

Press Release

Triodos Bank announces plan to subsidiarise UK activities due to Brexit

Zeist/Bristol, 3 December 2018.

Triodos Bank is taking the next step in a process which started with the UK voting to leave the European Union (Brexit). Like all other European banks, Triodos Bank has been in discussion with the regulators about the potential implications. The focus of these conversations has been a desire to continue to support sustainable banking in the UK and individuals who want to embrace a more conscious approach to banking and finance.

As per the request of the Prudential Regulatory Authority (PRA) all European Banks active in the UK have been preparing a scenario which assumes the most adverse outcome of the Brexit negotiations, a so-called hard Brexit. To ensure Triodos Bank can continue to operate in the UK, a different legal structure is required.

Court proceedings commence in the UK on 17 December, aimed at obtaining the necessary approvals that will enable the establishment of a subsidiary in the UK with its own banking license, as Brexit becomes effective.

Background

Triodos Bank NV is headquartered in the Netherlands and has branch operations in the UK, Germany, Spain, Belgium and the Netherlands, as well as an agency in France. Since 1995, Triodos Bank has operated in the UK under a 'passporting' regime made possible by EU agreements. Under this passporting arrangement a banking license has been issued and supervised by the Dutch Central Bank (De Nederlandsche Bank) and is subject to limited regulation by the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

As the UK prepares to leave the EU, this passporting arrangement will no longer cover the Triodos Bank UK banking activities. Triodos Bank has been working with regulators for over a year to ensure the necessary regulatory and legal frameworks are in place to continue providing services post Brexit.

Next steps

To ensure Triodos Bank can continue to operate in the UK, a different legal structure is required. This means creating a new subsidiary company wholly owned by Triodos Bank NV.

In order to move to the subsidiary arrangement, Triodos Bank is required to make a legal transfer of the UK activities of Triodos Bank NV to Triodos Bank UK Ltd. The proposed transfer is being effected under UK law through the Part VII, an English court approved transfer mechanism under Part VII of the Financial Services and Markets Act 2000. The Part VII will enable Triodos Bank to transfer existing contractual relationships without the need for 'repapering' (re-issuing) every contract.

The terms of the Proposed Transfer are set out in full in a banking business transfer scheme document (the **Scheme**). The Scheme Document in full and an Explanatory Statement

setting out the terms of the proposed Scheme will be available from 17 December at: www.triodos.co.uk/legaltransfer.

The Part VII court process involves two hearings before an English Court:

- A **Directions Hearings** takes place on 17 December 2018 in which Triodos Bank will submit the Scheme to the High Court of England & Wales, setting out the proposed transfers and proposals for public notifications.
- A **Sanctions Hearing** is currently scheduled for 11 February 2019, where Triodos will ask the court to approve the Scheme.

The new structure of Triodos Bank's activities in the UK is expected to be effective immediately after midnight (UK time) on 1 March 2019.

Further updates related to the Scheme, including any changes to the Court hearing date, will be posted on the website of Triodos Bank UK (www.triodos.co.uk).

Triodos Bank customers in the UK have today received information relating to our efforts to obtain a local banking license and the implications on their relationship with the bank.

Personal customers and eligible organisations are currently protected by the Dutch Deposit Guarantee Scheme (DGS). The DGS guarantees deposits up to a maximum of EUR 100,000 per customer. Under the new subsidiary arrangement, Triodos Bank UK Ltd will move to cover from the UK's Financial Services Compensation Scheme (FSCS) instead.

The FSCS is the UK's compensation fund of last resort providing most customers, including private individuals and small businesses, with assurance that up to £85,000 of money deposited will be protected if the bank becomes unable to repay money deposited with it. FSCS does not apply to Triodos Crowdfunding holdings and Triodos investment products.

As more details become clear, and once the regulatory process has been completed and the necessary approval has been obtained, additional communication will follow.

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About Triodos Bank

Founded in 1980, Triodos Bank has become a reference point for sustainable banking globally.

Triodos Bank is an independent bank that promotes sustainable and transparent banking. It does not see any conflict between a focus on people, the planet and a good financial return. Instead it believes that they reinforce each other in the long-term.

Triodos Bank has branches in the Netherlands, Belgium, the UK, Spain, Germany and an agency in France. It is a global authority in the field of microfinance in developing countries, Central Asia and Eastern Europe.

Triodos Bank co-founded the Global Alliance for Banking on Values, a network of 54 sustainable banks. Together these banks want to grow sustainable banking and its impact substantially.

Triodos Bank N.V. has a full banking licence and is registered with The Nederlandsche Bank N.V. (the Dutch central bank) and The Netherlands Authority for the Financial Markets.

Most recent company information is available on Triodos Bank's website: www.triodos.com

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