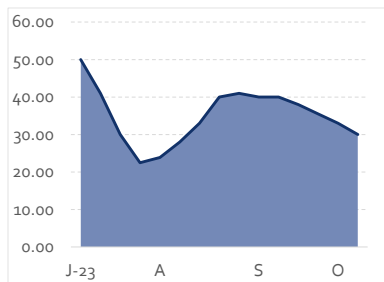


Share price (11/10/23)
 EUR 30.00
 Target valuation range
 EUR 46.00 - 59.00

Market cap (m)	EUR 434m
L/H in 2023	EUR 22.50 -50.00
Free Float	96.0%
Rabobank	4.0%



Company description

Triodos Bank is a mid-sized Dutch bank that is a leading expert in the field of sustainable finance. It has activities in banking and investment management in the Netherlands, Belgium, Germany, Spain, and the UK.

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Triodos Bank Fundamentals on the Rise

This report is considered as a marketing communication. It has been commissioned and paid for by Triodos Bank and has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and is also not subject to any prohibition on dealing ahead of the dissemination of investment research.

New records in top line and profits and there is more in store

- In H1-23, Triodos set new records in topline and profits. Total income, adjusted PPP, and adjusted net profit grew by respectively 32%, 144%, and 76% y/y, and amounted to respectively 62%, 77%, and 66% of the respective FY22 results. We expect H2-23 to be strong as well because of a benign interest rate environment, lower exceptional costs, and efficiency gains from restructuring that gradually start to kick in.
- Based on better than expected H1-23 results and a solid outlook, we raise our estimates for 2023, 2024, and 2025. The impact on topline is respectively +14%, +11%, and +7%, driven especially by stronger than expected expansion of the net interest margin. We lift our adjusted PPP estimates by respectively +31%, +21%, and +17%, as costs have remained under control, thus resulting in an improved C/I ratio. However, loan loss provisions were higher than expected and we take a more cautious view on this. The tax-rate was also higher than expected at 28%, which we now use going forward (vs. 25% previously). Hence, we lift our adjusted EPS estimates at a slower pace than PPP: +15%, +12%, and +12% respectively.

Target valuation range lowered on the back of sector-derating

- The Benelux peers also reported strong profit growth in H1-23. Their share prices, however, have hardly moved this year, resulting in a de-rating. Based on Bloomberg consensus (CSS) target prices we calculate 2024e target multiples of 8.5x P/E and 0.9x P/B for Benelux banks.
- We set a new target valuation range of EUR 46-59 (down from EUR 55-76), based on higher earnings estimates, offset by lower peer group derived target multiples and the discount against which Triodos has been trading vs. the peer group. Our target valuation range includes a range of EUR 46-59 based on P/E and EUR 50 based on P/B.

EUR m	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Total income	292.1	305.1	341.9	375.3	471.3	486.9	501.5
Profit pre prov.	57.5	59.7	66.7	75.2	133.7	146.6	152.3
Profit before tax	53.8	35.5	67.2	67.1	111.0	131.6	142.3
Adj. net profit	37.3	46.6	50.8	64.5	91.7	99.1	106.8
Adj. EPS (EUR)	2.67	3.27	3.56	4.54	6.45	6.97	7.51
Div. per share (EUR)	0.00	0.65	1.80	3.12	2.80	3.33	3.60
C/I ratio	80.3%	80.4%	80.5%	80.0%	71.6%	69.9%	69.6%
Adj. ROE	3.2%	3.9%	4.1%	5.1%	7.2%	7.5%	7.8%
CET-1 ratio	17.9%	18.7%	17.5%	17.3%	17.0%	17.0%	17.0%

Source: Triodos Bank/Degroof Petercam estimates

Record topline and profits in H1-23

Triodos' interim results were stronger than we had expected on topline and PPP, broadly in line on PBT as credit losses were higher than we had assumed, and a touch light on net profit because the tax rate did not follow seasonality of the past two years (H1: ~22.5%, H2: ~27.0%). The main driver for the beat in operating profit was the stronger than expected expansion of the net interest margin (NIM) (exhibit 3). Other takeaways:

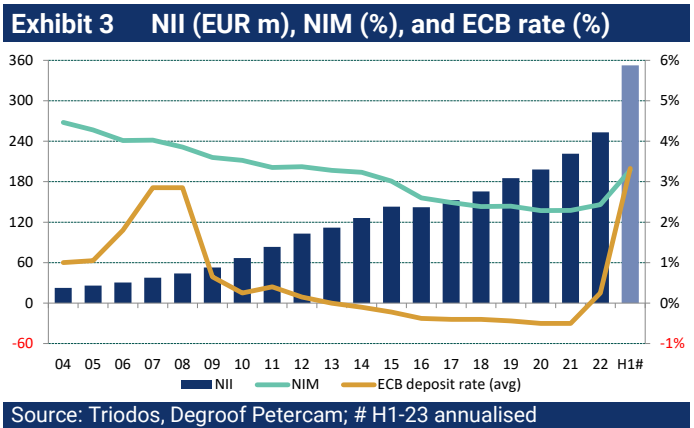
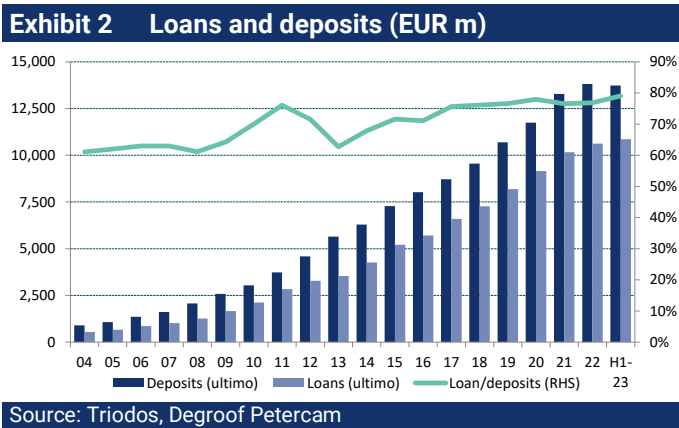
- Deposits and loans at the end of June were +1% and +3% y/y. Closing offices in Spain, as part of the restructuring programme, resulted in some loss of clients and thus deposits, which thus held back new loan production.
- The last time Triodos reported a NIM of 3.3% was in 2013!
- Net fees and commission income (F&C) decreased y/y, mainly because fees for savings accounts were removed (introduced when interest rates were negative).
- There was EUR 9.3m in exceptional costs for 1) implementation of the trading platform, 2) restructuring, and 3) litigation. There was also an estimated EUR 1m in non-recurring staff costs for compensation of the high costs of living.
- LLP of EUR 13m was mainly in stage 3 (EUR 11m). LLP per country: EUR 1.6m NL, EUR 0.3m BE, EUR 7.1m UK, EUR 1.9m SP, and EUR 1.6m GE.
- The tax rate was up strongly y/y because some special costs were not deductible, and because of changes in corporate tax rates.
- LTM ROE expanded to 5.3%, or 6.6% adjusted. Leverage and CET-1 were strong at respectively 7.0% (+10 bps vs. YE22) and 17.2% (-10 bps vs. YE22).

Exhibit 1 H1-23 results (EUR m)							
	H1-22	H2-22	H1-23e	H1-23	y/y	vs. DP	Comment
ECB deposit rate (avg)	-0.50%	0.72%		2.81%			Q3-23: 3.73%
ECB deposit rate (ultimo)	-0.50%	2.00%		3.50%			Today: 4.00%
Deposits (avg)	13,408	13,673	13,989	13,773	3%	-2%	Modest growth in deposits
Loans (avg)	10,345	10,571	10,752	10,738	4%	-0%	Hence modest growth in loans
Loans/Deposits (avg.)	77%	77%	77%	78%			
NIM	2.2%	2.7%	2.7%	3.3%			Benefiting from higher interest rates
NII	113	140	143	176	57%	23%	
Fee and commission income	66	69		63	-4%		No longer fees for savings accounts
Fee and commission expense	-6	-7		-6	5%		
F&C	59	62	64	56	-5%	-11%	
Other income	2	-1	1	-2			
Total income	174	201	207	231	32%	11%	Record level
Opex	152	148	155	169	11%	9%	Record level
C/I ratio	87.2%	73.7%	74.8%	73.1%			
o.w. employees	83	84	88	91			Circa EUR 1m in non-recurring costs
o.w. administrative	57	55	53	62			Circa EUR 9.3m special costs
o.w. depreciation	6	2	6	5			
o.w. amortisation	7	7	8	9			
o.w. impairment	-0	-0	0	1			
PPP	22	53	52	62	178%	19%	Record level
%	12.8%	26.3%	25.2%	26.9%			
LLP	2	-10	-4	-13	NM	NM	Mainly UK stage 3
%	1.1%	-5.0%	-1.9%	-5.5%			
PBT	24	43	48	49	103%	2%	
%	13.9%	21.3%	23.2%	21.3%			
Taxes	-5	-12	-11	-14	157%	27%	
Tax rate	22.6%	27.2%	23.0%	28.6%			Some XO costs not deductible
Net profit	19	31	37	35	87%	-5%	Record level

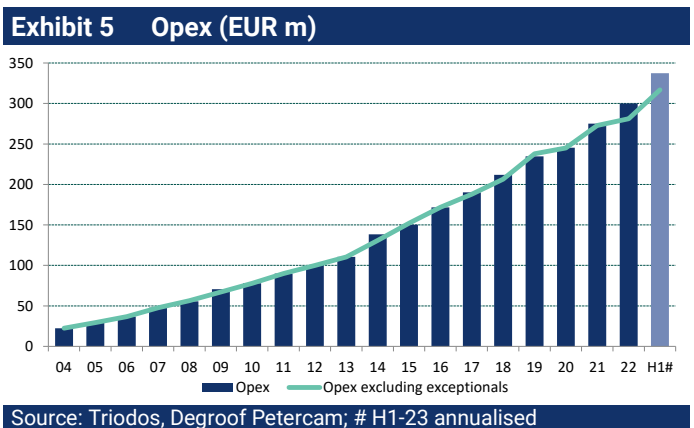
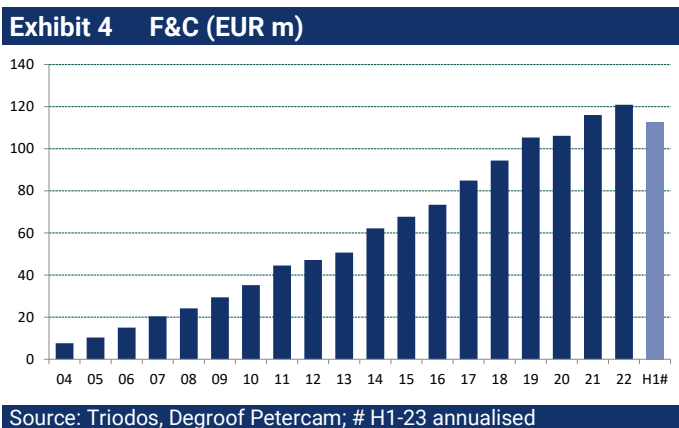
Source: Triodos, Degroof Petercam

Faster than expected recovery in NIM, partly offset by softer F&C

Despite stagnation in deposits and modest growth in loans in the first six months of 2023, net interest income (NII) rose strongly to EUR 176m (+57% y/y). This translates into EUR 353m on an annualised basis (exhibit 3), which is almost 40% higher than in 2022 (comps are tougher in H2-23). The main driver was obviously the much healthier interest rate environment resulting from a series of interest rate hikes by the ECB. Consequently, banks are no longer burdened by having to pay negative interest on deposits held at the ECB, and new loan production can take place at more attractive rates than before. At the same time, many banks only partly passed on higher interest rates to the savings accounts, which has resulted in negative publicity, and which probably triggered some customers to move deposits to other (often smaller or foreign) banks that offer higher interest rates.



Momentum in F&C was less favourable, with a 5% decline y/y to EUR 56m. The annualised run rate is EUR 113m, which would mark the first y/y decline as far as our data go back (2004). The softness was due to the income side of this activity (EUR 63m vs. last year's EUR 66m) because the costs side did not change (EUR 6m). Lower income was mainly because management decided to terminate fees for savings accounts now that interest rates are positive again. As such, the current strength in NII and the temporary softness in F&C are sort of communicating vessels, albeit strong positively skewed to NII.



Cost efficiency even better than targeted, from an underlying viewpoint

In H1-23, operating costs grew to EUR 169m vs. EUR 152m last year. There was EUR 9.3m in exceptional costs related to three items (bullets below, not quantified individually) vs. EUR 7.3m in H1-22. There was also an estimated EUR 1m in non-recurring staff costs.

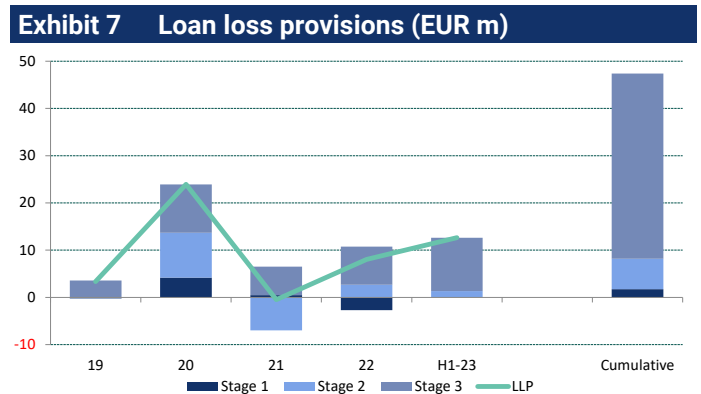
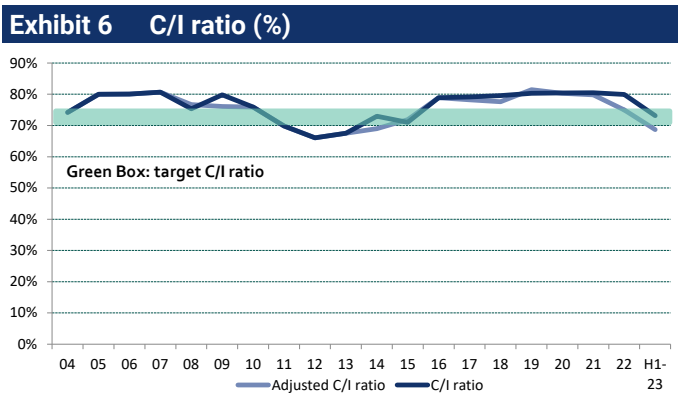
- Costs for litigation, which should continue in the foreseeable future.
- Costs for implementation of the Captin trading platform, which should have disappeared after trading commenced in July.
- Restructuring costs, which should level off while the associated savings should gradually kick in starting in H2-23 with a more pronounced impact in 2024.

The C/I ratio improved to 73.1%, from 87.2% as costs grew at a slower pace (11%) than the topline (+32%). The comps were easy because interest rates were still negative in H1-22. The C/I ratio also improved slightly compared to the 73.7% from H2-22, which was when Triodos started to benefit from interest rates rising for the first time in more than a decade.

The adjusted C/I ratio, which excludes exceptional and non-recurring costs, improved to an estimated 68.7% vs. 83.0% in H1-22, and it was slightly higher than the 67.9% from H2-22. From an underlying viewpoint, Triodos has been performing better than the target range of 70-75% for twelve months now. However, we believe it is too early for a more ambitious target because of several reasons:

- Wages in the Netherlands will increase by 1% as from 1 July 2023, based on the CLA (they already went up 3.5% on 1 January 2023).
- Wages in the Netherlands will increase by another 4% as from 1 January 2024.
- Regulatory costs generally have the habit of increasing (e.g. KYC, AML).
- Dutch politicians are considering an increase in bank taxes (the latest 'idea' would lead to a 30% increase, Triodos paid EUR 3.5m in 2022).
- NIM expansion has been the main driver for the improvement in cost efficiency, and the trajectory going forward is not set in stone. It depends on many elements, including e.g. the ECB policies re deposit rates, the net impact on the NIM from loan redemptions and new loan production, and competition amongst banks re interest rates on savings accounts.

The target of 70-75% is a mid-term target. We believe the biggest risk in the mid-term is that the ECB will lower the deposit rate once inflation has returned to their target of 2%.





Steep loan loss provisions, mainly in the UK, mainly stage 3

Loan loss provisions (LLP) amounted to EUR 13m, which was higher than the EUR 4m that we had expected. We had assumed a more resilient performance considering that there were already sizable provisions in H2-22 (EUR 10m), next to the growing dominance of (relatively low-risk) Dutch mortgages in the loan portfolio (42% at YE22 vs. 6% a decade earlier). The majority of LLP was in the UK: EUR 7m (no split between stages). Provisions were much lower in the other countries: EUR 2.0m in Spain, EUR 1.7m in the Netherlands, EUR 1.6m in Germany, and EUR 0.3m in Belgium.

Provisions were low in stage 1 (negligible) and stage 2, (EUR 1.3m) despite growing macro-economic uncertainty, and high in stage 3 (EUR 11.3m). This has consistently been so since 2019 (cumulative bar in exhibit 7), which could be considered encouraging going forward.

Balance sheet ratios as strong as ever

The ROE benefited from strong earnings growth and reached the low end of the 5-7% target range (exhibit 8). The adjusted ROE even approached the high end of the target range. One type of exceptional costs (platform) will not come back as from H2-23, a second type of exceptional costs (restructuring) will gradually level off while costs savings should be kicking in, and a third type of costs (litigation) should continue to impact profits for some time to come. Hence, we expect reported ROE to grow closer to adjusted ROE, but not yet match it until litigation is a thing of the past.

The balance sheet ratios benefited from modest growth in the loan portfolio in combination with strong earnings growth of which 50% is retained. The minimum requirement for the leverage ratio is still 3.0%. The target for the CET-1 ratio is >15.5%, and the intention is to finance growth through retained earnings and a modest dilution of the CET-1 ratio.

Exhibit 8 ROE and balance sheet ratios (%)				
	H1-22	H2-22	H1-23	Comment
ROE	3.4%	4.0%	5.3%	LTM earnings
ROE adjusted	3.9%	5.2%	6.6%	LTM earnings
Leverage ratio	6.5%	6.9%	7.0%	At end of period
CET-1 ratio	17.6%	17.3%	17.2%	At end of period
TCR ratio	21.4%	21.0%	20.9%	At end of period

Source: Triodos, Degroof Petercam

An update to the legal proceedings

Management repeated their view on the legal proceedings: *“The outcome of these pending proceedings, and possible future proceedings, is uncertain. The uncertainties are likely to continue for some time. Adverse publicity, litigation or regulatory action could have an adverse effect on Triodos Bank's capital position and results, business, reputation, and prospects. Large volumes of litigation could also lead to increased costs.”*

The situation per country is as follows, as described in the H1-23 report:

- In Spain, 332 lawsuits of individual depository receipt (DR) holders have been filed (vs. 246 on 3 Feb. 2023) for in total 217,415 DRs. The complaint is primarily that they were not adequately informed about the risks and characteristics of the DRs. There have been 50 judgements in first instance (19 in Feb.) of which 23 claims were rejected (13 in Feb.) of which 22 claims have appealed. In 27 judgements, the claims of the plaintiff were granted (6 in Feb.) of which Triodos appealed in 25 cases. If all judgements where the claims of the plaintiff were granted were to become final, the costs which the plaintiffs may be entitled to are estimated at circa EUR 0.5m and the negative impact on equity is estimated at circa EUR 1.8m.
- In the Netherlands, two organisations are polling interest among DR holders to participate in collective legal action against Triodos. No such action has been initiated as at the date of the publication of the H1-23 report.

The situation per country (continued)

- In the Netherlands, 18 individual DR holders have lodged complaints with Kifid, the Dutch extrajudicial body that may give (binding) rulings on complaints about financial services. There have been 12 rulings in first instance, of which 11 cases were ruled not admissible (they were denied without a ruling on their merits). One complaint was rejected based on the merits. Four complaints were withdrawn. Two complaints are pending. No complaints have been upheld by Kifid against Triodos.
- One DR holder has requested a preliminary witness hearing (a.o. former CEO and current CEO) to obtain sworn testimony from witnesses in an open court to prove his alleged claim. The request was denied in first instance and was granted in appeal. Parallel to these proceedings, a claim for damages was filed by this DR holder. These proceedings are currently pending in the first instance.
- In Belgium and Germany, one claim has been filed each. Triodos filed a defence in both cases. It is uncertain when judgements will be rendered. In addition, in Belgium, a lawyer is polling interest among DR Holders to participate in collective legal action against Triodos. Triodos is not aware whether collective legal action will be started.
- There are no claims in the UK.

We have raised our topline and earnings estimates for FY23 and beyond

The changes to our estimates follow the trends of H1-23. We have: 1) trimmed growth in deposits and loans, 2) boosted our assumption for the NIM, 3) lowered F&C and other income, 4) increased opex, 5) raised LLP albeit trending down over time, 6) lifted the tax rate to 28%, and 7) increased the estimate for exceptional costs for FY23. We lifted our dividend estimates on the back of higher earnings estimates and the target pay-out of 50%.

In our view, the biggest risk to our estimates is on NIM (we see more upside than downside), opex (potential increase in Dutch bank taxes) and LLP (this could go either way).

Exhibit 9 Our estimates (EUR m)													
	H1-22	H2-22	H1-23	H2-23e	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
					New estimates			New vs. Former			Former estimates		
Deposits (avg)	13,408	13,673	13,773	13,842	13,885	14,164	14,589	-2%	-5%	-7%	14,162	14,870	15,613
Loans (avg)	10,345	10,571	10,738	10,871	10,752	11,048	11,379	-1%	-3%	-5%	10,885	11,429	12,001
Loans/Deposits (avg)	77%	77%	78%	79%	77%	78%	78%				77%	77%	77%
NIM	2.2%	2.7%	3.3%	3.4%	3.4%	3.4%	3.4%				2.6%	2.7%	2.7%
NII	113	140	176	184	360	370	381	27%	22%	17%	284	304	325
F&C	59	62	56	57	113	117	120	-12%	-13%	-15%	128	135	141
Other income	2	-1	-2	0	-2	0	0				2	2	2
Total income	174	201	230	241	471	487	501	14%	11%	7%	414	440	468
y/y	5%	14%	32%	20%	26%	3%	3%				10%	6%	6%
Opex	152	148	169	169	338	340	349	9%	6%	3%	311	320	339
C/I ratio	87.4%	73.7%	73.3%	70.1%	71.6%	69.9%	69.6%				75.1%	72.7%	72.5%
PPP	22	53	62	72	134	147	152	30%	22%	18%	103	120	129
LLP	2	-10	-13	-10	-23	-15	-10				-8	-8	-8
PBT	24	43	49	62	111	132	142	17%	17%	18%	95	112	121
Taxes	-5	-12	-14	-17	-31	-37	-40	33%	31%	31%	-24	-28	-30
Tax rate	23.0%	27.3%	28.8%	28.0%	28.4%	28.0%	28.0%				24.9%	25.0%	25.1%
Net profit	18	31	35	45	80	95	102	12%	13%	13%	71	84	90
Exceptionals	-7	-12	-10	-5	-15	-6	-6	39%	0%	0%	-11	-6	-6
C/I ratio adjusted	83.3%	67.9%	68.7%	68.0%	68.4%	68.7%	68.4%				72.4%	71.3%	71.0%
PPP adjusted	29	64	72	77	149	153	158	31%	21%	17%	114	126	135
Net profit adjusted	24	40	43	48	92	99	107	15%	11%	11%	80	89	96
Per share (EUR)													
EPS					5.59	6.67	7.21	11%	13%	12%	5.03	5.92	6.41
DPS					2.80	3.33	3.60	11%	13%	12%	2.51	2.96	3.21
Pay-out					50%	50%	50%				50%	50%	50%
EPS adjusted					6.45	6.97	7.51	15%	12%	12%	5.61	6.24	6.73

Source: Triodos, Degroof Petercam

Strong earnings growth at Benelux banks was rewarded with a de-rating

In H1-23, three listed and five unlisted Benelux banks generated in total EUR 11.7bn in net profit (+67% y/y, and +46% h/h). On an annualised basis, this points to growth potential in 2023 of 56% y/y, albeit very different from company-to-company: between -3% at BNP Paribas Fortis and +160% at De Volksbank, with Triodos below the average at +41%.

Exhibit 10 Net profit (EUR m)

	H1-21	H2-21	H1-22	H2-22	H1-23	y/y	h/h	H1#	y/y	SPYTD*
ABN	339	895	770	1,097	1,393	81%	27%	2,786	49%	+4%
Belfius Bank	290	426	321	441	364	13%	-17%	728	-4%	
BNP Paribas Fortis	1,143	1,450	1,634	1,527	1,530	-6%	0%	3,060	-3%	
ING	2,464	2,312	1,606	2,068	3,746	133%	81%	7,492	104%	+14%
KBC	1,350	1,264	1,269	1,595	1,848	46%	16%	3,696	29%	-5%
Rabobank	2,160	1,532	1,276	1,127	2,528	98%	124%	5,056	110%	
Triodos	28	23	19	31	35	87%	13%	70	41%	
De Volksbank	94	68	95	96	248	161%	158%	496	160%	
Total	7,868	7,970	6,990	7,982	11,692	67%	46%	23,384	56%	
ABN+ING+KBC (listed)	4,153	4,471	3,645	4,760	6,987	92%	47%	13,974	66%	+4%

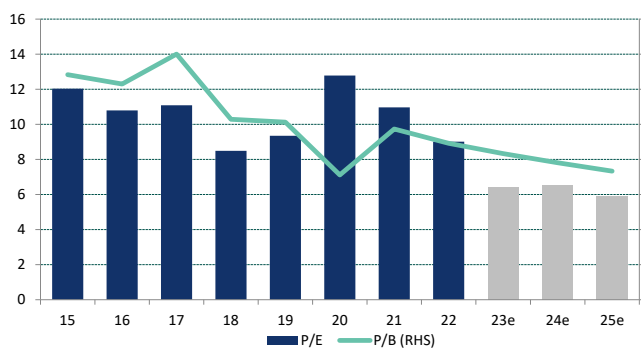
Source: Triodos, Degroof Petercam; # H1-23 annualised; * Share price YTD 11 Oct (unweighted average for the three listed companies)

In H1-23, the three listed banks grew net profit by 92% y/y, and their annualised run rate points to growth potential of 66%. Their share prices, however, are up by on average only 4% YTD, which has resulted in a strong de-rating (exhibit 11). Over time, the CSS target prices increased for ABN and ING but not as much as their CSS earnings. The CSS target price of KBC decreased during most of 2022, after which it went up again in 2023, but not as much as its CSS earnings. As a result, the CSS target multiples of the peer group point to levels that are lower than the historical averages (exhibit 12).

We can think of several reasons, and there may be more, why the sector was de-rated:

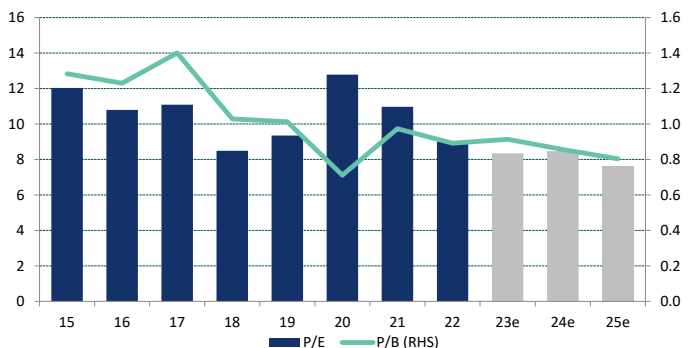
- Growing macro-economic uncertainty is generally negative as it could lead to higher loan loss provisions.
- Interest rates are currently high and perhaps investors are taking a longer-term view in which interest rates could be (much) lower than today.
- Dutch banks are threatened with a potential increase in bank taxes of around 30%.
- The risk profile of the sector got a beating earlier this year with the mishaps at Silicon Valley Bank, Credit Suisse, and a few other names in the USA.

Exhibit 11 P/E and P/B at current share prices (x)



Source: Bloomberg, Companies, Degroof Petercam

Exhibit 12 P/E and P/B at CSS TPs (x)



Source: Bloomberg, Companies, Degroof Petercam



We lower our target valuation range to EUR 46-59

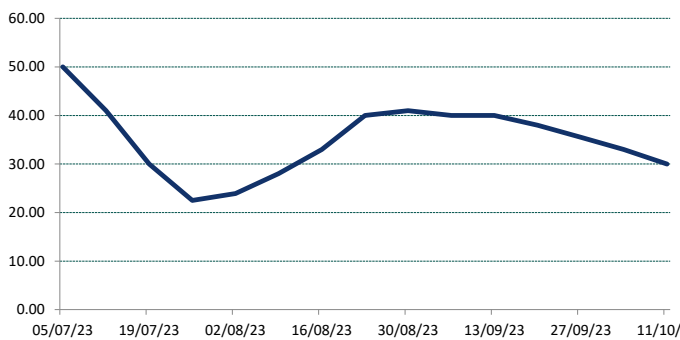
We set a new target valuation range of EUR 46-59 (lowered from EUR 55-76), based on an increase in earnings estimates, offset by lower peer group derived target multiples and the discount against which Triodos has been trading vs. the peer group.

Our target valuation includes a range of EUR 46-59 based on P/E and EUR 50 based on P/B.

- **P/E high end:** we use the CSS target multiple of 8.5x P/E 2024e against our Triodos estimate for adjusted EPS 2024e of EUR 6.97 to get to a target value of EUR 59.
- **P/E low end:** we use the average discount of 23% on which Triodos has been trading since the listing at the Captin platform (exhibit 14), against the 2024e target multiple of 8.5x, to get to a value of EUR 46.
- **P/B:** we use the CSS target multiple of 0.9x P/B 2024e against our Triodos estimate for BPS 2024e of EUR 93, but we apply a 37% discount to reflect differences in ROE 2024e between our estimate for Triodos (7.5%) and the peer group CSS (11.9%), to get to a target value of EUR 50. This outcome falls within the P/E range, which underpins the validity in our view.

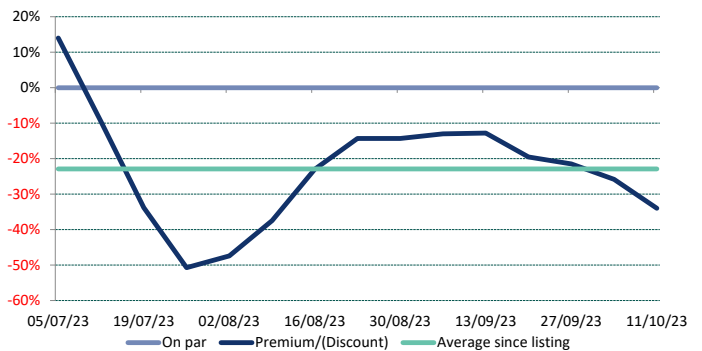
We do flag that the three listed peers have been buying back shares on top of dividend payout ratios of 50% or higher. Triodos has not been buying back DRs, while paying out 50% of net profit as dividend. As such, Triodos' ROE should continue to lag that of the peers, even though their balance sheet should strengthen relative to those of the peers.

Exhibit 13 Triodos share price (EUR)



Source: Captin, Triodos, Degroof Petercam

Exhibit 14 Triodos P/E 2024e vs. peer group



Source: Bloomberg, Triodos, Degroof Petercam

Profit & Loss (EUR m)	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Net interest income	185.2	198.2	221.5	253.1	360.2	370.1	381.2
Net fee and commission income	105.3	106.1	116.1	120.9	113.4	116.8	120.3
Other income	1.6	0.8	4.4	0.7	-2.3	0.0	0.0
Total income	292.1	305.1	341.9	375.3	471.3	486.9	501.5
Growth yoy	+9.7%	+4.5%	+12.1%	+9.8%	+25.6%	+3.3%	+3.0%
C/I ratio	80.3%	80.4%	80.5%	80.0%	71.6%	69.9%	69.6%
Operating costs	-234.6	-245.4	-275.2	-300.1	-337.6	-340.3	-349.2
Employee costs	-134.0	-134.6	-149.9	-166.8	-183.2	-189.5	-195.0
Administrative costs	-84.3	-82.1	-98.8	-111.4	-128.5	-125.5	-128.4
Depreciation	-5.9	-12.8	-12.1	-8.1	-7.6	-7.6	-7.6
Amortisation	-9.4	-10.7	-11.7	-13.9	-17.2	-17.7	-18.2
Impairment	-1.1	-5.2	-2.7	0.1	-1.1	0.0	0.0
Profit pre provisions	57.5	59.7	66.7	75.2	133.7	146.6	152.3
Loan loss provisions	-3.7	-24.2	0.4	-8.1	-22.7	-15.0	-10.0
Profit before tax	53.8	35.5	67.2	67.1	111.0	131.6	142.3
Taxes	-15.0	-8.3	-16.4	-17.1	-31.5	-36.9	-39.8
Tax rate	28.0%	23.3%	24.4%	25.6%	28.4%	28.0%	28.0%
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	38.8	27.2	50.8	49.9	79.5	94.8	102.4
Exceptional items in operating costs	3.4	-0.4	-2.3	-18.9	-15.3	-6.0	-6.0
Adj. C/I ratio (%)	81.5%	80.3%	79.8%	75.0%	68.4%	68.7%	68.4%
Adj. profit pre provisions	54.1	60.1	69.0	94.1	149.0	152.6	158.3
Adj. profit before tax	50.4	35.9	69.5	86.0	126.3	137.6	148.3
Adj. net profit	37.3	46.6	50.8	64.5	91.7	99.1	106.8
Balance sheet (EUR m)	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Tangible fixed assets	135.2	101.5	94.7	88.7	87.4	86.0	84.6
Right of use assets	0.0	19.4	16.7	13.3	12.9	12.9	12.9
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	41.5	45.8	48.3	51.2	47.9	45.2	42.1
Financial fixed assets	24.3	42.1	47.9	52.5	48.4	48.4	48.4
Deferred tax assets	0.0	14.9	13.6	13.2	12.6	12.6	12.6
Total fixed assets	201.1	223.6	221.2	218.9	209.2	205.2	200.6
Cash & cash equivalents	2,270.2	2,955.8	4,277.6	2,581.1	2,445.5	2,599.7	2,756.4
Loans and advances to banks	227.6	150.6	265.8	332.5	242.9	242.9	242.9
Loans and advances to customers	8,187.5	9,156.7	10,167.8	10,619.7	10,884.5	11,211.1	11,547.4
Debt securities at amortised cost	1,023.4	1,317.3	1,483.4	1,689.8	1,988.5	1,988.5	1,988.5
Non trading derivatives	0.0	1.8	19.7	295.7	265.7	265.7	265.7
Tax receivable	0.0	1.8	1.7	1.5	2.0	2.0	2.0
Other assets	150.6	61.9	54.4	55.8	66.0	66.0	66.0
Financial assets	11,859.3	13,645.8	16,270.3	15,576.0	15,895.1	16,375.7	16,868.8
Assets held for sale	0.0	19.0	12.7	5.6	4.4	4.4	4.4
Total assets	12,060.3	13,888.4	16,504.2	15,800.5	16,108.7	16,585.3	17,073.8
Equity	1,199.5	1,208.2	1,250.1	1,259.4	1,290.0	1,348.0	1,405.3
Minorities & preference shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	1,199.5	1,208.2	1,250.1	1,259.4	1,290.0	1,348.0	1,405.3
Deposits from banks	70.0	815.1	1,608.3	337.1	478.2	478.2	478.2
Deposits from customers	10,690.0	11,747.2	13,285.1	13,816.3	13,954.5	14,373.1	14,804.3
Non trading derivatives	0.0	10.5	7.0	1.3	7.7	7.7	7.7
Tax liabilities	0.0	20.9	19.2	23.1	31.3	31.3	31.3
Debt issued	0.0	6.4	255.6	259.9	257.5	257.5	257.5
Provisions	6.4	4.4	5.8	7.9	8.6	8.6	8.6
Other liabilities	94.4	75.8	73.2	95.6	80.9	80.9	80.9
Liabilities	10,860.8	12,680.2	15,254.1	14,541.1	14,818.7	15,237.3	15,668.5
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	12,060.3	13,888.4	16,504.2	15,800.5	16,108.7	16,585.3	17,073.8

Source: Triodos Bank/Degroof Petercam estimates

Cash Flow (EUR m)	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Net profit	38.8	27.2	50.8	49.9	79.5	94.8	102.4
Depreciation	5.9	9.5	8.8	8.3	4.4	4.4	4.4
Amortisation	9.4	10.7	11.7	13.9	17.2	17.7	18.2
Impairment	1.1	5.2	2.7	-0.1	1.1	0.0	0.0
Change in provisions	-0.4	-2.6	2.2	2.2	0.7	0.0	0.0
Other operational CF	-4.6	33.1	7.2	9.9	17.7	10.0	5.0
Operational cash flow	50.2	83.1	83.3	84.0	120.6	126.8	130.0
Change in loans and deposits	239.0	826.2	1,203.0	-1,500.2	104.1	92.1	94.9
Change in other financial assets	-15.3	-264.2	-163.6	-181.2	-298.7	0.0	0.0
CF from operating activities	274.0	645.1	1,122.7	-1,597.4	-74.0	218.9	224.9
CAPEX	-25.4	-3.0	-2.2	-2.7	-3.0	-3.0	-3.0
Investments in intangibles	-13.4	-15.0	-14.5	-16.9	-15.0	-15.0	-15.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestments	0.0	1.2	2.1	7.2	0.5	0.0	0.0
Other investing CF	229.9	-12.4	-5.0	-0.4	-0.6	0.0	0.0
CF from investing activities	191.1	-29.1	-19.6	-12.8	-18.1	-18.0	-18.0
Dividends	-5.0	0.0	-9.2	-44.9	-43.3	-46.8	-50.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share buybacks	-0.1	-20.5	-0.9	0.0	0.0	0.0	0.0
Equity financing	53.7	5.5	0.0	0.0	-0.2	0.0	0.0
Other financing CF	0.0	6.4	247.8	0.0	0.0	0.0	0.0
CF from financing activities	48.5	-8.7	237.7	-44.9	-43.5	-46.8	-50.2
Net cash flow	513.6	607.3	1,340.8	-1,655.2	-135.6	154.1	156.7
Figures per Share (EUR)	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Adjusted EPS	2.67	3.27	3.56	4.54	6.45	6.97	7.51
Declared EPS	2.78	1.91	3.56	3.51	5.59	6.67	7.21
Dividend	0.00	0.65	1.80	3.12	2.80	3.33	3.60
Dividend pay-out ratio	-	34.1%	50.6%	60.1%	50.0%	50.0%	50.0%
Book value	83.29	83.51	86.41	87.05	89.17	93.18	97.14
Shares (m)	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Number of shares at year-end	14.4	14.5	14.5	14.5	14.5	14.5	14.5
Average number of shares	14.0	14.3	14.3	14.2	14.2	14.2	14.2
Average number of shares diluted	14.0	14.3	14.3	14.2	14.2	14.2	14.2
Ratios	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Financial ratios							
Return on equity	3.3%	2.3%	4.1%	4.0%	6.2%	7.2%	7.4%
Adj. return on equity	3.2%	3.9%	4.1%	5.1%	7.2%	7.5%	7.8%
Leverage ratio	8.5%	8.8%	8.1%	6.9%	7.0%	6.9%	6.9%
CET-1 ratio	17.9%	18.7%	17.5%	17.3%	17.0%	17.0%	17.0%
Margin analysis							
Adj. PPP margin	18.5%	19.7%	20.2%	25.1%	31.6%	31.3%	31.6%
PPP margin	19.7%	19.6%	19.5%	20.0%	28.4%	30.1%	30.4%
Adj. PBT margin	17.3%	11.8%	20.3%	22.9%	26.8%	28.3%	29.6%
PBT margin	18.4%	11.6%	19.6%	17.9%	23.6%	27.0%	28.4%
Adj. net profit margin	12.8%	15.3%	14.9%	17.2%	19.5%	20.4%	21.3%
Tax rate	28.0%	23.3%	24.4%	25.6%	28.4%	28.0%	28.0%
Growth analysis							
Total income change y/y	+9.7%	+4.5%	+12.1%	+9.8%	+25.6%	+3.3%	+3.0%
Adj. PPP change y/y	-9.4%	+11.2%	+14.9%	+36.3%	+58.3%	+2.4%	+3.7%
Adj. PBT change y/y	-9.3%	-28.8%	93.6%	23.8%	46.9%	9.0%	7.8%
Adj. net profit change y/y	-4.4%	+25.1%	+8.9%	+27.1%	+42.1%	+8.1%	+7.8%
Adj. EPS change y/y	-11.6%	+22.4%	+8.9%	+27.5%	+42.1%	+8.1%	+7.8%
Dividend change y/y	-100.0%	-	+176.9%	+73.3%	-10.4%	+19.2%	+8.1%

Source: Triodos Bank/Degroof Petercam estimates



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Report completion and updates

This report was first disseminated by Degroof Petercam on 13 October 2023 07:16 CET

Valuations are continuously reviewed by the analyst and will be updated and/or refreshed regularly. The rationale behind a change in target valuation will be explained in such a refresher/update.

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This report has not been reviewed by the company prior to publication.
The report has been reviewed by Luuk van Beek, Senior Equity Analyst.

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