

# Triodos Bank sees fall in profits amid 'challenging' economic climate

Ethical bank Triodos has reported a drop in profits for the first half of the year amid "challenging" geopolitical and economic conditions.

The European bank, which has its UK headquarters in Bristol, said net profit fell to €18.8m (£15.9m) after tax for the first six months of 2022 – down from €27.7m in the same period last year.

The company said the decline was driven by one-off costs for its announced reorganisation, the external litigation costs regarding the bank's depository receipts (DRs), and the transition towards its intended multilateral trading facility (MTF) listing.

"Triodos Bank has delivered adequate financial results and safeguarded its solid financial position," said Jeroen Rijpkema, chair of the executive board and chief executive of Triodos Bank.

Mr Rijpkema said resolving the suspension of trade in Triodos's DRs remained a "key priority". He said the appointment of Captin as the platform provider of the MTF for listing and trading of the DRs for ordinary shares was an "important step" for the bank this year.

The listing process, including the preparations and obtaining statutory approvals, is expected to be completed in the second quarter of 2023. Triodos said an extraordinary general meeting (EGM) would be held on Tuesday, October 11, during which it would formally request its shareholder, SAAT, to approve the listing of the DRs on the MTF platform.

Earlier this year, Triodos launched its first-ever bio-based mortgage in The Netherlands – whereby the interest rate is linked to the choice of materials for the home. It means the bank’s customers receive an extra low interest rate if they are going to live in or build a bio-based home.

“The launch of the first-ever biobased mortgage reconfirmed our frontrunner role in sustainability and our distinctive position as a mission-driven bank,” added Mr Rijpkema.

In Britain, Triodos Bank UK’s total loans and advances increased by 1.1% to £1.145bn in the first six months of the year – up from £1.132bn at the end of last year, with £59.5m of new lending to projects. Return on equity grew to 5.3%, compared to 4.3% at the end of 2021, Triodos said.

Overall customers numbers in the UK grew by 2.5% between January and June, to 86,667, while total funds entrusted reduced marginally to £1.601bn from £1.608bn.

“In the year to date, we’ve focused on supporting our sustainable banking community through continued challenging times, with rising inflation and the energy crisis coming straight off the back of the pandemic,” said Bevis Watts, chief executive of Triodos Bank UK.

“As we look ahead to the rest of the year, we want to ensure that we are fully supporting customers and co-workers that could be impacted by the cost-of-living crisis whilst continuing to focus on our long-term plans, including our 2035 net-zero target.”

Triodos Bank paid a cash dividend amount relating to the financial year 2021 of €1.80 per share on May 27, 2022. The remaining profit of 2021 was attributed to the retained earnings of the bank.

Following the announcement on August 1 of the withdrawal of the restricted buyback programme of DRs, Triodos Bank

announced a proposal to pay an extraordinary dividend payment in cash of €1.01 (before withholding tax, where applicable) per DR, to the amount of €14.4m. The proposal to pay an extraordinary dividend is subject to approval by the EGM.

For the second half of 2022, Triodos said it expected to show limited growth of its revenues base, driven by an ambition to grow the bank balance sheet “modestly” while maintaining a stable loan-to-deposit ratio, and driven by the “positive impact” of the European Central Bank abolishing negative interest rates.

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