

# Triodos Bank

**STICHTING ADMINISTRATIEKANTOOR AANDELEN TRIODOS BANK**  
(established in the Netherlands as a foundation, having its corporate seat in Zeist, the Netherlands)

**Offering of up to 700.000 new Depository Receipts for ordinary shares with a nominal value of EUR 50 each in**

**TRIODOS BANK N.V.**

(incorporated in the Netherlands as a public company with limited liability, having its corporate seat in Zeist, the Netherlands)

Triodos Bank N.V. (the **Bank**) is offering through Stichting Administratiekantoor Aandelen Triodos Bank (the **Issuer**) up to 700.000 depository receipts in registered form (the **Depository Receipts**) in respect of ordinary shares in registered form with a nominal value of EUR 50 each (the **Shares**) in the capital of the Bank (the **Offering**). The Offering consists of a public offering being made to the general public in the Netherlands and in Belgium. In the United Kingdom, this Prospectus is issued to and is directed only at the following persons: (a) Investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, who have professional experience of matters relating to investments of this nature; and (b) Persons falling within Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Depository Receipts are only available to such persons. Persons who do not either (i) have such professional experience in matters relating to investments of this nature or (ii) who do not fall within said Article 49(2), should not rely on this Prospectus. The Issuer and the Bank have in place proper systems and procedures to prevent any person other than those persons described above from subscribing for Depository Receipts.

The Depository Receipts have not, and will not, be listed on any stock exchange. The Issuer will however, maintain a market for the Depository Receipts. The Depository Receipts are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Depository Receipts may lawfully be made. The Depository Receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Shares being offered outside the United States are being distributed in accordance with the exemption from registration available under Regulation S under the Securities Act (**Regulation S**).

For a description of restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus in other jurisdictions, see "*Selling and Transfer Restrictions*" beginning on page 46.

See "*Risk Factors*" beginning on page 11 to read about factors that should be carefully considered before investing in the Depository Receipts.

The Depository Receipts and underlying Shares will be issued continuously, under exclusion of the preference rights of the holders of Depository Receipts (**Depository Receipt Holders**) at the time of the Offering. The existing number of Depository Receipt Holders will be diluted proportionate to the new issues.

The issue price of the Depository Receipts (the **Issue Price**) will be determined daily by the Bank on the basis of the most recently calculated net asset value of the Bank divided by the number of issued Depository Receipts (**NAV per Depository Receipt**) and knowledge of current results held by the management board of the Bank (the **Management Board**). The current results which arise after the last net asset value calculation will be determined on the basis of the financial administration. The Issue Price per Depository Receipt will be rounded to whole euros, whereby values of 0.5 euros or more are rounded up. The applicable Issue Price can be requested from the Bank daily and is also published on its local website. In the Netherlands this is [www.triodos.nl](http://www.triodos.nl), in Belgium this is [www.triodos.be](http://www.triodos.be), in the United Kingdom this is [www.triodos.co.uk](http://www.triodos.co.uk).

A transaction fee of 0.5%, with a minimum of EUR 5, will be charged for the issue of Depository Receipts. These transactions costs are calculated over the total price of the transaction, i.e. the Issue Price times the number of Depository Receipts.

Discounts on the purchase price can be available to certain investors in certain periods. These discounts will be made public on the local websites of the Bank.

Subscriptions will be received by the offices of the Bank in Zeist, Brussels and Bristol. A subscription requires that the enclosed subscription form will be completed and sent, with simultaneous transfer of the total price to bank account number 21.21.88.577 for the Netherlands, 523-0800799-42 for Belgium and 20011636 for the United Kingdom of Triodos Bank, Zeist, with the reference "Depository Receipts Subscription". The total price is equal to the number of Depository Receipts times the Issue Price, increased by the costs.

Allocations will be made by the Management Board on behalf of the Issuer. The allocation policy will take into account the importance of a balanced spread of the holdings of Depository Receipts. Furthermore, the number of Depository Receipts held directly or indirectly by any one Depository Receipt Holder will be limited to a maximum of 7.5% of the total number of issued Depository Receipts. The Management Board is authorised on behalf of the Issuer to refuse subscriptions on Depository Receipts or to only allocate a limited number. In addition, the Management Board can

resolve at any time to limit, suspend or exclude the issue of Depository Receipts. Any resolution to close the issue will be announced on the Bank's local websites..

The Depository Receipts are registered and will be recorded in the register of Depository Receipt Holders (the **Register**) , which is managed by the Bank. After allocation the subscriber will receive proof of registration in the Register.

The rights attached to the Depository Receipts included in this issue vest as per the date that the Issue Price has been paid into the equity of the Bank and the Depository Receipts are delivered to the Depository Receipt Holder by registration in the Register.

This document (the **Prospectus**) constitutes a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC ("Prospectus Directive") and has been prepared in accordance with Article 5:9 of the Financial Supervision Act (*Wet financieel toezicht*, the **FSA**) and the rules thereunder. This Prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the **AFM**).

The date of this Prospectus is 2 January 2007.

## **CERTAIN NOTICES TO INVESTORS**

### **Responsibility**

The Bank accepts responsibility for the information contained in this Prospectus excluding the section "*Description of the Issuer*". The Issuer accepts responsibility for the information contained in the sections "*Use of Proceeds*" and "*Description of the Issuer*". Each of the Issuer and the Bank declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person is or has been authorised to give any information or to make any representation in connection with the offering or sale of the Depository Receipts, other than as contained in this Prospectus, and, if given or made, any other information or representation must not be relied upon as having been authorised by the Issuer or the Bank.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Depository Receipts shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Depository Receipts is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, inter alia, the most recent financial statements of the Bank when deciding whether or not to purchase any Depository Receipts.

Neither this Prospectus nor any other information supplied in connection with the issue of the Depository Receipts should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the issue of the Depository Receipts should purchase any Depository Receipts. Each investor contemplating purchasing any Depository Receipts should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Depository Receipts constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Depository Receipts in jurisdictions where it is unlawful to make such offer or invitation.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

### **Presentation of financial and other information**

The consolidated financial information as well as the financial information for the years 2003, 2004 and 2005 were prepared in accordance with accounting principles generally accepted in the Netherlands as applied by the Bank (**Dutch GAAP**).

The consolidated financial information is extracted from the consolidated financial statements of the Bank, and comparative figures, and notes thereto that have been audited by KPMG Accountants N.V. (**KPMG**), independent auditors. (See "*Financial Information*")

In making an investment decision, investors should rely upon their own examination of the Bank and its subsidiaries, the terms of the Offering and the financial information provided herein.

## **Forward-looking statements**

This Prospectus contains forward-looking statements, including statements about the Issuer's and the Bank's beliefs, expectations, and targets. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe", "intend", "plan", "aim", "could", "will", "potential", and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Bank and the Issuer undertake no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. The Issuer and the Bank caution investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors are discussed under "*Risk Factors*".

## **Offering Restrictions**

The distribution of this Prospectus and the offering of the Depository Receipts in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation.

The Depository Receipts have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) and are Depository Receipts in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Depository Receipts may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on offers and sales of Depository Receipts and on distribution of this Prospectus, see "*Selling and Transfer Restrictions*".

## **Miscellaneous**

In this Prospectus, **the Bank, Triodos** or **Triodos Bank** refers to Triodos Bank N.V. (unless the context requires otherwise).

All references in this Prospectus to "euro", "EUR" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the EU.

**TABLE OF CONTENTS**

Page

<b>1.</b>	<b>SUMMARY</b> .....	<b>6</b>
<b>2.</b>	<b>RISK FACTORS</b> .....	<b>11</b>
<b>3.</b>	<b>DOCUMENTS INCORPORATED BY REFERENCE</b> .....	<b>16</b>
<b>4.</b>	<b>USE OF PROCEEDS</b> .....	<b>17</b>
<b>5.</b>	<b>DESCRIPTION OF THE ISSUER</b> .....	<b>18</b>
<b>6.</b>	<b>DESCRIPTION OF THE BANK</b> .....	<b>21</b>
<b>7.</b>	<b>SUPERVISION AND REGULATION</b> .....	<b>33</b>
<b>8.</b>	<b>CHARACTERISTICS OF THE DEPOSITORY RECEIPTS AND UNDERLYING SHARES</b> .....	<b>34</b>
<b>9.</b>	<b>TAXATION</b> .....	<b>37</b>
<b>10.</b>	<b>THE OFFERING</b> .....	<b>43</b>
<b>11.</b>	<b>SELLING AND TRANSFER RESTRICTIONS</b> .....	<b>46</b>
<b>12.</b>	<b>GENERAL INFORMATION</b> .....	<b>48</b>

## 1. SUMMARY

*This section constitutes a summary (the **Summary**) of the essential characteristics and risks associated with the Issuer, the Bank, and the Depository Receipts, and of the Offering. This Summary should be read as an introduction to this Prospectus and any decision to invest in any Depository Receipts should be based on a consideration of this Prospectus as a whole, including but not limited to, the information in the section "Risk Factors". Civil liability will attach to the Issuer in any state party to the European Economic Area (an **EEA State**) in respect of this Summary, including any translation hereof, only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

### 1. General

Founded in 1980, the Bank is an independent bank with its registered office in Zeist, the Netherlands. The Bank is a bank with a general banking licence under the FSA and is therefore entitled to provide a full range of banking services.

The Issuer, a foundation, was established under Dutch law by a deed of incorporation, dated 30 June 1980 and is the holder of all of the Shares in the Bank. The Issuer's registered office is in Zeist, the Netherlands.

With its banking operations, the Bank seeks to contribute to social innovation on the basic principle that every person should be able to freely develop their potential, has equal rights and is responsible for the consequences of their economic conduct for fellow human beings and the earth (from Article 2 of the articles of association).

Profitability is not a goal in itself for the Bank in achieving its objects, but rather an important prerequisite for conducting the banking business. The financial services of the Bank include lending, offering savings and investment products, and asset management.

The Bank has branches in the Netherlands, Belgium, the United Kingdom and Spain.

In 2005, net profit after tax rose by 46% to EUR 5.3 million (2004: EUR 3.6 million). Interest margin is the main source of revenue although the dependence on interest income is being reduced. The large increase of assets under management resulted in significantly increasing fee income. The Issuer aims to achieve a reasonable, but above all stable, earnings growth on behalf of Depository Receipt holders. The Bank's medium-term target is to achieve a structural improvement in return on equity (approximately 7%).

The Bank realises consistent returns. For 2005, the net earnings per Share amounted to EUR3.37.

## 2. Summary of terms of the Offering

### Applicable law

Dutch law will apply to the Offering.

### Rights attached to the Depository Receipts

The rights attached to the Depository Receipts include those related to the dividends made payable on the Depository Receipts, and the right to attend a general meeting of shareholders of the Bank (a **General Meeting**) and to speak at such meeting. However, Depository Receipts do not give the right to vote at a

General Meeting. The voting rights attached to the Shares belong to the shareholder, i.e. the Issuer. The Bank seeks to protect its own identity and working method with this structure.

In exercising its voting rights, the Issuer will be guided by the interests of the Depository Receipt Holders, the interests of the Bank and the basic principles expressed in the objects of the Bank. The meeting of Depository Receipt Holders appoints the board members of the Issuer on the basis of recommendations presented by the board of the Issuer. The recommendation requires the prior approval of the Management Board.

In a meeting of Depository Receipt Holders, each Depository Receipt Holder has as many votes as he or she has Depository Receipts, with a maximum of 1,000 votes.

### **Rights attached to the Shares**

The rights attached to the Shares include the right to receive dividends made payable on the Shares, and liquidation payments. In addition, each Share gives the right to cast one vote in the General Meeting.

### **Trading on a net asset value basis**

The Depository Receipts are not listed on a stock exchange but may be traded. The Bank maintains a market in Depository Receipts, whereby the price is determined on the basis of the net asset value. The transfer of Depository Receipts is subject to restrictions. These restrictions relate in particular to situations in which, as a result of a transfer, the buyer of the Depository Receipts would directly or indirectly hold more than 7.5% of the total number of Depository Receipts issued. Trading takes place on normal business days.

The underlying Shares cannot be transferred freely. The Shares are only transferred between the Bank and the Issuer in the context of the issue of Depository Receipts in accordance with the administrative conditions of the Issuer (the **Administrative Conditions**).

### **Maximum number of Depository Receipts available for issue**

On the date of this Prospectus, the authorised capital of the Bank amounted to EUR 375,000,000, divided into 7,500,000 Shares with a nominal value of EUR 50 each. On 30 September 2006, 672.176 Shares were available for issue, with an aggregate nominal value of EUR 33.608.800. As one Depository Receipt is issued for one Share, the maximum number of Depository Receipts that could be issued on this date was also 672.176.

The Depository Receipts and underlying Shares will be issued continuously, under exclusion of the preference rights of the existing Depository Receipt Holders. The existing number of Depository Receipt Holders will be diluted proportionate to the new issues.

### **Issue Price – normal procedure**

The Bank will daily determine the Issue Price of the Depository Receipts on the basis of the most recently calculated NAV per Depository Receipt and the Management Board's knowledge of current results. The current results which arise after the last net asset value calculation will be determined on the basis of the financial administration. The Issue Price per Depository Receipt will be rounded to whole euros, whereby values of 0.5 euros or more are rounded up.

The applicable Issue Price can be requested from the Bank daily and is also published on its local websites

## **Transaction Costs**

A transaction fee of 0.5%, with a minimum of EUR 5, will be charged for the issue of Depository Receipts. These transactions costs are calculated over the total price of the transaction, i.e. the Issue Price times the number of Depository Receipts.

The transaction costs will first be paid out of the total amount received upon issue of a Depository Receipt. EUR 50 will then be paid up as the nominal value of the underlying Share. The remaining amount will be booked as premium. The premium forms part of the Bank's equity and is taken into account when determining the net asset value.

## **Subscription**

Subscriptions will be received by the offices of the Bank in Zeist, Brussels and Bristol (as specified in "*Subscription*" beginning on page 44). A subscription requires that the enclosed subscription form be completed and sent, with simultaneous transfer of the total price to bank account number 21.21.88.577 for the Netherlands, 523-0800799-42 for Belgium and 20011636 for the United Kingdom of Triodos Bank, Zeist, with the reference "Depository Receipts Subscription". The total price is equal to the number of Depository Receipts times the Issue Price, increased by the costs.

Existing Depository Receipt Holders can also subscribe by only transferring the amount they wish to invest, with the reference "Additional purchase of Depository Receipts" and their registration number. The Bank will transfer the maximum possible number of Depository Receipts on the basis of that amount.

## **Allocation**

Allocations will be made by the Management Board on behalf of the Issuer. The allocation policy will take into account the importance of a balanced spread of the holdings of Depository Receipts. In this respect, the Management Board will be guided by the provisions of Article 4 Paragraph 10 of the Administrative Conditions. This means that it will limit the number of Depository Receipts held directly or indirectly by any one Depository Receipt Holder to a maximum of 7.5% of the total number of issued Depository Receipts. The Management Board is authorised on behalf of the Issuer to refuse subscriptions on Depository Receipts or to only allocate a limited number. In addition, the Management Board can resolve at any time to limit, suspend or exclude the issue of Depository Receipts. Any resolution to close the issue will be announced on the Bank's local websites.

## **Register**

The Depository Receipts are registered and will be recorded in the Register, which is maintained by the Bank. After allocation the subscriber will receive proof of registration in the Register.

## **Use of Proceeds**

The Issuer intends to use the net proceeds from the Offering of the Depository Receipts entirely for the purchase of Shares in the Bank.

The Bank uses the proceeds of the sale of Shares to the Issuer for financing companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage the development of socially responsible and innovative business. The mission of the Bank is to help achieve a healthier society and enhance people's quality of life, to enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development and to offer customers sustainable financial products and high quality service.



## **Withholding Tax**

Dividends with respect to the Depository Receipts generally will be subject to Dutch withholding tax at a rate of 25 per cent. See "*Netherlands Taxation*".

## **Vesting date**

The rights attached to the Depository Receipts included in this issue vest as per the date that the Issue Price has been paid into the equity of the Bank.

## **No Listing**

No listing on any stock exchange will be requested for the Depository Receipts.

## **3. Summary of essential risks**

The following is a summary of what the Issuer believes are the essential risks associated with the Issuer, the Bank, the Depository Receipts and the Offering. It should be noted that this is not a summary of all the risks associated with the Issuer, the Bank, the Depository Receipts, and the Offering. A more detailed discussion can be found in the section titled "*Risk factors*".

### ***Risks associated with the Bank***

A downturn in the markets in which the Bank operates could adversely affect its business.

The Bank faces substantial competitive pressures in a mature market.

Volatility in interest rates may negatively affect the Bank's net interest income and may have other adverse consequences.

As with the banking sector in general, the Bank's liabilities to its clients exceed its liquid assets. In particular, the Bank is dependent on client deposits and savings accounts, and a sudden shortage of these funds could increase its cost of funding.

The Bank is exposed to credit risk and risk of non-recovery

The Bank is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof.

The Bank operates in an industry that is highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing the Bank's business.

The Bank is exposed to legal risks that may arise in the conduct of the Bank's business and the outcome of related legal claims may be difficult to predict.

The Bank is exposed to risks of employee misconduct.

A significant portion of the Bank's business relates to the Bank's dealings with third parties.

The Bank may be exposed to failures in its risk management systems.

The Bank is exposed to the risk of a loss of the Bank's management team and key employees.

***Risks associated with the Depositary Receipts and the Offering***

The Depositary Receipts are not listed on a stock exchange. Therefore trading in the Depositary Receipts is only possible on a limited basis and accordingly investors may have to wait before they can sell their Depositary Receipts or may not be able to sell the Depositary Receipts at or above the price paid for them.

The Bank may not be able to pay dividends in the future.

## 2. RISK FACTORS

*Before investing in the Depository Receipts, prospective investors should consider carefully the following risks and uncertainties in addition to the other information presented in this Prospectus. The Issuer believes that the following risk factors are specific to the industry in which the Bank operates, to the Bank or to the Bank's business, as well as to the Depository Receipts. If any of the following risks actually occurs, the Bank's business, results of operations or financial condition could be materially adversely affected. In that event, the value of the Depository Receipts could decline, and an investor might lose part or all of the investor's investment. In addition, prospective investors should realise that in the event two or more risks and/or uncertainties materialise simultaneously or accumulate, the Bank's business, results of operations or financial condition could be even more adversely affected and the value of the Depository Receipts could further decline. Although the Issuer believes that the risks and uncertainties described below are the Bank's material risks and uncertainties, they are not the only ones the Bank faces. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently does not deem material may also have a material adverse effect on the Bank's business, results of operations or financial condition and could negatively affect the price of the Depository Receipts.*

*Prospective investors should read the detailed information set out elsewhere in this Prospectus and should reach their own views before making an investment decision with respect to any Depository Receipts. Furthermore, before making an investment decision with respect to any Depository Receipts, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Depository Receipts and consider such an investment decision in light of the prospective investor's personal circumstances.*

For a more detailed discussion of the business of the Bank and the industry in which it operates, see "Description of the Bank" and "Supervision And Regulation".

### **Risks relating to the Bank and the industry in which it operates**

#### *Risks relating to the markets in which the Bank operates*

A downturn in the markets in which the Bank operates (as well as other markets around the world) could adversely affect the Bank's business. As a private bank, the Bank's business is materially affected by conditions in the financial markets and economic conditions generally, both in the Bank's home markets of the Netherlands, Belgium, Spain and the United Kingdom as well as elsewhere around the world. In the event of a prolonged market downturn, the Bank's business could be adversely affected. Depending on the Bank's ability to reduce expenses at the same pace, the Bank's profit margin would erode and the Bank's profitability could be damaged. Also, the Bank's financial condition and cash flow could be affected and the rates of loan defaults may become higher.

#### *The Bank faces substantial competitive pressures in a mature market*

There is substantial competition on the Bank's home markets for the types of banking and other products and services which the Bank provides. Competition in the financial services industry, especially in the banking sector, is increased by the high level of consolidation in these countries and the relatively mature nature of the markets in which the Bank operates. The Bank faces competition from various national and international financial institutions which are also active in the financial services industry. The Bank is a medium sized financial services provider and some of its competitors are larger in size. If the Bank is unable to offer competing, attractive, and innovative products and services that are also profitable, if it does not choose the right strategy or if it does not implement a strategy successfully, the Bank could lose market share and/or incur losses on some or all of its activities and/or experience slower growth. Consumer demand,

technological changes, regulatory changes and actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures.

*Volatility in interest rates may negatively affect the Bank's net interest income and may have other adverse consequences.*

For the year ended 31 December 2005 and for the six months ended 30 June 2006, 71 per cent. and 71 per cent. respectively of the Bank's total income consisted of interest income. Interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect the interest rates the Bank charges on the Bank's interest-earning assets differently than the interest rates the Bank pays on the Bank's interest-bearing liabilities. This difference could result in a reduction in the Bank's net interest income. Further, an increase in interest rates may reduce the demand for loans and mortgages and also the Bank's ability to originate loans and mortgages. A decrease in the general level of interest rates may affect us through, amongst other things, increased pre-payments on the Bank's loan and mortgage portfolio and increased competition for deposits. This may have an adverse effect on the Bank's net interest income, the Bank's financial condition and/or the Bank's results of operations.

*As with the banking sector in general, the Bank's liabilities to its clients exceeds the Bank's liquid assets. In particular, the Bank is dependent on client deposits and savings accounts, and a sudden shortage of these funds could increase the Bank's cost of funding*

Historically, the Bank's principal sources of funds have been client deposits and savings accounts. In recent years, as a result of the growth in the Bank's business generally, the Bank's growth in loans and advances to clients has been greater than the Bank's growth in client deposits, resulting in increased reliance on borrowed funds. This gap between client deposits and the Bank's loans and advances to clients and other assets has been accentuated in recent years by a tendency of clients, in reaction to the decline in interest rates, to channel the individual savings away from deposits and towards other investments with higher expected returns.

The funding sources (other than deposits) that the Bank relies on to fill this gap in funding include bond issues and other products. The Bank also borrows money in the money markets. These alternative sources of funding in many cases prove to be more expensive or in other ways less advantageous than client deposits. Thus, increased reliance on these sources could negatively impact the Bank's financial condition and/or results of operations. Also, insufficient availability of cash flows would mean that the Bank may not be able to meet all of the Bank's short-term financial commitments.

*The Bank is exposed to credit risk and risk of non-recovery*

As a credit institution, the Bank is exposed to the creditworthiness of third parties. The Bank is exposed to the risk that third parties owing us money, securities or other assets will not perform their obligations. In the Bank's case, these parties include the Bank's trading counterparties, clients, exchanges, clearing houses and other financial institutions. These parties may default on their obligations to us due to lack of liquidity, operational failure, bankruptcy or for other reasons. This risk arises in a variety of contexts, including in connection with derivative contracts.

Although the Bank has provided € 4,3 million for bad and doubtful debts at 30 June 2006 and despite the Bank's conservative approach in assessing the necessary provisions for possible bad and doubtful debts, the Bank cannot assure that the Bank's level of provisions will be adequate or that the Bank will not have to make significant additional provisions for possible bad and doubtful debts in future periods.

*The Bank is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof*

In the conduct of the Bank's business, the Bank relies heavily on its operational processes, and communication and information systems. The Bank cannot ensure that interruptions, failures or breaches in security of the extensive back-up recovery systems and contingency plans that the Bank has in place will not occur. Similarly, the Bank cannot guarantee that if any of these does occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- Interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion
- Interruptions or errors in the Bank's management information and/or information reported to supervisory authorities
- The Bank being unable to report accurate information in a timely manner and thus being in violation of applicable regulations
- Inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by the Bank's employees or third parties, or telecommunication connection failures or hacking of the Bank's website portal
- Considerable costs in terms of, for example, information retrieval and verification

The Bank's business operations are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which the Bank depends. Furthermore, the Bank cannot assure that interruptions, failures or breaches of the Bank's communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.

*The Bank operates in an industry that is highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing the Bank's business.*

The Bank's business is regulated and supervised by several supervisory authorities in its home markets. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the Bank's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Bank's business or particular products and services could be amended or interpreted in a manner that is adverse to the Bank, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services the Bank offers, whether existing or new, or (ii) negatively affect the performance of the products and services the Bank offers, whether existing or new. The Bank's revenues and costs, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Bank operates, whether existing or new. Due to the complexity of the regulatory environment in which the Bank operates, it will entail more costs to ensure that the Bank is, and will continue to be, in compliance with all applicable laws and regulations at all times, to the extent that the volume of regulation increases and the scope of the activities changes.

If the Bank would be in breach of any existing or new laws or regulations now or in the future, the Bank is exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the Bank's reputation could suffer and the Bank could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations.

*The Bank is exposed to legal risks that may arise in the conduct of the Bank's business and the outcome of related legal claims may be difficult to predict*

The Bank faces significant legal risks in the conduct of its business. These legal risks could potentially involve, but are not limited to, disputes over the terms of transactions in which the Bank acts as principal, intermediary or otherwise, disputes concerning the adequacy or enforceability of documents relating to the Bank's products or services or transactions entered into by the Bank, disputes regarding the terms and conditions of complex arrangements and products, disputes regarding the independence of the Bank's research, and irregularities with regard to the sale of structured products and services. The Bank faces risks relating to investment suitability determinations, disclosure obligations, performance expectations, and compliance with applicable laws and regulations with respect to the products and services it provides, which could lead to significant losses or reputational damage. Companies in the Bank's industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages of unspecified or indeterminate amounts or involving novel legal claims. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the future claims, regulatory proceedings and other adversarial proceedings involving the Bank.

*The Bank is exposed to risks of employee misconduct*

The Bank, as a financial institution, handles large amounts of money, customer data and privileged information and is therefore highly dependent on the honesty and integrity of its employees. In addition, regulation relating to financial abuse, including money laundering and funding of activities that could be considered to be terrorist activities, has become considerably stricter in many jurisdictions, with effects that are increasingly severe for financial institutions. As a consequence, it is becoming increasingly important that the Bank's employees adhere to the policies it imposes as a result of these regulations. The Bank faces a risk of loss due to errors, negligent behaviour, lack of knowledge or wilful violation of rules and regulations by its employees. Misconduct by employees could include binding the Bank to transactions that exceed authorised limits or present unacceptable risks, or hiding from it unauthorised or unsuccessful activities, which, in either case, could result in unknown and unmanaged risks and losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious financial losses. Employee misconduct in any form could also result in significant damage to the Bank's reputation, which could in turn hinder the Bank's ability to retain existing customers or compete for new business. It is not always possible to deter and detect employee misconduct, and the precautions the Bank takes to prevent and detect this activity (such as pre- and in-employment screening) may not be effective in all cases.

*A significant portion of the Bank's business relates to the Bank's dealings with third parties*

A significant portion of the Bank's business relates to products and services which the Bank offers in co-operation with third parties or in relation to which the Bank depends on third parties, for example for the distribution of such products and services. The Bank cannot guarantee that these third parties will continue their co-operation with the Bank or that the relationships with these third parties will continue to be beneficial. Negative publicity about these third parties, whether or not founded, could also harm the Bank's reputation.

*The Bank may be exposed to failures in its risk management systems*

The Bank invests substantial time and effort in its strategies and procedures for managing not only credit risk, but also other risks, such as strategic risk, market risk, underwriting risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Bank is confronted with risks that it has not fully or adequately identified or anticipated. Some of the Bank's methods for managing risk are based upon observations of historical market behaviour. Quantifications of some of the Bank's risk exposures are arrived at by the Bank through the application of statistical techniques to these observations. These statistical methods may not accurately quantify the Bank's risk exposure if circumstances arise which were not observed in the Bank's historical data. For example, as the Bank offers new products or services, the historical data may be

incomplete or not accurate for such new products or services. As the Bank gains more experience it may need to make additional provisions.

If circumstances arise that the Bank did not identify, anticipate or correctly evaluate in developing its statistical models, the Bank's losses could be greater than the maximum losses envisaged by the Bank. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, the Bank may experience unanticipated losses.

*The Bank is exposed to the risk of a loss of the Bank's management team and key employees*

The Bank's future success depends in part on having a capable management team. Losing the services of one or more members of the management team could adversely affect the Bank. The implementation and execution of the Bank's strategic plans depend in part on the continued availability of key qualified personnel, throughout the Bank. No assurance can be given that the Bank will be successful in the future in attracting and retaining, on acceptable terms, such personnel.

### **Risks relating to the Depository Receipts and the Offering**

*Trading in the Depository Receipts is only possible on a limited basis and accordingly investors may have to wait before they can sell their Depository Receipts or may not be able to sell the Depository Receipts at or above the price paid for them*

The Depository Receipts have not, and will not, be listed on a stock exchange. The Bank maintains a market in Depository Receipts, whereby the price is determined on the basis of the net asset value. Such an illiquid market for the Depository Receipts could mean that the Depository Receipts can not be sold for a long period of time, which could adversely affect the value of an investor's investment.

Furthermore, in the event that the net asset value falls, the market value of the Depository Receipts may fall below the price paid by the investor for the Depository Receipts.

*The Bank may not be able to pay dividends in the future*

The Bank's results could fluctuate and the Bank's ability to pay dividends may be dependent on the Bank achieving sufficient profits. The Bank may not pay dividends if it believes that this would cause the Bank to be less than adequately capitalised. The payment of dividends is further subject to regulatory, legal and financial restrictions. If dividends are not paid in the future, capital appreciation, if any, of the Depository Receipts would be the investor's sole source of gains.

### **3. DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which have previously been published or are published simultaneously with this Prospectus and will be filed with the AFM, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (i) the articles of association of the Issuer and the Bank;
- (ii) the audited annual financial statements for the financial years ended 31 December 2005, 31 December 2004 and 31 December 2003 of the Bank, including the auditor's reports in respect of such financial statements;
- (iii) the unaudited consolidated interim (semi-annual) financial statements of the Bank dated 30 June 2006; and
- (iv) the Administrative Conditions of the Issuer.

The Bank will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference and any further prospectus or prospectus supplement prepared by the Bank for the purpose of updating or amending any information contained herein or therein and, where appropriate, English translations of any or all such documents.

Written or oral requests for such documents should be directed to the Bank at its registered office set out at the end of this Prospectus.



#### **4. USE OF PROCEEDS**

The Issuer intends to use the net proceeds from the Offering of the Depository Receipts entirely for the purchase of Shares in the Bank. The total amount of the proceeds depends on the number of Depository Receipts sold. The maximum total net proceeds will be approximately EUR 47.000.000. The maximum costs involved with the issue of the Depository Receipts will be approximately EUR 50.000

The Offering is intended to support the Bank's growth in financing sustainable business and profits by providing sufficient capital to meet the solvency requirement (BIS ratio). This will reinforce the Bank's profile and further strengthen the Bank's brand names.

The Bank uses the proceeds of the sale of Shares to the Issuer for financing companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage the development of socially responsible and innovative business. The mission of the Bank is to help achieve a healthier society and enhance people's quality of life, to enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development and to offer customers sustainable financial products and high quality service.

## **5. DESCRIPTION OF THE ISSUER**

### **General**

Stichting Administratiekantoor Aandelen Triodos Bank (the **Issuer**), a foundation under Dutch law, was established and operates under Dutch law by deed of 30 June 1980, executed before civil-law notary A.G. van Solinge of Amsterdam. The Issuer's registered office is in Zeist. The articles of association of the Issuer were most recently amended by deed of 8 April 2003, executed before civil-law notary C.P. Boodt of Amsterdam. The Administrative Conditions were most recently altered by deed of 26 August 2004, executed before civil-law notary M.D.P. Anker of Amsterdam. Stichting Administratiekantoor is registered in the Trade Register with the Chamber of Commerce of Utrecht under number 41179632. The registered office of the Issuer is located at the office of the Bank in Zeist, the Netherlands. The address is Nieuweroordweg 1, 3700 AB, Zeist, the Netherlands and the telephone number is +31 (0)30 693 6511.

All Shares of the Bank are issued to the Issuer, which issues one Depository Receipt for one Share. The Issuer holds the voting rights on the Shares, in order to protect the identity and working method of the Bank. As regards voting rights, there are no differences between the Shares.

In the exercise of its rights, the Issuer is guided by the interests of the Depository Receipt Holders and of the Bank, and by the basic principles expressed in the Bank's objects.

### **Purpose**

The objects of the articles of association (Article 2) of the Issuer read as follows:

"The objects of the Issuer are:

- a. administrating shares in the public limited company Triodos Bank NV having its registered office in Zeist – hereafter called the Bank – which shares will be transferred to the Foundation toward this end in return for the issue of non-convertible registered depository receipts for those shares, on administration conditions to be established by a deed executed in the presence of a civil-law notary;
- b. exercising the voting right attached to the shares referred to under a. and all other rights attached to the holding of said shares;
- c. doing everything in connection with the objects set out under a. and b., in the broadest sense, on the understanding that every act which could entail a commercial risk for the Foundation is excluded."

The management board of the Issuer holds at least one yearly meeting of Depository Receipts Holders. The meeting is held in the Netherlands and is called no later than 15 days before the meeting is held. Each holder of Depository Receipts has the right to attend the meeting. Each Depository Receipt Holder has as many voting right as he holds Depository Receipts, with a maximum of 1.000 votes.

Members of the management board of the Issuer are appointed by the Meeting of Depository Receipts Holders, on the recommendation of the management board of the Issuer. The Bank must approve the recommendation of the members of the management board of the Issuer.

The Administrative Conditions can be altered by the Issuer. The meeting of Depository Receipt Holders must approve this alteration.

## Members of the management board of the Issuer

### *J.C. van Apeldoorn (1946)*

- Lawyer established in Amsterdam and Deputy Justice of the court at The Hague.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 2001. Term of appointment: until 2007.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

### *Mrs C. Maryns-van Autreve (1948)*

- Member of the Board of non-profit organisation Mercurius.
- Member of the Board of Weleda Belgium NV.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 1995. Term of appointment: until 2006.
- Nationality: Belgian.
- Number of Triodos Bank Depositary Receipts: 92

### *C.P. Martyn (1948)*

- General Counsel and Company Secretary at the London office of Sumitomo Mitsui Banking Corporation.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 2003. Term of appointment: until 2006
- Nationality: British.
- Number of Triodos Bank Depositary Receipts: 0

### *R.S.H. Mees, Chair (1931)*

- Former Member of the Board of Management of Postbank Groep NV (now ING Groep NV).
- Member of the Board of Stichting Non Nobis.
- Chairman of the Board of Stichting Donatus.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 1993. Terms of appointment: until 2006.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 373.

### *J.T.M. Nijenhof (1945)*

- Coordinating Vice President of the Haarlem Court.
- Member of the Appeals Tribunal for Higher Education.
- Expert for the Council of Europe.
- Lecturer for vocational training at The Netherlands Bar.
- Member of the Advisory Committee for personal matters of the Council of State.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 2005. Term of appointment: until 2008.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0.

### *L.M. Rutgers van Rozenburg (1947)*

- Managing Director of Human Engineering BV, bureau for interim management.
- Chairman of the Board of the Stichting Passie Projecten.
- Member of the Board of the Anthroposophical Society in The Netherlands.
- Member of the Board of Stichting Triodos Holding.
- First appointed in 1998. Term of appointment: until 2007.
- Nationality: Dutch.

- Number of Triodos Bank Depositary Receipts: 335

In relation to the members of the board, the Issuer is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities to which they were associated in the last five years; (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

The Issuer is not aware of any persons, other than the members of the management board, who directly or indirectly have an interest notifiable under Dutch law in the Issuer's capital or voting rights.

The Issuer is not aware of any persons, who directly or indirectly own or control the Issuer's business.

### **Remuneration**

Members of the management board receive remuneration for their activities of EUR 2.500 per annum. The chairman receives a remuneration of EUR 4.000 per annum. Members of the management board living outside of the Netherlands receive an additional remuneration EUR 500 per meeting.

### **Services Contracts**

There are no service contracts between the members of the Management Board and the Issuer providing for benefits upon termination of employment.

### **Potential conflicts of interest**

The Issuer is not aware of any potential conflicts between any duties of the management board to the Issuer and their private interest and/or other duties.

## 6. DESCRIPTION OF THE BANK

### Structure

Triodos Bank N.V. (the **Bank**) was founded as a public limited company under Dutch law by deed of 30 June 1980, executed before civil-law notary A.G. van Solinge of Amsterdam. The Bank's commercial name is Triodos Bank. The Bank has no other trade names. The Bank operates under Dutch law.

The Bank's registered office is in Zeist, the Netherlands. The address is Nieuweroordweg 1, 3700 AB, Zeist, the Netherlands and the telephone number is +31 (0)30 693 6511. The articles of association of the Bank were most recently amended by deed dated 26 September 2006, executed before civil-law notary M.D.P. Anker of Amsterdam. The most recently obtained ministerial declaration of no objection issued in respect of the articles of association is dated 22 June 2006, number 226.467. The Bank is registered in the Trade Register with the Chamber of Commerce of Utrecht under number 30062415, in the Legal Entities Register in Brussels under company number 0450 507 887, in the register of The Companies House in Bristol (UK) under number BR 3012, and in the Trade Register of Madrid (ES) Tomo 19.798, Libro o, Folio 180, Sección 8, Hoja M-348646.

The Bank has offices in the Netherlands, Belgium, the United Kingdom and Spain. The Bank's registered office in the Netherlands has been in Zeist since its foundation in 1980. The Bank has been based in Belgium since May 1993. In the United Kingdom, the Bank is based in Bristol since 1995. In Spain, the Bank has been based in Madrid since 2004.

### Purpose

The objects of the articles of association (Article 2) of the Bank read as follows:

1. The objective of the company is the exercising of banking business in the broadest sense, including brokerage in insurance. Participation in, cooperation with and management of other companies or institutions shall also be within the objective of the company.
2. With the exercising of banking business, the company aims to contribute to social renewal, based on the principle that every human being should be able to develop in freedom, has equal rights and is responsible for the consequences of his economic actions for fellow human beings and for the earth.

The Bank is a two-tier company and has the Management Board (the **Management Board**) and a supervisory board (the **Supervisory Board**). Directors are appointed and dismissed by the Supervisory Board. Supervisory Directors are appointed and dismissed by the General Meeting. The Supervisory Board shall notify the General Meeting of a proposal to appoint a managing director.

The Supervisory Board is tasked with supervising the policy of the Management Board and the general state of affairs within the company and the associated business. The Supervisory Board supports the management board with advice. In fulfilling their task, the Supervisory Board members act according to the interests of the company and the associated business.

Subject to the approval of the Supervisory Board, the Management Board is authorised to issue Shares. The authorised capital shall be EUR 375,000,000, shared over 7,500,000 Shares each of EUR 50. The Shares shall be registered and shall only be issued if fully paid up. The Management Board shall maintain a register containing the names and addresses of all shareholders, stating the amount paid on each share. The register shall be regularly updated.

The articles of association of the Bank can be amended by the General Meeting on the proposal of the Supervisory Board. The General Meeting is called annually by an invitation letter sent to the shareholders

and all Depository Receipt Holders. The General Meeting is public. Depository Receipt Holders have the right to speak at the General Meeting.

The General Meeting shall be held in Amersfoort, Amsterdam, The Hague, Driebergen, Rotterdam, Utrecht, or Zeist, as often as summoned by the Supervisory Board or the Management Board. General Meetings must be held when one or more shareholders and/or Depository Receipt holders, jointly representing at least one-tenth of the issued capital so request the Board of Management and the Supervisory Board, stating the subjects to be discussed.

### **Capitalisation**

The authorised capital of the Bank amounts to EUR 375 million, divided into 7.5 million Shares, each having a nominal value of EUR 50. On 30 September 2006, 1.821.083 Shares had been issued to and paid up by the Issuer. On the same date the number of Depository Receipts issued by the Issuer was 1.821.083.

As of 31 October 2006, the Bank held 9.780 Depository Receipts with a nominal value of EUR 498.000.

The capital base consists primarily of capital, premium and other reserves. The premium is formed by payments on Shares above the nominal value. As at the end of 2005 the BIS ratio, a key ratio which presents the ratio between the risk-bearing loans and the available capital of a bank, was 14% rounded. The minimum required BIS ratio is 8%. The Bank aims to keep a minimum BIS ratio of 12%.

There are no restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the operations of the Bank.

### **Business**

The Bank's principal activities since its date of incorporation are the activities of a bank. The Bank wants to connect money with people's quality of life, in its broadest sense, in a positive and enterprising way. For many, socially responsible enterprise lies at the heart of this effort. And sustainable banking reflects this spirit of enterprise and positive change in the banking industry.

The Bank is a powerful example of sustainable banking in practice. It uses money and banking expertise to create positive solutions to social problems. Triodos wants to further involve its customers, shareholders and other social organisations in delivering genuine, lasting change. As well as offering them access to a sustainable bank, Triodos wants to supply both information and a compelling way to take positive action to address the social and environmental issues that face us and the planet upon which we depend. This inclusive approach creates a broad basis of support for the social and environmental renewal at the heart of the Bank's mission, and helps bridge the gap between economic developments on the one hand and the interests of people and the environment on the other. Money has a central role to play, backed by understanding, creativity and transparency. The Bank is well-equipped to continue to meet this challenge.

Since its founding date, the Bank has experienced substantial growth. Over the past 10 years, the balance sheet total grew by an average of some 27% per year. Further growth is likely, in view of the interest for green, social and sustainable banking in the countries where the Bank operates. With this issue, the Bank aims to further strengthen its financial position in order to create a basis for the expected further growth of its activities. Up to and including 2006 the Bank needs an increase of its equity as compared to the situation as at 30 June 2006 due to applicable regulations. In addition to this equity, the Bank has no further funding requirements.

### *Market and our core activities*

The Bank wants to achieve its mission as a sustainable bank in three different ways:

1. *As a sustainable service provider.* The Bank wants to be an effective, sustainable bank for its customers. Modern customers not only want products and services that clearly support sustainable development, but also competitive prices and a professional service. The Bank wants its customers to enjoy all these things in a simple, seamless and straightforward way. In practice, the Bank is continuing to develop a package of banking services that meets as many customer-banking needs as possible. Saving, investing, asset management and private banking, payment services, lending and insurance are services that the Bank already offers in different ways in various countries. Given their differing markets and stages of development, there are considerable differences between the packages of services across the countries where the Bank operates. The Bank's aim is to create its own, broad customer base - a powerful community of private individuals and businesses that have made a conscious decision to bank with Triodos and use their money to make the world more like it could be, and less like it is.

2. *As a product innovator.* The Bank wants to develop innovative products and supply them using third-party distribution channels. These products are designed to reflect the social value at the heart of the Bank's work. The Dutch branch has taken this development the furthest as its Triodos Added Value Funds, Triodos Green Fund, Triodos Culture Fund and Triodos Real Estate Fund are distributed via other banks. Much of the growth in these funds results from third-party distribution. By doing so, the Bank becomes more visible to a wider audience. Indeed, some investors will become Triodos Bank savers as well, but in most cases customers are content to simply switch their investments to sustainable alternatives. Inevitably this is easier to do if the product is available through a customer's existing bank.

3. *As an opinion leader.* The Bank is increasingly engaged in public debate about the benefits and challenges of socially responsible business and sustainable banking. With more than 25 years experience, the Bank strives to drive this agenda forward - from pioneering renewable energy finance to the development of inclusive financial sectors through microfinance in the fight against mounting poverty. The consequences of this public debate extend well beyond the activities of the Bank itself. The Bank has is now recognised abroad too, thanks to its own vision and approach, both in the countries in which it has set up a branch and beyond. The Bank aims to create partnerships with other businesses and organisations that maintain a commitment to social renewal within their activities.

The three strategic goals above are closely connected. The Bank's active participation in social debate means that people can see what Triodos' goals are and what it stands for. The Bank's identity is crucial in this respect, strengthening and deepening its name and reputation with its existing and potential customers as well as the wider public.

Because the Bank develops its own products and distributes them via third parties, its influence extends beyond its own community of customers. As a result the Bank's ideas about financial responsibility need to be communicated to a wider audience. Reaching a broader group supports both the Bank's mission to make a positive contribution to sustainable development, and contributes to the financial return it generates.

The Bank strengthens and increases its independence by broadening its customer base. Importantly, by continuing to speak directly with our existing customers, Triodos can continue to understand and respond to its longer standing customers' needs and wishes. Being a Triodos Bank customer means more than just choosing financial products and services that benefit people and the environment. It also means becoming part of a community of individuals and organisations that share similar values. As such, the Bank becomes a hub to help individuals enjoy a more rewarding and authentic quality of life.

### *Future prospects*

The Bank aims to achieve further growth in its loan portfolio. In doing so, it will concentrate on those sectors where it brings expertise and where it remains confident that growth is still possible. This growth in targeted sectors is an important part of the practical implementation of Triodos' mission.

While the Bank wants to grow its loan portfolio further in the coming years, it also intends to reduce its dependence on income from interest margins. To meet these aspirations, it will continue to further increase the number of investment funds available to customers, as well as a further expansion in securities management, debit and credit cards, and private banking services.

There are no trends in production, sales and inventory, and costs and selling prices since the end of 2005 to the date of this Prospectus which are significant or relevant for the Bank.

#### *International markets*

The Bank is an international bank with branches in the Netherlands (since 1980), Belgium (since 1993), the United Kingdom (since 1995) and Spain (since 2004). The key aspects of the Bank's marketing activities are the same in each of these countries.

In many European countries, there is a growing public demand for a bank with the mission, experience and products and services that the Bank can offer. As a result, the Bank continues to consider opportunities to open new branches in European Union countries. In addition to opening official bank branches, Triodos is also looking at other ways in which it can be active in countries where people and businesses are interested in its approach. In 2005 the Bank set up Triodos Finanz GmbH, a subsidiary in Germany. Triodos Finanz is not a bank branch because it performs less activities compared to a branch, but a representative office offering a number of services including loans, investments and venture capital.

#### *Recent investments*

In the years 2003, 2004 and 2005 the Bank invested in building its own banking IT-system. In 2003 the investments were EUR 2.6 million, in 2004 EUR 2.2 million and in 2005 EUR 1.2 million. The system is operational since 2006. The additional investments in 2006 were EUR 1.1 million.

The Bank has invested as of 2002 in a new office building in Zeist, the Netherlands for its own use. In 2003, the investments were EUR 0,6 million, in 2004 2.6 million and in 2005 6.0 million. The building was taken into use in July 2006. The total investment in the building was EUR 14,0 million.

At the moment no major investments are planned or in progress.

#### *Recent new products and services*

In the years 2003, 2004 and 2005 the Bank has launched three new investment funds: Triodos Vastgoedfonds NV (sustainable real estate), Triodos Renewable Energy Fund SICAV (sustainable energy) and Triodos Cultuurfonds NV (cultural organisations in the Netherlands). In these years the Bank has not launched substantial new services. Additional banking services are planned for the coming two years, such as mortgages for individuals and securities transaction services for the Bank's investment funds for all branches.

The Bank complies with the Dutch Corporate Governance Code.

#### *Stakeholders*

The Bank defines stakeholders as all people, groups and organisations with which it has a business or other relationship. The Bank encourages an active dialogue with its stakeholders. A transparent approach to its activities is central to this dialogue.



### *Triodos Ventures*

Triodos Ventures is an important part of Triodos Group. It is financially and legally independent of the Bank and plays a significant role in the development and finance of new projects that, in many cases, represent high-risk investments. These include venture capital activities, project development and charitable funds.

### *Organisation and co-workers*

The Bank could not achieve its mission without the support, effort and commitment of its co-workers. Its reputation as a pioneering force in sustainable banking depends on co-workers who are genuinely able to identify with, and make a real contribution towards, the Bank's mission. To this end, co-workers are not only closely involved in the development of new products and services for customers but also in the financial, social and environmental performance of Triodos itself.

### **Legal structure and ownership**

All Shares are issued to the Issuer, which issues one Depository Receipt for one Share. The Issuer holds the voting rights on the Shares, in order to protect the identity and working method of the Bank. As regards voting rights, there are no differences between the Shares. In the exercise of its rights, the Issuer is guided by the interests of the Depository Receipt Holders and of the Bank, and by the basic principles expressed in the Bank's objects. At the end of 2005, there were 9,271 Depository Receipt holders, with 37.5% of the Depository Receipts held by 13 financial institutions and pension funds. No Depository Receipt holder may hold more than 7.5% of the Bank's issued capital. The Bank is not listed on any stock exchange. Instead, it maintains an internal market for the non-exchangeable Depository Receipts for registered shares.

### **Information on subsidiaries**

#### *Triodos Assurantiën BV (100%)*

Triodos Assurantiën BV, incorporated in the Netherlands, mediates in the area of insurance and private mortgages. These activities are primarily geared to providing complementary services to credit and private relations of the Bank.

#### *Triodos Fonds Management BV (100%)*

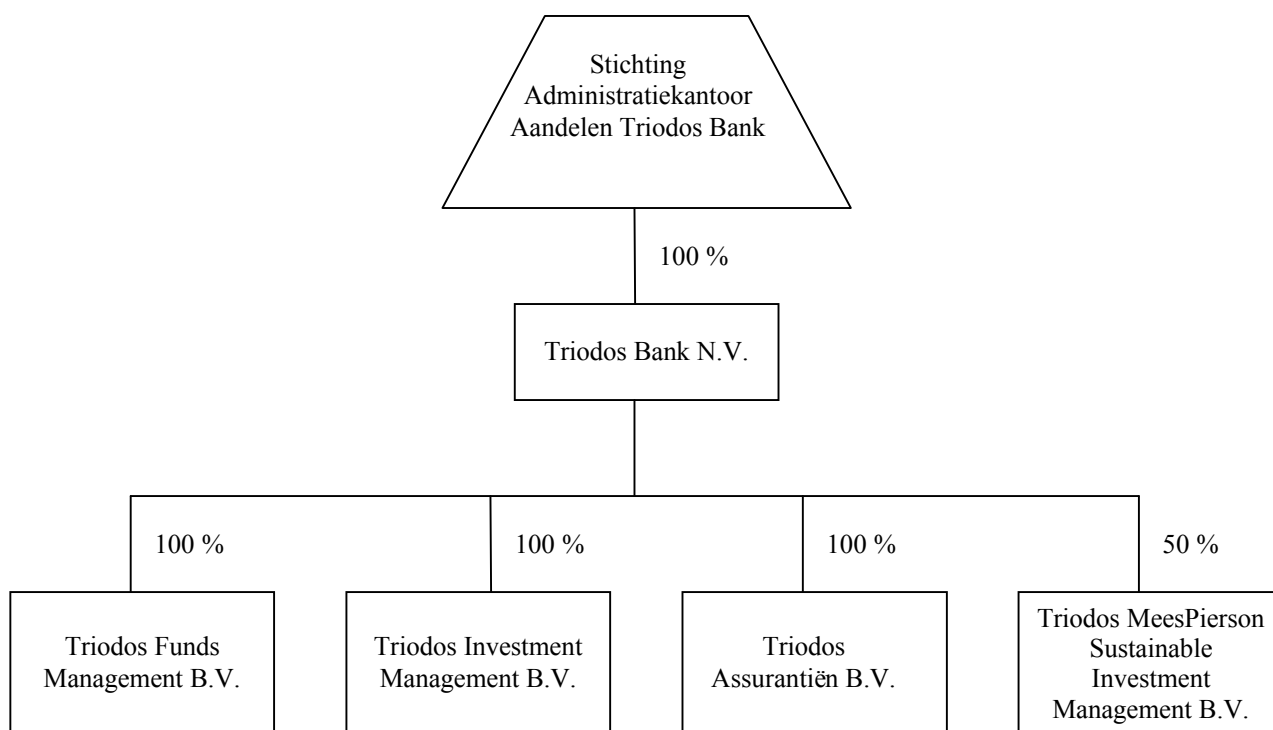
Triodos Fonds Management BV, incorporated in the Netherlands, manages Triodos Groenfonds NV, Triodos Meerwaardefonds NV, Triodos Vastgoedfond NV, Triodos Cultuurfonds NV and Dutch Sustainability Research BV. Triodos Meerwaardefonds NV is managed together with Delta Lloyd Asset Management NV.

#### *Triodos Investment Management BV (100%)*

Triodos Investment Management BV, incorporated in the Netherlands, manages Triodos Fair Share Fund and a number of closed investment funds that invest in developing countries.

#### *Triodos MeesPierson Sustainable Investment Management BV (50%)*

Triodos MeesPierson Sustainable Investment Management BV, incorporated in the Netherlands, provides asset management services in cooperation with MeesPierson. The Bank holds 50% of the shares. The other 50% is held by Fortis MeesPierson.



### Significant Depository Receipt Holders

Depository Receipt Holders with a participating interest of 5% or more:

	2005	2004
	%	%
Delta Lloyd Verzekering N.V.	7.3	6.1
Friesland Bank N.V.	5.8	5.5
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA (Rabobank)	5.3	6.1
Hooge Huys Levensverzekering N.V. ( SNS Reaal Group)	5.6	5.5

### Share Capital

The number of Shares and Depository Receipts as per the end of the book year:

2003	1.504.248 Shares and Depository Receipts
2004	1.527.281 Shares and Depository Receipts
2005	1.793.259 Shares and Depository Receipts

## Employees

In 2005, the number of co-workers employed at the Bank rose by 14% from 264 to 301\*. This increase is mainly due to the expansion of Triodos' international department, further growth at the Dutch branch and consolidation at the Spanish branch. At the end of 2005, the number of co-workers employed in the five countries was as follows:

	Number of co-workers		Full-time equivalent(FTE) basis	
	2005	2004	2005	2004
The Netherlands	171	156	152.0 <sup>†</sup>	136,0 <sup>†</sup>
Belgium	38	36	33.9	33,7
United Kingdom	56	50	53.5	48,2
Spain	34	22	31.2	21,9
Germany	2	-	1.5	-
<b>Total</b>	<b>301</b>	<b>264</b>	<b>272.1</b>	<b>239.8</b>

## Outlook

The Issuer's financial results are stable and satisfactory. In 2005, net profit after tax rose by 46% to EUR 5.3 million (2004: EUR 3.6 million). A comfortable and stable interest margin is the main source of revenue although the dependence on interest income is being reduced. The large increase of assets under management resulted in significantly increasing fee income. The Issuer aims to achieve a reasonable, but above all stable, earnings growth on behalf of Depository Receipt holders. The Bank's medium-term target is to achieve a structural improvement in return on equity (approximately 7%).

## The Management Board

The members of the Management Board of Triodos Bank N.V. are:

*P. Aeby (1956), CFO*

- 1980 – 1981: Banque Européenne de Crédit S.A. - Brussels – Legal Advisor.
- 1982 – 1983: Advocate trainee at Brussels bar.
- 1983 – 1984: Benelux Bank S.A. - Brussels – account manager international loans.
- 1984 – 1998: Generale Bank S.A./ N.V. (presently Fortis Bank) - Brussels

84-86: Loan Manager – International Credits Department

86-92: Senior Area Manager North Africa, Middle East & South Asia – International Commercial Banking Department

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\* *The Bank's Annual Report for 2005 refers to the number of co-workers or the number of FTEs in several places. Different figures are used in different sections depending on the context. FTE stands for Full Time Equivalent and refers to the number of co-workers calculated on a full-time basis, at 40 hours per week. The Annual Co-Worker Report is based on the number of people and FTEs employed by Triodos Bank at the end of the year. This figure was 301 people, or 272.1 FTEs, at the end of 2005. The key figures on page 64 and 65 and financial data are based on the average number of FTEs that worked for Triodos Bank and its subsidiaries during the year. For 2005, this figure averaged 228.8 FTEs. The environmental figures are based on the average number of FTEs that worked for Triodos Group during the year, at 258.2 FTEs in 2005.*

<sup>†</sup> 121.6 (2004: 111.3) of whom were solely employed by the Bank and its subsidiaries.

93-96: Senior Corporate Officer – Brussels Corporate Banking Department

96-98: Head of Corporate Risks and member of the Daily Central Credit Committee – Head Quarters Central Credit Department.

- 1998 – 2003: Triodos Bank Branch Belgium – Brussels, Managing Director.
- 2003 - present: Member of the Executive Board and Chief Financial Officer of Triodos Bank.
- First appointed 2000. Terms of appointment: indefinite period
- Nationality: Belgian.
- Number of Triodos Bank Depository Receipts: 0

*P. Blom (1956), CEO and Chairman*

- 1980-1988 Senior account manager business banking for Triodos Bank.
- 1988-1997 Joint Managing Director for Triodos Bank.
- 1997 – present: CEO and Chairman for Triodos Bank.
- Co-founder and Chairman of the International Association of Investors in the Social Economy (INAISE) in 1988.
- Co-founder of the Social Venture Network Europe.
- First appointed 1989. Terms of appointment: indefinite period
- Nationality: Dutch.
- Number of Triodos Bank Depository Receipts: 0

### **Remuneration paid to the Board of Management**

The remuneration paid to the Board of Management under the Articles of Association is as follows (*amounts in thousands of eur*)::

	<b>2005</b>	<b>2004</b>
Salary expenses and reimbursement of expenses	<b>312</b>	<b>286</b>
Pension expenses	<b>105</b>	<b>35</b>
Social expenses	<b>8</b>	<b>8</b>

The salary expenses and reimbursement of expenses of the Board of Management under the Articles of Association may be broken down as follows (*amounts in thousands of eur*):

P.H. Aeby	<b>148</b>	<b>137</b>
P. Blom	<b>164</b>	<b>149</b>

In relation to the members of the board, the Bank is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities to which they were associated in the last five years; (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

## **The Supervisory Board**

The members of the Supervisory Board of Triodos Bank N.V. are:

*Mrs J. P. Bahlmann*

- Professor of business economics at the University of Utrecht.
- Member of the Supervisory Board of the Dutch Media Authority (*Commissariaat voor de Media*), Member of the Supervisory Board of Stork N.V., Member of the Board of Management centre VNO-NCW De Baak, Member of the Board of s100, Member of the Council Transport, Public Works and Water Management (*Raad van het Ministerie van Verkeer en Waterstaat*), Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 2004. Terms of appointment: until 2008.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

*A.A.M. Bekman*

- Managing Director of Instituut voor Mens en Organisatieontwikkeling (IMO).
- Visiting professor in education in social work at the University of Rome, Italy, Lecturer at the Erasmus University, Rotterdam, General Director Innotiimi, Finland, Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 1992. Terms of appointment: until 2008.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 5

*Mrs M.E. van Boeschoten*

- Principal Phoenix Consultancy.
- Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 2001. Terms of appointment: until 2009.
- Nationality: British.
- Number of Triodos Bank Depositary Receipts: 1

*W.M. de Brauw*

- Secretary General Netherlands Court Audit (*Algemene Rekenkamer*).
- Member of the Board of Supervision Zonnehuizen Stenia en Veldheim.
- Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 1995. Terms of appointment: until 2007.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

*M.M. Frank*

- Independent consultant.
- Member of the Supervisory board Centrum Maliebaan.
- Member of the Supervisory Board Triodos Holding N.V.
- First appointed in 2005. Terms of appointment: until 2009.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

*J. Lamers*

- Former Representative Director of Uitgeversbedrijf Tijd N.V.
- Managing Director Lamers-Media Consulting and Production.
- Member of the Board of Management of INMA (International Newspaper Marketing Association).
- Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 2002. Terms of appointment: until 2010.
- Nationality: Belgian.
- Number of Triodos Bank Depositary Receipts: 0

*drs M.A. Scheltema*

- Finance Director Shell Nederland.
- First appointed in 2006. Terms of appointment: until 2010.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

*H. Voortman, Chairman*

- Former Managing director World Wide Fund for Nature the Netherlands (*Wereld Natuur Fonds Nederland*), Former director MeesPierson.
- Chairman of Supervisory Board of Toezicht Stichting Ark Natuurontwikkeling, Board member Pan Parks, WWF Russia, WWF Belgium, Member of the Supervisory Board of Triodos Holding N.V.
- First appointed in 2001. Terms of appointment: until 2009.
- Nationality: Dutch.
- Number of Triodos Bank Depositary Receipts: 0

In relation to the members of the supervisory board, the Bank is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities to which they were associated in the last five years; (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

## Remuneration paid to the Supervisory Board

The remuneration paid to the Supervisory Board is as follows (*amounts in eur*):

	2005	2004
Mw J.P. Bahlmann	6,557	2,836
A.A.M. Bekman	5,682	4,538
Mw M.E. van Boeschoten	10,043	8,622
W.M. de Brauw	7,432	4,538
M.M. Frank	3,792	-
J.H.G.G. Lamers	10,043	6,239
M.A. Scheltema <sup>‡</sup>	-	-
H. Voortman	9,544	6,807

The *audit committee* of the Supervisory Board consists of:

- Mrs. J.P. Bahlmann (chairman)
- W.M. de Brauw
- M.A. Scheltema

The audit committee prepares the briefing material for decision-making by the Supervisory Board in relation to (i) operation of the risk management and internal control systems; (ii) provision of financial information by the Bank; (iii) compliance with recommendations of actuaries and auditors; (iv) the Bank's policy on tax planning; (v) the Bank's financing; and (vi) control of risks in relation to the applications of information and communication technology. The audit committee assists the Supervisory Board, but does not supervise the Supervisory Board.

### *Remuneration*

The Supervisory Board shall determine the remuneration and other employment conditions of each of the member of the management board, taking account of the remuneration policy to be determined by the General Meeting of Shareholders.

### *Nomination and Compensation Committee*

Mr. W.M. de Brauw and Mr. H. Voortman make up the Nomination and Compensation Committee.

## Address of the Supervisory Board and Management Board

All members of the Supervisory Board and Management Board have their business address at Nieuweroordweg 1, 3700 AB, Zeist, the Netherlands.

## Services Contracts

There are no service contracts between the members of the Management Board, members of the Supervisory Board and the Issuer or any of its subsidiaries providing for benefits upon termination of employment.

## Potential conflicts of interest

The Bank is not aware of any potential conflicts between any duties of the Management Board and the Supervisory Board to the Bank and their private interest and/or other duties.

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<sup>‡</sup> M.A. Scheltema was appointed as a Supervisory Director by the General Meeting in 2006 and has therefore not yet received any remuneration.

## **Financial Information**

### *Audited Annual Financial Statements*

As set forth under "*Documents incorporated by reference*", the audited annual financial statements for the financial years ended 31 December 2005, 2004 and 2003 of the Bank shall be incorporated in, and form part of, this Prospectus.

### *Auditor's Report*

The financial information of the Bank for the years ended 31 December 2005, 2004 and 2003, as referred to under the paragraph titled "*Audited Annual Financial Statements*" above, is consistent, in all material respects, with the financial statements for the years from which it has been derived. The auditors, KPMG, issued unqualified auditors' reports on these financial statements on 24 February 2006, 16 February 2005 and 19 February 2004 respectively. For a better understanding of the Bank's financial position and results and of the scope of the audit, the financial information should be read in conjunction with the financial statements from which it has been derived and the auditor's reports thereon.

### *Interim (Semi- Annual) Financial Statements*

As set forth under "*Documents incorporated by reference*", the most recently available interim (semi-annual) financial statements of the Bank shall be incorporated in, and form part of, this Prospectus.

### *Audited Annual Financial Statements and Interim (Semi- Annual) Financial Statements*

This information is incorporated by reference. The Interim (Semi-Annual) Financial Statements were not audited.

### *Auditing of Historical Annual Financial Information*

This information is incorporated by reference.

### *Age of Latest Financial Information*

The latest audited financial information is dated 31 December 2005.



## **7. SUPERVISION AND REGULATION**

### **Introduction**

This section constitutes a summary of the supervision and regulation framework relevant to the Bank. The information in this section is by no means, nor is it intended to be, an exhaustive discussion of the subject matter thereof. As a financial service provider offering banking services, the Bank is primarily subject to supervision and regulation of the banking industry.

### **National regulation**

The activities carried out by the Bank are subject to supervision exercised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, the **DNB**) and by the AFM, the two Dutch supervisory authorities for the financial markets. The supervision by the DNB of the Bank's banking services is mainly exercised pursuant to the FSA, which implements European banking supervision legislation as further discussed below. The supervision by the AFM of the Bank's securities and investment business is exercised pursuant to the FSA as well, which also implements various European legislation with respect to the activities of investment firms (securities intermediaries and portfolio managers).

The DNB exercises supervision with respect to the solvency of credit institutions, the structure of credit institutions and the group to which they belong, and the administrative organisation of credit institutions. In addition, it exercises liquidity supervision with respect to certain issues which are specific for credit institutions. Securities institutions are subject to supervision by the AFM pursuant to the FSA and require a licence from the AFM to undertake their activities in the Netherlands. The FSA allows the AFM and DNB to control and verify whether the (legal) persons subject to their supervision comply with the applicable regulations. In addition to their supervisory powers, the AFM and the DNB have various powers to enforce compliance if they determine a violation.

### **Duty of care (know-your-customer)**

Pursuant to the conduct of business supervision, a financial service provider must determine a customer's financial situation, experience, knowledge and intentions, to the extent relevant for the activities it will perform for such customer. This is known as the 'know your customer' principle.

### **Integrity**

The conduct of business supervision rules provide, *inter alia*, for the requirement to have insider trading regulations, regulations in relation to private investment transactions by the financial service provider's employees and requirements in relation to the hiring of new personnel.

### **Transparency**

Pursuant to the FSA, financial services providers and intermediaries must comply with disclosure and transparency requirements with respect to (i) identity, (ii) cost of services, and (iii) services and products offered. In addition, financial services providers and intermediaries will be required to be transparent in respect of costs and commissions.

### **Regulations applicable to the Issuer**

Currently, the Issuer itself is not regulated directly, but as the holding company of a licensed credit institution, it is subject to the supervision which the DNB and the AFM exercise on a consolidated level.

## **8. CHARACTERISTICS OF THE DEPOSITORY RECEIPTS AND UNDERLYING SHARES**

### **Rights Attached To The Depository Receipts**

The Depository Receipts have been created under Dutch law and will be issued under Dutch law with the cooperation of the Bank. The Issuer issues one Depository Receipt for each Share. Depository Receipt Holders have the rights which Dutch law attributes to the fact that the Depository Receipts have been issued with the cooperation of the Bank. The rights attached to the Depository Receipts relate to, *inter alia*, the dividends and liquidation payments made payable on the Depository Receipts and the right to attend the General Meetings and speak at such meetings. Depository Receipts do not have the right to vote at the General Meetings. For a more comprehensive description of the rights attached to the Depository Receipts, reference is made to the articles of association of the Bank, the articles of association of the Issuer and the Administrative Conditions.

The Depository Receipts are non-convertible. Non-convertible means that a Depository Receipt cannot be converted into a share. The Depository Receipts are registered in the Register and are registered in the name of the Depository Receipt Holder. There are no costs attached to registration. The Bank does charge a 0.5% transaction fee for the execution of buy and sell orders relating to Depository Receipts, with a minimum charge of EUR 5.

### **Meeting of Depository Receipt Holders**

In a number of situations, the articles of association of the Issuer and the Administrative Conditions require decision-making by the meeting of Depository Receipt Holders. For example, amendment by the Issuer of its articles of association and Administration Conditions is only possible subject to the approval of the Bank and the meeting of Depository Receipt Holders. Furthermore, the meeting of Depository Receipt Holders appoints the members of the board of the Issuer, on the basis of recommendations of the board of the Issuer. The Bank must approve the recommendation of the members of the management board of the Issuer.

In a meeting of Depository Receipt Holders, each Depository Receipt Holder has as many votes as they have Depository Receipts, with a maximum of 1,000 votes.

For a more comprehensive description of the articles of association in which decision-making is required by the meeting of Depository Receipt Holders, reference is made to the articles of association and the Administrative Conditions.

### **Characteristics of the Shares**

The underlying Shares have been created in accordance with the laws of the Netherlands and are denominated in Euros. The Shares are registered shares and the register is kept at the head office of the Triodos Bank at Nieuweroordweg 1, 3700 AB, Zeist, the Netherlands. The Bank is in charge of keeping the records of the Shares in the register. The Shares are not freely transferable. The Shares will only be transferred between the Bank and the Issuer in the context of the issue of Depository Receipts in accordance with the Administration Conditions.

### **Rights attached to the Shares**

The Shares give the right, *inter alia*, to the dividends made payable on the Shares, and to liquidation payments. In addition, each Share gives the right to cast one vote at the General Meeting.

## **Meeting of Shareholders**

At least one General Meeting will be held annually in accordance with Article 15 of the Bank's articles of association. The Bank has only one Shareholder: the Issuer. In the exercise of its voting rights, the Issuer will be guided by the interests of the Depository Receipt Holder, the interests of the Bank and the basic principles expressed in the objects of the Bank.

## **Trading and transfers**

The Depository Receipts are not listed on the stock exchange but may be traded. The Bank maintains a market in Depository Receipts, whereby the price is determined on the basis of the net asset value as described under the heading "*The Offering - Issue Price*". For the execution of buy and sell orders relating to Depository Receipts, a transaction fee of 0.5% is charged with a minimum of EUR 5. These transaction fees are charged over the total price of the transaction, i.e. the price per Depository Receipt times the number of Depository Receipts.

Discounts on the purchase price will be available to certain investors in certain periods.

If Depository Receipts are offered for sale, the Bank will give priority to these Depository Receipts when trading. The Bank will only issue new Depository Receipts if no Depository Receipts have been offered for sale at that time.

For the validity of any transfer made other than through the mediation of the Bank, the approval of the Management Board is required.

In principle the transfer of Depository Receipts is not possible if and insofar as the acquiring party alone, or together with one or more group companies, or on the basis of an arrangement to cooperate together with one or more others, directly or indirectly, is a holder or will become a holder as a result of the transfer, of a nominal amount of Depository Receipts jointly corresponding with seven point five percent (7.5%) or more of the total issued capital of the Bank. At variance with the above provisions, Depository Receipts can only be acquired by a Depository Receipt Holder who alone or jointly with others is the holder of Shares or Depository Receipts jointly corresponding with seven point five percent (7.5%) or more of the issued capital of the Bank, exclusively upon issue and at most up to such number that, after issue, the percentage of the corresponding issued capital of the Bank which said Depository Receipt Holders holds alone or jointly with others by means of their Depository Receipts, is no more than the percentage held before the issue.

For a more comprehensive description of trading and transferring Depository Receipts, reference is made to Article 4 of the Administrative Conditions.

## **Dividend policy**

The Management Board will make a proposal for the profit distribution. As a rule, part of the profit will be used for reserves and the other part will be paid out as dividend. The intention of the Management Board is to have a stable dividend distribution per Depository Receipt. During the financial year 2002, 2003 and 2004 the dividend paid out per Depository Receipt was EUR 1,50. During the financial year 2005 a dividend was paid out of EUR 1,65 per Depository Receipt. Pursuant to Article 17, Paragraph 5 of the articles of association and Article 3, Paragraph 9 of the Administration Conditions, it is possible to make dividends available in cash or in whole or in part in the form of Shares and for the Depository Receipt Holder in the form of Depository Receipts.

**Payment of dividends**

Dividends on the Shares are payable at the latest four weeks after the annual accounts have been adopted. Triodos Bank will withhold Dutch dividend tax on the dividend. (see chapter 9). After receipt of the net dividend (after withholding tax) , the Issuer will make the net dividend payable to the Depository Receipt Holders at the latest eight days after receipt.

The Issuer will transfer the net dividend free of charge to a bank or giro account specified by the Depository Receipt Holder.

Dividends which have not been claimed within five years after they have been made payable will go to the Bank.

## 9. TAXATION

### NETHERLANDS TAXATION

#### (1) General

The following summary describes certain principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Depository Receipts by residents of the Netherlands, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Depository Receipts.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this document, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

#### (2) Individuals resident in the Netherlands

##### (2.1) Dividend tax

Proceeds from the Depository Receipts are subject to 25% Netherlands dividend tax and include:

- (i) proceeds in cash or in kind including deemed and constructive proceeds;
- (ii) liquidation proceeds, proceeds on redemption of the Depository Receipts and, as a rule, the consideration for the repurchase of the Depository Receipts by the Issuer in excess of its average paid-in capital recognised for Netherlands dividend tax purposes, unless a particular statutory exemption applies;
- (iii) the par value of Depository Receipts issued to a holder of the Depository Receipts or an increase of the par value of the Depository Receipts, except when the (increase in the) par value of the Depository Receipts is funded out of the Issuer's paid-in capital as recognised for Netherlands dividend tax purposes; and
- (iv) partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the general meeting of the shareholders of the Issuer has resolved in advance to make such repayment and provided that the nominal value of the Depository Receipts concerned has been reduced by an equal amount by way of an amendment of the articles of association and the paid-in capital is recognised as capital for Netherlands dividend tax purposes.

Netherlands dividend tax which is withheld with respect to proceeds from the Depository Receipts will generally be creditable for Netherlands income tax purposes if the holder is the beneficial owner thereof.

Based on new Dutch legislation the rate of dividend tax will most probably drop to 15% as of January 1, 2007.

##### (2.2) Individual income tax

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Depository Receipts and gains realised upon the redemption or disposal of the Depository Receipts are taxable:

- (a) at the progressive rates of the Netherlands income tax act 2001 if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Depository Receipts are attributable; or
  - (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Depository Receipts that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).
- (b) at a rate of 25% if a substantial interest in the Issuer is held.

Generally speaking, a holder of Depository Receipts holds a substantial interest in the Issuer, if such holder of Depository Receipts, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of Depository Receipts of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

If neither condition (a) nor condition (b) applies to the holder of the Depository Receipts, taxable income with regard to the Depository Receipts must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a threshold of € 19,698 (2006 rates). The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Depository Receipts less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Depository Receipts will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4% will be taxed at a rate of 30%.

### (3) Corporate entities resident of the Netherlands

#### (3.1) Dividend tax

Proceeds from the Depository Receipts are subject to 25% Netherlands dividend tax (see also section 2.1). Based on new Dutch legislation the rate of dividend tax will most probably drop to 15% as of January 1, 2007.

Netherlands dividend tax which is withheld with respect to proceeds from the Depository Receipts will generally be creditable for Netherlands corporate income tax purposes if the holder is the beneficial owner (as described below) thereof. No Dutch dividend withholding tax needs to be withheld with respect to proceeds from the Depository Receipts which belong to a qualifying participation for the Dutch participation exemption that belongs to the recipient's business in the Netherlands, unless the recipient is not the ultimate beneficiary

On request and if certain conditions are met, a refund of the Netherlands dividend tax applies to Netherlands qualifying pension funds, certain exempt entities and Netherlands investment institutions.

#### *Beneficial owner*

A recipient of proceeds from the Depository Receipts will not be entitled to any exemption, reduction, refund or credit of Netherlands dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. A recipient will not be considered the beneficial owner of these proceeds, if the recipient has paid in relation to a distribution, directly or indirectly, a consideration which forms part of a series of related transactions, and:

- (i) such consideration has been paid to an individual or a legal entity that is entitled to a less favourable tax treatment (including but not limited to the non-applicability of an exemption or a lower reduction, refund, or credit of dividend tax) than the recipient of the distribution; and
- (ii) such individual or legal entity retains, directly or indirectly, a position in the Issuer that is comparable to its position therein before the series of related transactions were entered into.

### (3.2) Corporate income tax

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Depository Receipts are attributable, income derived from the Depository Receipts and gains realised upon the redemption or disposal of the Depository Receipts are generally taxable in the Netherlands. Income derived from and gains arising upon disposal of the Depository Receipts that qualify as participation for the Netherlands participation exemption will be exempt.

Generally speaking, a shareholding is considered to qualify for the Netherlands participation exemption if it represents an interest of 5% or more of the nominally paid-up share capital. Under certain circumstances, a shareholding representing an interest of less than 5% may also qualify for the Netherlands participation exemption.

### (4) Gift and inheritance taxes

#### *Residents of the Netherlands*

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Depository Receipts by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands at any time during the twelve months preceding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

### (5) Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Depository Receipts or in respect of a cash payment made under the Depository Receipts, or in respect of a transfer of Depository Receipts.

### (6) Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Depository Receipts.

## **BELGIAN TAXATION**

This section provides a general description of the main Belgian tax issues and consequences of the acquisition, holding and disposal of the Depository Receipts by residents of Belgium. This summary provides general information only and is restricted to the matters of Belgian taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Belgian tax issues and consequences associated with or resulting from any of the transactions mentioned above. Prospective investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding and/or disposing of the Depository Receipts.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this document, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

### **Preliminary: Nature of the Depository Receipts**

The Depository Receipts should be assimilated with the underlying shares of Triodos Bank N.V. for Belgian tax purposes (tax transparency). Such an assimilation means that Belgian resident investors will be subject to the tax regime applicable to dividends distributed and to capital gains (losses) realised on these shares as if they held the shares directly instead of the Depository Receipts. The tax regime described below is based on the application of a tax transparency for Belgian tax purposes.

### **Individuals resident in Belgium and subject to Belgian individual income tax**

#### *Dividends received*

The Belgian branch of Triodos Bank, **Triodos Bank Belgium**, which will normally act as an intermediary for the payment of dividends received by a Belgian individual Depository Receipt Holder, will retain withholding tax on these dividends at a rate of 25%. The withholding tax is retained in discharge of income tax, which means that the dividends received by the Belgian individual Depository Receipt Holder after deduction of withholding tax no longer need to be included in that individual's Belgian personal income tax return.

Should no Belgian financial intermediary intervene in the payment of the dividend, the individual Depository Receipt Holder will have to declare the dividend received in its annual personal income tax return. The dividend will then be taxed at a distinct rate of 25% (plus municipal surcharge).

The Dutch withholding tax levied can as a rule not be offset against the Belgian tax due. However, only the dividend after deduction of Dutch withholding tax is subject to Belgian withholding tax at a rate of 25%.

#### *Capital gains*

Belgian resident individual Depository Receipt Holders will not be taxed on any capital gain realized on the sale of the Depository Receipts provided that such capital gain is realised within the framework of the normal management of the individual's private estate.

The realized capital losses will on the other hand not be deductible.



## **Corporate investors resident in Belgium and subject to Belgian corporate income tax**

### *Dividends received*

Dividends paid by Triodos Bank N.V. – as a non-resident company – to Belgian resident corporate investors will be exempt from Belgian withholding tax, subject to certain identification requirements.

Dividends are in principle taxable at normal corporate income tax rate (currently 33.99%).

Considering that the participation of the Depository Receipt Holder cannot normally exceed 7.5% of the capital of Triodos Bank N.V., dividends distributed will not qualify for the application of the participation exemption regime in Belgium, unless the Depository Receipts represent a participation in the capital of Triodos Bank N.V. with an acquisition value of at least 1,200,000 EUR. Further conditions are that the Depository Receipts qualify and are recorded by the Belgian company as fixed financial assets and that they have been held or are held in full ownership during an uninterrupted period of at least one year at the time of the dividend payment. Specific participation conditions may apply in respect of dividends paid to Belgian insurance companies, credit institutions, stock exchange companies and investment companies. In addition to the participation conditions described above, dividends (re-)distributed by Triodos Bank N.V. will have to pass a subject-to-tax test in order to qualify for the Belgian participation exemption regime. Subject to these conditions, up to 95 % of the qualifying dividends will be exempted from Belgian corporate income tax.

The Dutch withholding tax can as a rule not be offset against the Belgian tax due by Belgian corporate investors. It will anyhow be deductible for Belgian corporate tax purposes.

### *Capital gains*

Capital gains realised on the Depository Receipts will be treated as capital gains on the shares of Triodos Bank N.V.

Such capital gain may be exempt provided that the shares in Triodos Bank N.V. meet the subject-to-tax conditions imposed to the application of the Belgian participation exemption regime. No participation condition is imposed to the exemption of capital gains on shares.

Note that Belgian tax law provides that only the net capital gain (after deduction of costs) can be exempted.

On the other hand, capital losses on shares are not deductible for Belgian corporate tax purposes.

## **Companies and legal entities resident in Belgium and subject to the tax on the legal entities**

### *Dividends received*

A Belgian withholding tax of 25% will be levied by Triodos Bank Belgium – which will normally act as financial intermediary in Belgium – on dividends paid on the Depository Receipts. Should no Belgian financial intermediary intervene in the payment of the dividend, the legal entity (or assimilated company) will be obliged to declare the dividend received and pay the withholding tax spontaneously to the Treasury.

The withholding tax is retained in discharge of income tax, which means that the dividends received by the Belgian legal entities Depository Receipt Holder after deduction of withholding tax no longer need to be included in that legal entity's tax return.

The Dutch withholding tax can as a rule not be offset against the Belgian tax due. However, only the dividend after deduction of Dutch withholding tax is subject to Belgian withholding tax at a rate of 25%.

### *Capital gains*

Capital gains realised on shares by legal entities are normally not taxable. Capital losses are not deductible.

### **Stamp taxes**

The subscription to the Depository Receipts pursuant to their issuance will not be subject to the Belgian tax on stock exchange transactions.

On the other hand, the sale or any other transfer of the Depository Receipts for consideration will be subject to a 0.17 % tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is due separately on the sale and on the purchase of the Depository Receipts. It is nevertheless capped to 500 EUR per party and transaction. Exemptions may apply notably for transactions carried out by certain institutional investors and by non-residents acting for their own account.

### **Inheritance taxes**

Depository Receipts may be subject to inheritance or other similar taxes in Belgium to the extent that they are deemed to be part of the estate or inheritance of a resident of Belgium at the moment of his or her death.

## **10. THE OFFERING**

### **Maximum number of Depository Receipts available for issue**

On the date of this Prospectus, the authorised capital amounted to EUR 375,000,000, divided into 7,500,000 Shares with a nominal value of EUR 50 each. On 30 September 2006, 672.176 Shares were available for issue, with an aggregate nominal value of EUR 33.608.800. As one Depository Receipt is issued for one Share, the maximum number of Depository Receipts that could be issued on this date was also 672.176. With reference to Section 2:97 of the Netherlands Civil Code, it is hereby expressly announced that if it is only possible to issue a lower number of Shares than the maximum number of Shares, and by the same token, Depository Receipts, such lower number will be issued.

The Depository Receipts and underlying Shares will be issued continuously, under exclusion of the preference rights of the existing Depository Receipt Holders. The existing number of Depository Receipt Holders will be diluted proportionate to the new issues. In the event of issues up to the maximum authorised issue, the dilution will be 27%. The policy of the Management Board is to ensure that the equity growth of the Bank will not exceed 20% by the end of 2007, as compared to the situation as at 30 June 2006. On the basis of this policy, the dilution will be limited to 17%.

The issue of underlying Shares and Depository Receipts has been authorised in terms of the following resolutions: (i) a resolution of the Issuer in its capacity as shareholder of the Bank dated 19 May 2006, (ii) a resolution of the Management Board dated 24 February 2006 and (iii) a resolution of the Supervisory Board dated 24 February 2006, approving the resolution of the Management Board.

### **Issue price**

The Bank will daily determine the Issue Price of the Depository Receipts on the basis of the most recently calculated NAV per Depository Receipt and the Management Board's knowledge of current results. The NAV per Depository Receipt is calculated by dividing the net asset value of the Bank by the number of Depository Receipts issued. The current results which arise after the last net asset value calculation will be determined on the basis of the financial administration. The Issue Price per Depository Receipt will be rounded to whole euros, whereby values of 0.5 euros or more are rounded up.

The applicable Issue Price can be requested from the Bank daily and is also published on its local websites.

Discounts on the purchase price can be available to certain investors in certain periods. These discounts will be made public on the local websites of the Bank.

### **Transaction costs**

A transaction fee of 0.5%, with a minimum of EUR 5, will be charged for the issue of Depository Receipts. These transactions costs are calculated over the total price of the transaction, i.e. the Issue Price times the number of Depository Receipts.

The transaction costs will first be paid out of the total amount received upon issue of a Depository Receipt. EUR 50 will then be paid up as the nominal value of the underlying Share. The remaining amount will be booked as premium. The premium forms part of the Bank's equity and is taken into account when determining the net asset value. The premium can be used to effect a payment to the Depository Receipt Holders in Depository Receipts.

## **Subscription**

Subscriptions will be received by the offices of the Bank in Zeist, Brussels and Bristol. The address of the respective offices is as follows:

Nieuweroordweg 1  
3700 AB, Zeist  
the Netherlands

Hoogstraat 139/3  
1000 Brussels  
Belgium

Brunel House  
11 The Promenade  
Clifton  
Bristol BS8 3NN  
United Kingdom

A subscription requires that the enclosed subscription form be completed and sent, with simultaneous transfer of the total price to bank account number 21.21.88.577 for the Netherlands, 523-0800799-42 for Belgium and 20011636 for the United Kingdom of Stichting Administratiekantoor Aandelen Triodos Bank, Zeist, with the reference "Depository Receipts Subscription". The total price is equal to the number of Depository Receipts times the Issue Price, increased by the costs.

Existing Depository Receipt Holders can also subscribe by only transferring the amount they wish to invest, with the reference "Additional purchase of Depository Receipts" and their registration number. The Bank will transfer the maximum possible number of Depository Receipts on the basis of that amount. For the execution of such order, existing Depository Receipt Holders will be charged a transaction fee of 0.5%, with a minimum of EUR 5. These transaction fees are charged over the total price of the transaction, i.e. the price per Depository Receipt times the number of Depository Receipts.

## **Allocation**

Allocations will be made by the Management Board on behalf of the Issuer. The allocation policy will take into account the importance of a balanced spread of the holdings of Depository Receipts. In this respect, the Management Board will be guided by the provisions of Article 4 Paragraph 10 of the Administrative Conditions. This means that it will limit the number of Depository Receipts held directly or indirectly by any one Depository Receipt Holder to a maximum of 7.5% of the total number of issued Depository Receipts. The Management Board is authorised on behalf of the Issuer to refuse subscriptions on Depository Receipts or to only allocate a limited number. In addition, the Management Board can resolve at any time to limit, suspend or exclude the issue of Depository Receipts. Any resolution to close the issue will be announced on the Bank's website, [www.triodos.com](http://www.triodos.com).

## **Register**

The Depository Receipts are delivered to the subscriber by registration in the Register, which is maintained by the Bank. The Bank records the registration of the Depository Receipts in the Register. After allocation the subscriber will receive proof of registration in the Register. By registering, the subscriber confirms that he or she is a party to the deed effecting the transfer of the Depository Receipt. No costs are attached to furnishing the proof of registration.

The Depository Receipts are not delivered by means of a deed executed in the presence of a civil-law notary.

**Repayments**

Any excess funds which the Bank has received in relation to a limitation or exclusion of allocation will be repaid to the account from which these funds were received.

**Vesting Date**

The rights attached to the Depository Receipts included in this issue vest as per the date that the Issue Price has been paid into the equity of the Bank.

**No Listing**

No listing on any stock exchange will be requested for the Depository Receipts.

**No Material Interest**

So far as the Bank and the Issuer are aware, no person involved in the issue of the Depository Receipts has an interest material to the offer.

## 11. SELLING AND TRANSFER RESTRICTIONS

### General

**The offer of Depository Receipts to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. You should consult your professional advisers as to whether you require any governmental or other consents or need to observe any other formalities to enable you purchase the Depository Receipts.**

Neither the Issuer nor the Bank is taking any action to permit a public offering of the Depository Receipts in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if you receive a copy of this Prospectus, you may not treat this Prospectus as constituting an invitation or offer to you of the Depository Receipts being offered in the Offering, unless, in the relevant jurisdiction, such an offer could lawfully be made to you, or the Depository Receipts could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if you receive a copy of this Prospectus or any other offering materials or advertisements you should not distribute or send the same, to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If you forward this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) you should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, if you (including, without limitation, your nominees and trustees) wish to subscribe for the Depository Receipts being offered in the Offering, you must satisfy yourself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guideline only. If you are in any doubt as to whether you are eligible to subscribe for the Depository Receipts being offered in the Offering, you should consult your professional adviser without delay.

### United States

The Shares and Depository Receipts offered hereby are being offered in accordance with Regulation S under the US Securities Act of 1933, as amended (the **Securities Act**). Terms used in this section that are defined in Regulation S under the Securities Act are used herein as defined therein. The Shares and Depository Receipts have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States and may not be offered or sold in the United States or to or for the account of any U.S. person except in accordance with applicable laws.

Each purchaser of the Depository Receipts offered hereby will be deemed to have represented and agreed as follows:

The purchaser understands that the Depository Receipts have not, and will not, be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (i) in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Depository Receipts into the United States) or (ii) pursuant to a registration statement which has been declared effective under the Securities Act, in each case, in accordance with all applicable securities laws of any state or territory of the United States and of any other jurisdiction.

## European Economic Area

The Depository Receipts will not be offered to the public in a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), except that the Depository Receipts may be offered to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Depository Receipts which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 or 4 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Depository Receipts to the public" in relation to any Depository Receipts in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Depository Receipts to be offered so as to enable an investor to decide to purchase or subscribe the Depository Receipts, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## United Kingdom

The Bank has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Depository Receipts in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Depository Receipts in, from or otherwise involving the United Kingdom.

## **12. GENERAL INFORMATION**

### **Resolution to Issue**

The issue of the Depository Receipts has been authorised in terms of the following resolutions: (i) a resolution of the Issuer in its capacity as shareholder of the Bank dated 19 May 2006, (ii) a resolution of the Management Board dated 24 February 2006 and (iii) a resolution of the Supervisory Board dated 24 February 2006, approving the resolution of the Management Board.

### **No Listing**

The Depository Receipts will not be listed.

### **Litigation**

The Issuer and the Bank are not and have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and the Bank are aware) in the 12 months preceding the date of this document which may have or have in the recent past had a significant effect on the financial position or profitability of the Issuer and/or the Bank and/or the group.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and/or the Bank and/or the group since 31 December 2005 and there has been no material adverse change in the financial position or prospects of the Issuer and/or the Bank and/or the group since 31 December 2005.

### **Independent auditors**

KPMG, independent auditors, have audited, and rendered unqualified audit reports on, the Bank's financial statements for each of the financial years ended 31 December 2005, 2004 and 2003. The address of KPMG is Burgemeester Rijnderslaan 10-20, 1158 MC Amstelveen, the Netherlands. Each partner of KPMG is a member of the Royal NIVRA (*Koninklijk Nederlands Instituut voor Registeraccountants*), the Dutch accountants board.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

### **Documents Available**

From the date of this Prospectus and for the life thereof, copies of the following documents may be physically inspected at the registered office of the Issuer during normal business hours and copies of such documents in Dutch and in English will, when published, be available free of charge from such office during normal business hours:

- (i) the most recent articles of association of the Issuer and the Bank;
- (ii) the Annual Reports of the Bank for the financial years ended 31 December 2003, 2004 and 2005;
- (iii) the most recently available published consolidated interim (semi-annual) financial statements of the Issuer (in English); and
- (iv) the Administrative Conditions of the Issuer.



**REGISTERED OFFICE OF THE ISSUER**

**Stichting Administratiekantoor Aandelen Triodos Bank**

Nieuweroordweg 1  
3700 AB, Zeist  
the Netherlands

**REGISTERED OFFICE OF THE BANK**

**Triodos Bank N.V.**

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**LEGAL ADVISER TO THE ISSUER**

**Allen & Overy LLP**

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**AUDITOR**

**KPMG Accountants N.V.**

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