos Bank) to vote are sufficient.

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