**ANNEX I prospectus**

**Profit forecast 2017**

In the annual report 2016 and in this Prospectus it is mentioned that, excluding unforeseen circumstances, Triodos Bank expects to achieve a net profit for 2017. This expectation is based on the principal assumptions described below. These assumptions concern both factors which Triodos Bank can influence and factors outside its influence.

Factors Triodos Bank can influence are the volume of funds entrusted, loan volume and equity. For funds entrusted and for loans Triodos Bank can, to a certain extent, also influence the interest revenues and expenses. The interest rates are however partly outside Triodos Bank's influence as these are also based on market interest rates. In addition, Triodos Bank is able to influence the volume of funds under management and its return.

Factors outside Triodos Bank's influence are:

- Unforeseen events such as force majeure: for the purpose of the forecast, Triodos Bank assumes that no material unforeseen events will occur that could result in material or lasting constraints on the ongoing operations such as force majeure (e.g. fire, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, exceptional macroeconomic events or war;
- Legislative and other regulatory measures (amongst which related to financial services, taxation and subsidy- and sustainability schemes): Triodos Bank has included already known changes to rules and regulations, but assumes that besides these known changes, there will be no or only insignificant changes in the current regulatory framework with material effect (including fiscal law);
- Monetary policy Central Banks.

*Basis of preparation*
The profit forecast for 2017 is prepared in accordance with the accounting principles as described in the 2016 financial statements of Triodos Bank. The forecast is based on the trends of the actual performance of Triodos Bank in recent years (2015 and 2016); on the actual result of the first quarter 2017 (as from 1 January till 31 March 2017) and contains the expected developments of balance sheet and profit and loss accounts (up until 31 December 2017), taking into account the following assumptions:

- Given the growth of Triodos Bank in recent years and the current market circumstances where Triodos Bank still recognises a growing need for sustainable banking, it foresees the following developments:
  - An increase of equity in a range between 15 to 20%, mainly due to the offering of new Depository Receipts in 2017;
  - The funds entrusted will increase further in a range of 5 to 10% on the back of growth of the client base. The increased funds entrusted and equity will be used to enlarge the loan portfolio in the range of 15 to 20%. Assuming that there is sufficient room for enlargement of the loan portfolio;
  - The funds under management are expected to increase in the range of 15 to 25 % in 2017.
- The interest and commission rates used to calculate the result are mainly based on commercial and market rates known at the time of the publication of this Prospectus.
- The interest margins and commission income in the current portfolio known at the time of publication of the Prospectus, together with the known changes to the portfolio in the near future, are taken as a basis for the income predictions included in the profit forecast.
- Based on internal investigation, Triodos Bank assumed that it will face 'interest-risk' related to the current negative interest rate environment. However, as interest to be paid to saving clients will not exceed interest to be received from lending clients, Triodos Bank assumed this risk to be limited based on the conditions (e.g. floors) set in our lending contracts;

- The growth of Triodos Bank as well as (limited) indexation of staff and other administrative expenses will result in higher operating expenses. This increase however is closely monitored and Triodos Bank makes a continual effort on cost control and efficiency. Consequently, it is expected that the expenses will increase in a range at 10 to 15%.
- The growth of Triodos Bank as well as the current market situation will result in further bad debt provisions. For 2017 the addition to the provisions are estimated to 15 basis points (0.15% value adjustments for bad debts in relation to the average loan portfolio) based on the long term loss rates within Triodos Bank and assessment of potential risks in the loan book.
- Tax rates used are the rates known at the moment of publication of this Prospectus.

Principal uncertain factors recognised are the value adjustments for bad debts and developments in market interest rates.

Triodos Banks' strategy focuses on long-term resilience over short-term profit. Consequently, Triodos Bank maintains a relative high equity base and has a substantial liquidity surplus. This liquidity surplus in combination with lowering margins caused by the current monetary policy, leads to pressure on interest income, resulting in a lower return on equity than previous years.

Excluding potential effects of Brexit and excluding incidental and exceptional items outside of the normal operation of the bank, Triodos Bank expects the return on equity to be in a range between 3 and 5%. Triodos Bank expects 2017's return to be at the lower end of this band. This expectation is in line with the expectations as presented in the annual report 2016 on page 28.

These assumptions result in the following forecast of the income and net profit over the financial year 2017:

| | |
|---|---|
| Income | between EUR 240 and 250 million (2016: EUR 218 million) |
| Net profit | between EUR 30 and 40 million (2016: EUR 29.3 million) |

In addition please note that there will usually be differences between the forecasted and actual results because events and circumstances, especially those beyond the influence of Triodos Bank, frequently do not occur as expected, and those differences may be material.

*Sensitivity*
Triodos Bank notes that a 10 basis points increase in loan loss rates would negatively impact the forecasted net profit with approximately EUR 4 million.

# *Assurance report on Profit Forecast*

To: the Board of Directors of Triodos Bank N.V.

## *Engagement and responsibilities*

We have completed our assurance engagement to report on the compilation of the profit forecast comprising the income and net profit of Triodos Bank N.V. (the "Company") and its subsidiaries ("the Group") for the year ending 31 December 2017 (the "profit forecast"), set out in Annex I "*Profit Forecast 2017*" on pages 57 and 58 of this Prospectus. The profit forecast has been prepared on the basis as set out in paragraph "Basis of Preparation" of Annex I "*Profit Forecast 2017*" of this Prospectus. The profit forecast is required to be presented on a basis consistent with the accounting policies of the Company.

The Board of Directors of the Company is responsible for the development of the material assumptions and for the compilation of the profit forecast in accordance with the requirements of the Commission Regulation (EC) No 809/2004. Our responsibility is to issue an opinion as required by item 13.2 of Annex 1 of the Commission Regulation (EC) No 809/2004 as to the proper compilation of the profit forecast and the consistency of accounting policies.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the profit forecast, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the profit forecast.

## *Scope*

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3850N, 'Assurance and other engagements with respect to prospectuses'. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of an evaluation of the procedures undertaken by the Board of Directors of the Company in compiling the profit forecast and the consistency of the profit forecast with the accounting policies of the Company as described in the notes to the financial statements of the Company for the year ending 31 December 2016. Our work does not include evaluating the support for the assumptions underlying the profit forecast.
There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
We planned and performed our work so as to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated and that such basis is consistent with the accounting policies if the Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide as a basis for our opinion.

### *Opinion*

In our opinion:

a. the profit forecast has been properly compiled on the "basis of preparation" stated in Annex 1 "Profit Forecast 2017" of this Prospectus; and
b. such basis is consistent with the accounting policies of the Company as described in the "basis of preparation" stated in Annex 1 "Profit Forecast 2017" of this Prospectus.

### *Inherent limitations related to forecasts*

We draw attention to the fact that this profit forecast is prepared by using Board of Director's assumptions. It is not necessarily indicative for actual profits. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

### *Restriction on use*

The profit forecast and our assurance report thereon are intended solely for enclosure in this prospectus. This report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

In addition, this report is not intended to be relied on in the United States of America and we accept no responsibility for any use that you may make of it in the United States of America.
Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Amsterdam, 15 June 2017
PricewaterhouseCoopers Accountants N.V.

Original signed by M.D. Jansen RA