

A person is walking away from the camera on a paved road that stretches into the distance. The road is flanked by tall grasses and some trees. In the background, a large field of white wind turbines is visible against a clear blue sky. The overall scene is bright and sunny.

Triodos Bank
Depository Receipts

Historical
and critical
report

Understanding and acting

Bernard Poncé - October 2022

Foreword

I am speaking here as a private holder of Triodos certificates. My role as a delegated agent of Triodos Bank between 1995 and 2022 (end of 31 March) cannot therefore be emphasised, except for the experience I have gained over the years, which I obviously cannot forget. I would therefore like to make three points clear:

- 1) My Ligne Bleue office no longer has a professional relationship with the Bank and is not involved in the drafting of this report.*
- 2) My report is written in a totally private capacity on the basis of information that is public or at least not, to my knowledge, classified as confidential (and still would be).*
- 3) With the exception of submissions made on my own initiative, whether by specific request or not, this report may only be published in whole or in part in any medium with my written consent. Any request can be made to trioforum@yahoo.com.*

On the other hand, I am well aware that reading this report will require an effort from some. If they do so, they should be rewarded, because I have sought to provide tools that could open up avenues for the defence of their financial interests.

Finally, I would like to confirm my position in this matter, which I have already had the opportunity to put in writing, both to my clients and to the Bank.

I believe that an institution such as Triodos Bank has an important role to play in today's society. In addition to its pure banking activity, many of the actions initiated by the bank are commendable, decisive and certainly deserve support to foster a more sustainable future than what is currently offered to us by the society we live in.

This is also why I became a certificate holder. Nevertheless, I strongly disagree with the decisions taken by the management with regard to these securities. So I want to make sure that I don't throw the baby out with the bathwater. This is why my office continues to distribute Triodos' Sicavs via an insurer. As for the rest, I could be wrong and I don't force anyone to agree with me. :-)

Having said that, I wish you an excellent and instructive read.

Bernard Poncé



PS: Readers who are concerned about my intellectual well-being should not hesitate to point out the spelling mistakes, to apologise and to send me their findings to the above e-mail address. :-)

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**Interim report
on the issue of
Triodos Bank
Depository Receipts (DR).**

Do you want to let off steam or relieve the stress caused by the DR issue?

Write below about your setbacks, disappointments, experiences, demands, etc.

Please note: Given the extensive research work, certain texts originally published on the bank's site in English ou Dutch have not been reproduced. This pdf therefore includes the French texts, translated. The Dutch and English versions of this book are translations made using the pro version of deepl.com. Errors in meaning or translation are therefore possible. Only the French version is authoritative. In case of doubt, please refer to this French version. Any help to improve the translation is welcome.

A vibrant green basil plant with several leaves is growing out of a clear glass jar. The jar is filled with a stack of various coins, including silver and gold ones. The background is a soft, out-of-focus green. The text 'PART 1 Understanding' is overlaid on the right side of the image.

PART 1
Understanding

Introduction

A little reminder may help us all to better understand the situation we are facing.

When it was created, the bank opted for an original financing system. Two entities were created:

- Triodos Bank, with a single shareholder, the Stichting Administratiekantoor Aandelen Triodos Bank (SAAT, for short)
- SAAT, which holds and manages all the shares of Triodos Bank NV.

To finance the bank, the SAAT Foundation issues share certificates which have the same book value (of the bank) as the original shares, are entitled to the same dividend, but have no voting rights at the general meetings (GM) of Triodos Bank. They do have voting rights (limited to 1,000) at the general meetings (GM) of SAAT, but almost only to elect the directors.

Sold to private individuals and institutions, the bank could thus finance itself while retaining control over its decisions, given its sustainable nature. This model guaranteed the independence of the bank since no one, apart from SAAT, could become a voting shareholder. Moreover, as SAAT was a foundation, it was impossible to take financial control of it.

The liquidity of the stock was ensured by the Bank, which used the legal maximum of 3% of its capital to buy back the certificates from those who wanted to sell them. This *buffer* therefore served to ensure transactions while keeping the price equal to the book value. This system worked for 40 years, until 18 March 2020, when the bank stopped trading, raising many questions.

To answer this question, I went back over the course of events to try to understand the mechanics in order to have the clearest possible picture of the situation, before undertaking the necessary actions. In short, to understand in order to act.

TO REMEMBER

- The SAAT Foundation is the sole shareholder of the bank
- DR holders do not have voting rights
- The bank organised transactions internally on the basis of its book value
- The quality of the bank's communication leaves much to be desired



Communicating

Clarity is not the prerogative of the bank's communication department, which sometimes tries to infantilize us. *We have already answered these questions many times* is a familiar speech. It is often necessary to go over it several times to get a really clear and detailed answer to a question, even if, in addition, it is not always easy to determine the interference of legal obligations and supervisory authorities.

The bank should at least realise that if the explanation given does not sink in with many people, it may be because it is flawed. Unfortunately, the institution does not practice much introspection: if it is not always right, it cannot be wrong. This is an unwritten leitmotif that emerges mercilessly from its actions (1).

In this context, the bank can give itself the impression of being totally transparent. The average holder finds himself completely lost and deprived of any contradictory analysis that is even slightly enlightened. How to find one's way through the jargon, the (semi-)annual reports, the SAAT minutes, the press releases, the meetings of small or large groups, the live or web presentations, the market studies, the multiple publications, all in different languages but not always on the same subject?

Too much information kills information, as is well known. One would like to scatter any hint of contestation that one would not do it otherwise. However, the bank is moving in a single direction, decided by it, regardless of the demands or wishes of the holders. Pressure groups are beginning to realise this (2). Is this normal?

(1) An example is Triodos' reply of 27 June 2022 to the Dutch group VEB (see details on p. 68 and 72) (questions put to the bank on 4 May 2022): *In view of the above, Triodos Bank refutes the objection raised by VEB that Triodos Bank lacked transparency as to the ins and outs of the process it had followed between January 2021 and December 2021 to eventually, after the second suspension of the facilitation of the trading of the Certificates via Triodos Bank, make a decision on how the Certificates could be traded in the future. Extensive consideration was given to the interests of the Certificate Holders, who are also involved in the consideration of the issues. Triodos Bank has also provided a full explanation for having to decide in March 2020 and January 2021 to suspend trading in the Triodos Bank Certificates.*

(2) See details on p. 67 ff. and the letter of 04/10/2022 from the Stichting Certificaathouders Triodosbank : *Hoewel de toon van het gesprek aanzienlijk vriendelijker was dan in eerdere communicatie van de bank, was men niet bereid de gevraagde documentatie te overleggen. Daarmee werd duidelijk dat de bank niet van plan was een grotere transparantie aan de dag te leggen en ook geen verantwoording te willen afleggen over het verleden. Wel gaf de bank aan een OK procedure een (te) zwaar middel te vinden voor de gerezen problemen.*


Although the tone of the conversation was considerably friendlier than in the bank's previous communications, they (the bank) were not willing to provide the requested documents. This made it clear that the bank had no intention of being more transparent, nor did it want to account for the past. However, the bank indicated that it considered an OK procedure (editor's note: with the Chamber of Commerce) as (too) cumbersome for the problems that had arisen.

Partial history, criticism and questioning

THE QUESTIONS AND ANSWERS ON THE FOLLOWING PAGES ARE BASED ON AN INTERVIEW WITH AN EMPLOYEE OF THE BANK ON 18 AUGUST 2022.

NOTES ARE INDICATED BY A NUMBER IN BRACKETS IN THE TEXT AND ARE FOOTNOTED.

Among other things, the references of the quoted sources and the original texts in Dutch when translated into the French text are given. The translations were made via www.deepl.com.



June 2019

Chapter 1

Before the flood

THE SUMMARY

- *Did management anticipate (or could it?)
what is happening today?*

The point

In June 2019, the bank will switch from Dutch accounting to international accounting under IFRS (International Financial Reporting Standards). A source told me afterwards that some supervisory authorities had pointed out to the bank the problem that its certificate rating system could eventually cause.

The question

Is this true and if so, did the bank have a strategy or thinking about it at the time?

The answer

My correspondent does not know about this.

Commentary

To this question, a Triodos employee had previously answered me something like this: *But Bernard, that's already in the past, now we have to find solutions for the future* (3). This faithful guardian of order does not seem to be aware that others find this question very relevant. Two Dutch associations challenging the bank's decisions want to *know exactly when Triodos realised that the old trading system was no longer adequate* (4).

(3) Let's be honest: this reflection makes sense, philosophically speaking. It raises the question of whether dwelling on past events in order to obtain justice for them is a good way of thinking. My purpose is not to answer this question, but to note that this reaction often comes from the people most affected. This is a bit easy, even cowardly in my opinion, since it absolves us of any responsibility, repentance or compensation. On a higher level, it makes it possible to justify any action a posteriori, simply because it is based on the past. Is this not a way of opening a Pandora's box on the part of its critics?

(4) Het Financieele Dagblad du 1 août 2022 : *De VEB en Stichting Certificaathouders Triodos Bank willen de bank tot meer openheid dwingen en bereiden een procedure voor bij de Ondernemerskamer. De twee belangengroepen willen exact weten wanneer Triodos inzag dat het oude handelssysteem niet meer voldeed en hoe de besluitvorming richting het nieuwe handelsplatform tot stand is gekomen. In juli heeft de bank een zogenoemde Bezwarenbrief ontvangen, wat als een formele start van een procedure gezien kan worden.*

VEB and Stichting Certificaathouders Triodos Bank want to force the bank to be more open and are preparing a procedure before the Chamber of Commerce. The two interest groups want to know exactly when Triodos realised that the old trading system was no longer adequate and how the decision to switch to the new trading platform was taken. In July, the bank received a 'letter of objection', which can be considered the official start of the procedure.



March 2020

Chapter 2

The covid

THE SUMMARY

- *The bank stopped the transactions, putting the holders in a corner.*
- *The bank has de facto cut the cord with the old system.*
- *Communication on this point is and remains deficient.*

The point

On 18 March 2020, the bank decided to temporarily suspend the quotation of the certificates because of *the uncertainty that the COVID-19 pandemic had created for the economy as a whole, including the financial sector (5)*. No mention is made of the imbalance between seller and buyer.

This reality will come later, notably in a letter to the VEB of 8 July 2020 (6) as well as, for example, in the Q&A document published following the meetings of 15 and 17 February 2022 (7): *The supply and demand for certificates was unbalanced to such an extent that Triodos Bank was no longer able to buy back certificates at the net asset value (NAV...)*

(5) Press release of 18/03/2020, on triodos.nl: *De reden voor deze tijdelijke opschorting is de onzekerheid die de COVID-19-pandemie heeft gecreëerd voor de economie als geheel, inclusief de financiële sector. Deze onzekerheid leidt tot verstoring van markten op een ongekennde schaal. Onder deze omstandigheden heeft Triodos Bank ervoor gekozen om te stoppen met het aanbieden van certificaten en te stoppen met het accepteren van verkooorders van certificaten totdat er meer duidelijkheid is over de effecten die de COVID-19 pandemie heeft op Triodos Bank en haar certificaten.*

*The reason for this temporary closure is the uncertainty that the COVID-19 pandemic has created for the economy as a whole, including the financial sector. This uncertainty is disrupting the markets on an unprecedented scale. Under these circumstances, Triodos Bank has taken the decision to cease offering Depository Receipts and to cease accepting orders to sell Depository Receipts until there is more clarity on the effects of the COVID-19 pandemic on Triodos Bank and its Depository Receipts (**).*

(6) Press release of 08/07/2020, on triodos.nl: *Zoals eerder aangegeven was er sprake van een verhoogde uitstroom van Certificaten in het beginstadium van de coronacrisis. De genomen maatregelen zijn erop gericht meer ruimte te creëren voor beleggers om de Certificaten te verkopen door de buffer te vergroten en een ordelijke hervatting van de handel te bevorderen door een maximum te stellen aan het aantal verkopen per beleggersrekening per week.*

As mentioned earlier, there was an increase in the run-off of Certificates in the early stages of the krona crisis. The measures taken are aimed at creating more space for investors to sell certificates by increasing the buffer and promoting an orderly resumption of trading by capping the number of sales per investor account per week.

(7) Press release of 15 and 17/02/2022, Q&A document downloadable from Triodos.be: *The supply and demand for certificates was unbalanced to such an extent that Triodos Bank was no longer able to redeem certificates at net asset value (NAV) within the regulatory limits and, as a result, could no longer facilitate the exchange of certificates itself. The legal restrictions to which Triodos Bank is subject do not allow this. The limited restart ('gated trading') in October 2020 unfortunately did not restore the tradability of the certificates, resulting in a further suspension in January 2021.*

Commentary



The reference to an imbalance between buyer and seller was repeated many times by the bank. With this explanation, the bank always considered that it was giving a concrete answer to the suspension of the certificates. On the other hand, it has never given precise figures on the extent of the phenomenon, to the point of making completely idiotic statements (8). However, this statement is in fact only an observation.

It's a bit like driving in a car, in a straight line, on a road. You have a driver. Suddenly, threatening clouds appear in the distance. A crossroads comes up, allowing you to turn left, right, or straight on as planned. But then, without warning, your driver turns right. You ask him why he is turning right, and he replies: "because there are clouds".

In short, this finding does not answer the question of why the imbalance automatically implied or justified a suspension of transactions. This was not self-evident. Indeed, the subscription questionnaire (9) stated: *Triodos Bank may redeem up to a maximum of 2% (10) of the share certificates issued. Beyond this limit, my Triodos Bank share certificates will only be sold if there are buyers.*

There was therefore no mention of a unilateral suspension. On the contrary, the last sentence implied that the Bank would leave the transactions open, even in case of severe tensions. This point was systematically ignored by the bank. The latest proof was the umpteenth repetition of the mantra by the CEO at the EGM on 11/10/22, in response to a question from a holder who still hadn't understood. It's not going to happen any time soon!

(8) SAAT's response at its EGM on 11/10/22, when asked how large the imbalance was: "Very large".

(9) Knowledge and experience questionnaire for retail investors (14/12/2015), question 12.

(10) Limit at the time, later increased to 3%.

The questions

The answers

Commentary

A) To the best of my knowledge, no precise figures have been published on this imbalance, except, in part, in the document "*Historical overview of Triodos Bank's share certificate "buffer" redemptions*" (11). Was the bank forced to limit its explanations and if so, for what reason and/or on the orders of which authority?

B) Beyond the buyer/seller imbalance, why was the bank obliged to suspend the quotations? Were there any legal restrictions and if so, could you detail them?

C) Beyond a stimulus reserve, why not let the buffer fill up as much as possible, as the statutes allowed (see note 9, p.13), and leave the market open between buyers and sellers, with transactions made in order of arrival? This system did not create any inequality between holders and did not prevent us from thinking about another model.

My correspondent does not know about this.

It was necessary to keep a sufficient buffer (clearing house to balance purchases and sales) in order to be able to reopen the transactions later.

1. The bank felt that it would take too long to return to a balanced market.
2. The implementation of such a system was too difficult
3. There was a risk of increased sales

While this explanation seems obvious and logical to me, it is interesting to note that it does not appear, to my knowledge, in any document. It took me a very long time to obtain it, which shows the very random nature of Triodos communication. Furthermore, it should be noted that there was no legal obligation to suspend.

See next page.

Comment on question C) page 14

No one is a prophet in his own country and it is obvious that one has to put oneself in the shoes of the decision makers at the time. However, it is hard not to think that in 2020 the management simply let things go, betting that the positive half-year results would calm the market. This is evident from its response to the VEB (12): *Triodos Bank took several steps to restore smooth trading, including increasing the buffer and setting a maximum amount per investor account per week*. At the very least, in retrospect, and given the time that has elapsed, one is entitled to ask how leaving the market open would have impeded anyone or anything?

On the other hand, the argument of the difficulty mentioned by my correspondent does not seem to me to be very relevant, given that the bank did not subsequently back down from implementing the famous solidarity operation, which proved to be totally futile, unnecessarily energy-consuming and financially costly, knowing that it would then come up with a cost-cutting plan, notably by cutting jobs....

As for the increase in sellers, this is even less relevant, since this is exactly what the bank did when it restarted trading in October 2020, by knowingly limiting orders, which had the obvious effect of encouraging sellers to rush to the gate. To think that it could by this limitation *promote an orderly resumption of trading* (13) seems to me to be a reckless gamble.

Finally, I pointed out to the bank the possibility for buyers and sellers to trade privately. This possibility could therefore be implemented in off-buffer orders processed by time of arrival, especially since it is found in the Principles for Facilitated Transactions in Share Certificates (14)!

However, the bank decided that it could not do this because private transactions should remain private. The bank could not legally intervene in the transaction, on pain of creating inequality between holders, which is formally correct. Indeed, why favour one and not the other? Nevertheless, the order of arrival eliminated this inequality. So, too complicated to implement? That's what we were told.

I don't know if this is why the bank took so long to mention this private transaction possibility in a more official way. However, it has remained on page 54 of the certificate prospectus for a long time. The situation will start to change in February 2021. But gently. At the EGM on 11 October 2022, for example, a holder who wanted to know how to sell certificates to a private individual was not answered. An oversight, no doubt. On the other hand, the notion of equality between holders will regularly come up. However, we will see that it will be variable.

In this respect, knowing that it was said that sales were mainly made by Dutch holders, I asked whether the buffer could be divided by country taking into account the real contributions (15). The answer was no, because there was no equity.

The questions

The answers

Commentary

D) By taking the decision to suspend transactions completely before reaching the upper buffer limit, the bank created a de facto situation of uncertainty for the holders. What better advantage did the bank hope to obtain than by keeping even limited transactions open?

The question was put to management but never answered.

No comment !

(12) Response of 8 July 2020 to the Dutch group VEB, press release published on triodos.nl : *Met de publicatie van de halfjaarresultaten 2020 kunnen wij financieel inzicht bieden in de stand van zaken in de coronatijd. Beleggers kunnen deze informatie meenemen in hun afweging om al dan niet te investeren in Certificaten. Zoals aangegeven in ons persbericht heeft Triodos Bank meerdere maatregelen getroffen om de handel weer op ordelijke wijze op gang te brengen, zoals het verhogen van de buffer en het stellen aan een maximumbedrag per beleggersrekening per week. Het is aan elke individuele belegger hoe zij haar eigen belangen en risico's inschat bij de afweging om Certificaten te kopen of ter verkoop aan te bieden.*

With the publication of the half-yearly results 2020, we are able to offer a financial overview of the state of the corona. Investors can take this information into account when considering whether to invest in certificates. As stated in our press release, Triodos Bank has taken several steps to restore smooth trading, including increasing the buffer and setting a maximum amount per investor account per week. It is up to each individual investor to assess their own interests and risks when considering buying or offering certificates for sale.

(13) Id. note 7, p. 12 : *De genomen maatregelen zijn erop gericht meer ruimte te creëren voor beleggers om de Certificaten te verkopen door de buffer te vergroten en een ordelijke hervatting van de handel te bevorderen door een maximum te stellen aan het aantal verkopen per beleggersrekening per week.*

The measures taken aim to create more space for investors to sell certificates by increasing the buffer and to promote an orderly resumption of trading by capping the number of sales per investor account per week.

(14) Document "Principles applicable to facilitated transactions in Share Certificates in the capital of Triodos Bank" of 27/10/2020. Article 8. Allocation, states: *In the event that not all Sell Orders can be executed in a settlement cycle, the Executive Committee may, at its sole discretion, decide to process and execute Sell Orders in accordance with the chronological time stamps of the Orders in date and time ("first come - first served" principle). CoA holders will be informed accordingly.*

(15) Mail from my office sent on 27/10/2020 to the bank: *It was said that for the sake of fairness between all holders, whatever the country, there cannot be different rules between countries. However, as far as the buffer is concerned, it should be possible to divide it by country taking into account the contribution of each country since the number of holders in a country is not the same everywhere. Therefore, having only one buffer is by definition unfair! Bank's response: The buffer relates to total capital. There is no equity per country and therefore no possibility to use local buffers.*



April 2020

Chapter 3

Waiting

THE SUMMARY

- *The bank says it will help its customers, but has almost no means to do so !*
- *After the publication of a positive balance sheet, the bank revived transactions, but limited sales, which undoubtedly increased demand*
- *At the same time, a capital increase takes place at € 84 per certificate.*

The point

On 1 April 2020, the Bank suspends the payment of the 2019 dividend, following the European Central Bank's recommendation of 27 March.

On 18 June, the Bank publishes a news item on covid which states: *The Covid-19 outbreak reminds us of our interdependency as human beings and that a global crisis like this one, affects all of us. Having confidence in each other, working together and not leaving anyone behind is crucial.* (16).

In a related statement issued on the same date, it said: *"Since March, Triodos Bank has focused on supporting its business and retail customers through the financial challenges associated with the corona crisis by, among others, agreeing payment holidays, and offering refinancing arrangements, in line with the government support schemes per country. We have reached out to our communities to help them make sense of the crisis and provided **practical support.*** (17).



(16) www.triodos.com/articles/2020/the-coronavirus-pandemic.

(17) www.triodos.com/press-releases/2020/intermediate-update-to-depository-receipt-holders.

Commentary

It is reasonable to assume that it is with this in mind that, in view of the blocking of certificates, it will repeatedly state that customers wishing to receive help can contact it. This was publicly stated again during the webinar on 2 February 2021 by former CEO Peter Blom. Following this announcement, I called on the bank to stop this kind of totally illusory oath, because in practice the Triodos employees at the time reported to me that they themselves were completely at a loss to understand this message, as they simply could not do anything other than explain the situation! The Bank could not redeem its own certificates or take them as collateral, as this was legally prohibited! Nor could it grant personal loans (at least in Belgium), as it had no accreditation to do so (18).

With the possible exception of professionals, only a few private individuals seem to have been 'helped' by receiving some slack on their outstanding mortgage, which was later confirmed (18). I am not aware of the tariff conditions that may have been applied and unfortunately I have no figures to show the real extent of this aid. What is a pity, however, is that on 18 August 2022, the bank continues to make this inadequate statement, but it is more finely worded, let's face it: *...please contact info@triodos.be so that we can see with you if we can find suitable solutions to help you, within the framework of existing banking products and services and in compliance with the regulations* (19). Those concerned will appreciate...

(18) Report of the meeting of 12 September between the Belgian Collective and Thomas Van Craen, Director of Triodos Belgium (available only from the Collective, not published on the website): *Regarding the (growing) social cases of certificate holders in need of liquidity (inheritances, increase of household budget...), Triodos reaffirmed that it only allows payment facilities for mortgage loans. For the others, it is waiting for the MTF, which is to be operational in June 2023.*

Furthermore, in response to a question from a holder, Willem Horstmann (Executive Committee) confirmed at the EGM on 11 October 2022 that the bank could not lend funds without following the rules for preventing overindebtedness, and that in any case it could not take certificates as collateral. So why did the bank report at this EGM that it was able to help some people? In a fine display of contradiction, we will be told that they are working to find solutions...

(19) Q&A published on 18 August 2022 on triodos.be: *We are aware that as a result of the withdrawal of the restricted buy-back programme and the solidarity scheme, some of our certificate holders will not be able to obtain the relief they had hoped for. If this is the case for you, and you are experiencing financial difficulties, please contact info@triodos.be... (continued in the text above).*

The point

In the 18 June press release, the bank further states that :

- Depository Receipts derive their value from the calculated value of the bank's net assets (all assets minus all liabilities). This approach avoids uncontrolled market volatility and speculation and makes the price of Depository Receipts much more stable than the price of stocks which are listed on a stock exchange. Weekly calculation of the Depository Receipt price includes any known economic expectation at that time.

- To facilitate transactions in a controlled way, the total value of Depository Receipts that may be offered for sale by any Depository Receipt holder can be restricted. When Triodos Bank is ready to start selling and repurchasing Depository Receipts again, the maximum value that may be sold to Triodos Bank will be restricted to an amount of EUR 5,000 per investment account per week. Sales and demand patterns will be monitored carefully and this amount may change again in future.(20).

On 24 August 2020, the bank publishes its semi-annual results. They are positive.

On 28 September 2020, it publishes its prospectus for a capital increase that will start on 6 October 2020. Trading in certificates will reopen on 13 October. However, sales are limited to €5,000. Purchases will be offered at €84, free of charge and with a €2 discount for any existing holder (with a maximum of €2,000). This sounds like compensation for unpaid dividends... The buffer has increased from €28.2 million to €36 million. Despite its efforts, the bank sees continued selling pressure and limits selling to €1,000 from 27 October *to give more time for new purchases and to restore a balanced trading pattern.* It's a dream come true.

(20) Id. note 17, p. 18 .

Commentary

The first excerpt clearly indicates that the path officially chosen by the bank at that time was not a stock market one, following the comment of Thomas Van Craen, Director of the Belgian branch (21): *On the other hand, we can see that being on the stock market always reinforces the pressure on financial return to the detriment of a broader societal return. If Triodos were listed on the market as it is today, it would not be able to fulfil the mission it has set itself.*

When you consider that at the end of December 2021, the bank confirmed its choice to be listed on a trading platform (called an MTF - Multilateral Trading Facility), you can retroactively appreciate the surge. Although an MTF is not comparable to Euronext (the European stock exchange), it is still a stock market, with pricing based on supply and demand. Since the bank has also announced its intention to increase its profitability, the question arises as to whether it is not shooting itself in the foot by denying its deepest convictions? I will come back to this in Chapter 9.

The second extract shows that the bank initiated the limited order trade-in project at least as early as June. To the question of whether this takeover with a limit on transactions could have increased the feeling of insecurity and eagerness to sell among holders, I was told by my correspondent that, despite the stock market recovery and the publication of good results on 20 August, the bank considered that without a limit, the risk of saturating the buffer was too great.

It is legitimate to ask whether this decision was the most appropriate one, given that it increased the domino effect after an already long period of uncertainty and waiting for holders. This is especially so as the bank wrote in the same statement *that a precondition for reopening trading is the reasonable expectation of a measured response to Triodos Bank's offer, resulting in an inflow of new capital in the form of certificates of deposit.* This implies that if it reopened trading, it was expecting an influx of capital...

It should be noted that when asked whether this limitation of transactions would have been required by a supervisory authority, the answer was negative.

(21) Published in Le Soir of 22 January 2019.



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January 2021

Chapter 4

Disappointment, again...

THE SUMMARY

- *Closing of transactions, permanently.*
- *A reduced dividend is paid.*
- *Jeroen Rijpkema, the new CEO for 2 years, will clean up.*
- *SAAT is starting to make its voice heard, too late.*
- *Against the majority wish of the holders, the bank indicates that it will opt in December for an open or closed listing.*

The point

On 5 January 2021, the bank closes the transactions again.

On 2 February 2021, the bank organises a seminar with Peter Blom (CEO at the time) and Thomas Van Craen (Director Belgium). This webinar provides some insights:

1. The speech simply repeats many known elements.
2. The questions asked seemed to me to reflect a general point: the poor understanding of the product by the owners, and the poor understanding of the owners by the management.
3. An interesting point was raised by Peter Blom himself: the fact that the Bank cannot communicate at will, as it wishes, being restricted by the supervisory authorities. The bank cannot communicate who is selling and who is buying, or in what quantities. However, it appears that this restriction is hardly understood by the customers.
4. It is also reported that the bank requested a temporary increase of the buffer to 5%, which was refused by the supervisory authorities.

On 4 February, I forwarded to the bank the idea of exchanging certificates for subordinated bonds, which was put forward by a former auditor of the Court of Auditors (22). As far as I know, no action will be taken on this proposal. On the other hand, it will be discussed and deemed feasible by the members of the Belgian and Dutch collectives in a web session on 9 July 2022.

On 8 February, the bank launched a survey of certificate holders.

Commentary

On the point opposite, we will come back to the statements made by my correspondent during my communication of 18 August: each time the question of the supervisory authorities was raised, the answers were vague, absent or lenient, with the notable exception of point 4 opposite. I think this is a real problem.

Conclusion: *Generally speaking, and even if some positive opinions were expressed, I fear that dissatisfaction remains (23).*

(22) : Mail from my office sent on 4 February 2021 to the bank: *A possible way forward (financially) for Triodos would be for SAAT to offer holders to exchange their certificates for subordinated bonds, for example with staggered terms. For example, 20% of the certificates at one year, 20% at two years, etc. Advantages: they can continue to issue them (bonds), the holder has a time horizon and a reasonable return. The best thing would be to add an inflation indexation for long maturities... You lose a little yield but gain predictability (hence liquidity).*

(23) Id. note 22

The point

Commentary

On 18 March, the Bank issued a press release on the (positive) annual results. In this press release, the Bank indicates a change of attitude regarding the solutions to be found for the certificates (24). Further information: the Bank will pay a dividend of € 0.65 gross. Problem: since there is no transaction, there is no longer any conversion into certificates! This means that the Dutch tax of 15% has to be paid.

On 21 May, the bank's general meeting. I don't remember if it was during this meeting or via a Belgian webinar, but following the results of the February survey, it was stated (from memory) that the holders are generally loyal to the bank; that the majority of them do not wish to sell; that most of them are reluctant to be listed on the stock exchange; that they want the bank to remain independent; and that they accept a lower return in exchange for a higher social conscience.

In July, ex-CEO Peter Blom left for the pension with the congratulations of the jury but without much fanfare. His replacement, Jeroen Rijpkema, was appointed for two years. Quite a programme! My poor knowledge of managerial language tells me that someone is there to clean up the mess... (25)

We will appreciate later what the bank will do with these opinions...

Speaking of Peter Blom, I'm surprised that no one seems to have noticed his disappointing management of the certificate crisis... Isn't a high-level manager supposed to anticipate crises? Didn't he ever wonder whether the increase in the number of holders, especially after 2008, would not eventually cause a problem?

(24) Press release of 18/03/2022, available on triodos.be: *...the bank will monitor the situation closely to see whether balanced trading is again considered possible and whether the suspension can be lifted. At the same time, the bank is studying alternative solutions with the aim of structurally improving the currently limited trading in share certificates. At the end of 2020, there were 43,614 holders of share certificates (44,401 in 2019).*

(25) Extract from the article published in Management Scope 02 2022 by X. Baeten and M. van Zanten : *In een transitie moet je besluiten durven nemen en doorvoeren, zoals bij het kapitaalvraagstuk. Dat is uitdagend en ik realiseer me dat het soms ook echt pijnlijk is. Maar we moeten met elkaar de moed hebben om datgene te doen wat nodig is om de missie voor de lange termijn veilig te stellen. Het is mijn taak om dat op een verbindende manier te doen. Ik zie dat ook als een vorm van dienend leiderschap. Ik ben begin 60, dus ik zal hier geen 40 jaar zitten zoals mijn voorganger.*

In a transition, you have to dare to take and implement decisions, as with the capital issue. It is a challenge and I realise that sometimes it is really painful. But we must have the courage together to do what is necessary to ensure the mission in the long term. It's my job to do that in a connected way. I also see this as a form of servant leadership. I'm in my early 60s, so I won't be sitting here for 40 years like my predecessor.

The point

On 19 August, the bank published its results for the first half of 2021 (26) and performed well. On this occasion, the new CEO commented that *Going forward, to ensure that we can continue to fund change, we will need to manage our ability to access new capital over the long term and the necessary diversification of our capital base.*



Commentary

For those who can read between the lines, the tone is set and it looks like a well-defined agenda. Is it really necessary, then, to bother with meetings with the owners, who in this case have no legal say in the matter? Indeed, only SAAT (see p. 5) decides on the common good, which, let us remember, is guided by three objectives:

- to safeguard the interests of holders of share certificates
- to safeguard the interests of Triodos Bank
- to preserve the mission of Triodos Bank

In short, it's two against one. Everyone will have noticed that at all the meetings, SAAT follows the resolutions proposed by the Bank, with the notable exception of a wake-up call that started to be heard (a little) more from September 2021. This is very, if not too, late for some. According to our readings here and there, it seems that there is now a real discussion within SAAT by administrators who, faced with the challenges, can no longer purr. They must surely feel trapped with :

- On the one hand, bank management must initiate pressure by reminding people, as it did at the last GM, that if SAAT does not follow suit, the bank will go under
- and on the other hand, holders who have opened their eyes to the realities experienced by them (27)

(26) Press release of 19/08/2021, available on triodos.be: *Going forward, to ensure that we can continue to finance change, we will need to manage our ability to access new capital in the long term and the necessary diversification of our capital base. At the same time, we will need to provide a sustainable, long-term solution for the purchase and sale of our share certificates. We will provide a detailed update on the strategic considerations we are taking into account for this integrated way forward at the Extraordinary General Meeting on 28 September. A decision on this should be taken by the end of 2021 at the earliest. Therefore, a reopening of certificate trading in the course of this year is not expected.*

(27) These two-sided feet probably explain why the SAAT President was both hissed at and applauded at her last speech to the Triodos Bank EGM on 11/10/22, after her vote in favour of the MTF.

The point

Following the publication of the results, the CEO published a video (28) on the bank's website. Among other things, he tells us the following:

- *We have to look to the future and make sure that we can fulfil our mission...*
- *We have opportunities to improve our cost structure...*
- *We must also strengthen and diversify our capital base*
- *(Question: Is there a possibility that you will take over the quotations and when will we know?) At the moment we are looking at these options. We will share these options with the holders and we intend to discuss these options with them (...) and we expect to make a decision by December 2021. We are also looking at ways to diversify our capital base. So we are looking at three things:*

1. *How to restore negotiation?*
2. *How to access new capital?*
3. *How can we diversify our capital base?*

On 27 October and 3 November, i.e. in the middle of the AGM on 28 October, the bank organises Belgian meetings with holders, either face-to-face or via webinar. Disappointment was the order of the day.

Commentary

I don't know about you, but it seems obvious to me that at this point the decision of a stock market type listing will take over. The people who responded to the February survey will appreciate this. For the others, isn't this a normal direction after the bank has deliberately chosen to block transactions?

For finally, despite the fact that we heard during a webinar that the bank (and its new CEO) was thinking every day about finding solutions to break the deadlock (29), how many were there to be studied? At least six (which could be combined)?

1. Let the transactions reach the buffer limit and wait for the calm to return, which its statutes allowed
2. Block transactions to keep buffer but allow private exchanges
3. Move to a cooperative
4. Using a white knight in a merger/acquisition
5. Issue bonds (see (22) p. 24)
6. Opting for a (semi-)stock exchange listing

If I have known about them since the beginning of the crisis because there are only so many ways to raise capital in the market, these options were also known to the managers, who are much smarter than me.

Contrary to the announcement made in his video, the CEO did not discuss anything with the holders to get their opinion! He just had two options to present, but they all boil down to one: we're going public, one way or another. Our friend who took his broom has also taken his pilgrim's staff, and he will soon arrive with the dustpan...

(28) Press release of 19/08/2021, available on triodos.be - For the CEO's video: <https://www.triodos.be/fr/2021-08-20-drvideof>.

(29) Room for discussion, University of Amsterdam, 14/02/2022, visible on www.youtube.com/watch?v=d4LfO96DOK: "When I arrived, I had 7 months to find a solution. (Youtube translation).





December 2021

Chapter 5

Thunderclaps

THE SUMMARY

- *The bank chooses to be listed on a multilateral trading facility (MTF), which is a closed exchange.*
- *For tax reasons, it voluntarily determines (on the basis of non-detailed opinions) an economic value of the certificate at €59, i.e. a 30% decrease.*
- *It does not explain why it could not keep the book value as the equivalent economic value.*
- *A limited buyback programme is announced for February.*

The point

On 21 December 2021, the bank issued a press release that went almost unnoticed. Many of my clients at the time will only understand the true significance of this in February 2022 when the details of the decisions taken are announced. I will come back to this later.

In the meantime, what are we told?

1) *Triodos Bank will take all necessary steps to prepare for listing on a multilateral trading facility (MTF), including obtaining all relevant approvals.*

It is reported that the market, rather than the bank, will determine the price for this MTF, which is expected to be considerably lower than the book value previously used as a reference (30).

2) *A restricted buyback program for share certificates in the amount of €14.4 million, equivalent to the remaining leeway for the purchase of share certificates (Market Making Buffer), will be implemented.*

In view of the financial conditions to be unveiled in February, one can appreciate the sarcasm of the CEO's words: *"I am pleased to announce that we will be in a position to initiate a limited buyback of certificates"*. A pleasure for whom?

3) *Due to tax reporting requirements, Triodos Bank has decided to apply an administrative discount of 30% on the value of share certificates for tax purposes only. Due to the current illiquidity of the certificates, this discount will be applied as of 31 December 2021 so that holders of share certificates will have the opportunity to take it into account when preparing their tax returns. As the discount is based on the last traded price of 84 euros, the value of a share certificate is therefore estimated at 59 euros.*

This decision has obviously attracted the most comment. But not immediately, because there is a reason stated in the published text: *It should be noted that this discount is only of a fiscal nature and therefore does not represent an indication of the price of share certificates in the context of the future listing on an MTF.*

(30) Press release of 21/12/2021, available on triodos.be: *The introduction of a variable price means that Triodos Bank will no longer trade its share certificates on the basis of the net asset value. Performance, expectations, market developments, continued commitment to Triodos' mission and values, the level of supply and demand, and many other factors will together determine the trading price of the share certificates, once the listing becomes effective. Based on the current valuations of the listed European financial institutions, it is expected that the variable trading price will be considerably lower than the NAV-based trading price.*

Commentary

On this basis, and in good faith, I myself informed my clients at the time that there was no reason to worry, as this was a purely administrative decision! At most, it could be noted that the application of the discount from €84, the last quoted value, made no sense, since this quoted value was equal to the NAV. So why not simply use the NAV at the time, i.e. €86 if I remember correctly?

The disenchantment will come in February. It is useful to look at the Q&A document published at the same time as the press release. It contains the following details (31):

Due to the end of NAV-based pricing ..., there is currently no mechanism to determine the price of the certificate (32). ... Therefore, Triodos Bank has decided that a price for tax purposes can be determined by applying a reduction on the last traded price (EUR 84) taking into account the continued illiquidity of the certificate.

The bank added without batting an eyelid that based on independent advice and precedents in other companies, Triodos has decided that a 30% reduction is reasonable. We will apply the administrative reduction from 31/12/2021. ...According to the legal provisions, taxpayers must declare the value of investments or movable assets (33).

(31) Full text: *We are now certain that certificates will no longer be traded on the basis of NAV, the intrinsic value of the certificate. Due to the end of NAV-based pricing and the current unavailability of a new system via an MTF platform, there is currently no mechanism to determine the price of the certificate (22). However, organisations such as tax authorities need this information. Therefore, Triodos Bank has decided that a price for tax purposes can be determined by applying a discount to the last traded price (EUR 84) taking into account the continued illiquidity of the certificate. Based on independent advice and precedents in other companies, Triodos has decided that a discount of 30% is reasonable.*

We will apply the administrative reduction from 31/12/2021. The choice of this date takes into account the interests of certificate holders in the various countries where Triodos operates. According to the legal provisions, taxpayers must declare the value of investments or movable assets. For certificate holders in Belgium, this value adjustment currently has no tax consequences, except in exceptional cases, such as a succession file. We believe that the administrative value of €59 reasonably reflects the established non-negotiability of the certificates. This value adjustment will also be visible in the annual statement of the securities portfolio. The statement as at 31.12.2021 will be calculated on the basis of an administrative value of €59 per certificate.

(32) With the notable exception of the book value, a mechanism which has been in use for 40 years... and which, incidentally, continues to appear (legally) in annual reports!

(33) This provision for annual declaration of assets for tax purposes applies only to Dutch citizens.

The questions

The answers

Commentary

A. Before or during previous subscription periods (capital increase), did you communicate this "administrative" discount possibility?

No.

B. Have you been obliged by an administration or supervisory body (which one?) to apply this reduction or have you simply been asked to determine an economic value, leaving it up to you to set this value?

No, we were not under any obligation, except to determine a so-called economic value. It was therefore the bank that set this value (34).

For the record, I also asked why the bank did not take into account the short but real transactions that took place in 2021, up to 5 January, nor the private transactions that took place during the year? In fact, the bank stated in its press release that there were no recent transactions. And the price of private transactions is not necessarily known to the bank when it is given the order to transfer from one securities account to another. A priori, it only knows the number of certificates sold.

I also wondered whether the Dutch tax legislation specifies that a value as at 31 December of the current year must be taken into account, but my correspondent did not have the answer to this very specific question, which I can understand.



(34) On this point, the only explanation for determining an economic value by taking into account external parameters such as a comparison with an existing market is the assertion of Jeroen Rijpkema who said: "*We are obliged to give the **right** economic value by Dutch legislation*" (Youtube translation - Room for discussion, University of Amsterdam, 14/02/2022, visible on www.youtube.com/watch?v=d4Lf-O96D0k). It would therefore be useful to check what the legal texts say.

The question

C. You have justified a decrease in administrative value by referring to expert and other opinions, which have not been detailed. In your Q&A it is written: *There are many ways to determine the economic value of a non-traded instrument.*

Why couldn't you keep the theoretical book value (NAV) as a tax value? This NAV has always been the reference for previous quotations. So why couldn't the tax value of the certificate simply remain unchanged, pending the market-determined quotation value on the trading platform?

D. The application of a reduced economic value has mathematically brought a tax advantage to the Dutch holders for their 2021 tax return, and to any holders from other countries on succession (though far fewer in number). But what advantage(s) does the bank believe it has gained for itself by applying an economic value as opposed to a book value?

The answers

My correspondent did not give an answer to this question.

None.

Commentary

On these two questions C and D, see next page.



Commentary

One is entitled to wonder about the bank's exact intention regarding this sudden tax fiction linked to the certificate (35). On the one hand, it has always justified this by the obligation to give an economic value for tax reasons, but has never, to my knowledge, explained why it could not keep the NAV until the market value was determined by the MTF! In this respect, in view of the valuations carried out (see p. 31, § 4), we would like to know which companies the bank refers to have actually reduced the value of their securities administratively before listing on the MTF, as soon as they decided to list on the MTF.

Moreover, given the wake-up call from customers at the beginning of January 2022 following the sending of annual account statements and the flood of calls and comments received at the bank, and therefore an enormous expenditure of energy and an even greater loss of confidence, this unjustified reduction seems to me to be all the more aberrant. How can we not think that there is a hidden desire for something. But of what?

Finally, this reduction has had a direct impact on the taxes of Dutch certificate holders since they have to declare their assets annually to the tax authorities, which is not the case for holders in other countries. By declaring a 30% lower value, the Dutch have necessarily gained in taxes. Small consolation. In response to the many questions raised at the time by my Belgian ex-colleagues, the bank justified the matter by saying that this also applied in Belgium, for inheritance purposes. Which is correct, and inane. Because not only does it apply to Dutch inheritances as well, but one has to ask how many inheritance files were involved, compared to the number of Dutch holders. The bank itself has described these cases as exceptional (36).

After having hammered home the point that fairness should be the rule for all holders, this reduction has created a de facto inequity between them. A status quo on the price would have avoided this. To my knowledge, the bank has never expressed itself on this point (37).

The question

E. What was the thinking behind comparing the bank and its certificates to a conventional stock and banking market, and applying this decrease in value according to the rules of that conventional market?

The answer

The bank was not compared but similar cases were researched. The results led to the discount.

(35) Especially as we shall see later that it will not remain so for long and will, on the contrary, become very concrete.

(36) See note 31 § 2, p. 31.

(37) With the exception of the CEO's little phrase in February 2022 (see note 34, p. 32)

Comment on question E, page 34

The use of experts and studies has not given rise to any more information than the very vague mentions made or published. Perhaps we will see this in an annual report, but in the meantime, in a context of marked suspicion towards the bank and its management, is it really relevant to continue down the path of approximation (38)? To say that the bank has not been benchmarked and to hear the CEO say (39) that the economic value was determined by reference to Dutch bank values in 2018 and today is a formal contradiction.

On the other hand, there is for me a clear contradiction between the decision to lower the price and the following elements, which have been advocated in one way or another by the bank over time:

1. The bank has amply demonstrated in the past (notably in 2008) that its resilience to economic events is different from the usual banking market
2. The bank does not engage in speculative transactions, has a healthy balance sheet and has a history of steady growth
3. She reiterated, and this was confirmed by market research, that certificate holders did not have the same profile as conventional investors, differing in resilience and values of supporting an ethical model
4. The holders have clearly expressed their wish not to be listed on the stock exchange, thus confirming their differentiation from a traditional shareholding model
5. The search for high performance at all costs is not in the DNA of the holders

One of the market studies mentioned in point 3 is the one carried out by IPSOS and summarised in the press release of 15 and 17 February 2022 published on the bank's website. The notion of a summary is essential, as the bank did not wish to communicate the results of the study in full. A study (40) carried out by Stichting Certificat houder Triodos Bank (41) in April and May 2022 on a panel of more than 1,000 holders shows significantly different results. Even if this study is strongly biased by the fact that it was necessarily carried out among mainly Dutch holders and members of the association defending their interests, it shows at least and once again that Triodos' discourse is to be taken on conditional.

Finally, for management, it appears that point 5 above is the trigger for the share price decrease. Indeed, in the minds of some, it seems that a holder who is not looking for high yield is a long-term investor who can perfectly well accept a decrease in value, especially as this is not representative of the future value on the MTF, where a sharp drop in value compared to the NAV is nevertheless to be expected. The important thing is the bank's mission, whatever the price. This is logical. And it is probably this same logic that makes management talk less about the decrease in asset value than about the joy of having a future quotation. For those who have not understood, this paragraph is sarcasm...

(38) Extraordinary General Meeting of 11/10/2022 (see p. 54), remark expressed by several holders.

(39) Idem (38), J. Rijpkema, in response to a question from a holder. Previously held at the University of Amsterdam: *If you look at the banks in Europe, they are discounted in relation to their NAVs* (see note 34, p. 32).

(40) www.stichtingcertificatouderstriodosbank.nl/nieuws/enquete.

(41) See details on p. 67.



ATTENTION

The following chapter looks at the buy-back and solidarity programme initiated by the Bank in early 2022. This programme has since been abandoned.

I mention it anyway because it is symptomatic of the decisions taken by the bank's management and is part of the history of the certificate crisis.

ADVICE

If you wish to skip this step, continue reading by going directly to page 41.



February 2022

Chapter 6

And it goes on...

THE SUMMARY

- *The bank announces its intention to buy back part of the certificates with the remaining buffer (+/- 14 million).*
- *The purchase price is set at €59, with a maximum of €2,000.*
- *A solidarity programme for people in difficulty allows them to buy back up to €6,000.*
- *The irresponsibility and contradictions of this plan are causing and increasing the anger of the holders, not to mention its dubious legal viability.*

The point

On 15 and 17 February, the bank presented itself during 4 webinars (2 FR and 2 NL) in which it proposed to further explain the decisions taken at the end of December. The first webinar went relatively well, the following ones were much more heated. Many comments (in NL) left during these meetings can be found on the Triodos Tragedie website (42). Two main pieces of information will emerge:

1. Explanation of the share buy-back programme for a maximum of €2,000 per holder without problems, and a maximum of €6,000 for those in difficulty.
2. The repurchase price at €59, which is logical since it was defined as such at the end of December by the bank as an economic value.

Commentary

Although this programme has since been abandoned, I think it is worth returning to it because it shows important managerial flaws.

The whole thing had all the makings of a bad and indelicate bluster, indecently trumpeted by the bank as a saving, if partial, solution to the holders' ills. The plan turned out to be a waste of energy, money and time. It has only led to questions (at best) and disappointments (at worst), while succeeding in the challenge of further increasing the confidence liabilities of certificate holders.

As SAAT pointed out at the EGM of 29 March 2022 (43), the bank has never, to my knowledge, justified having implemented this operation before having received the approval of the supervisory authorities. Indeed, on 20 May, the bank expressed doubts about a possible finalisation (44), and on 1 August, it announced the withdrawal of the operation (45).

(42) Id. note 40, p. 35 and at <https://www.triodostragedie.nl/emoties>. A link "overzicht van chatberichten op 15 februari" can be found in §2.

(43) However, we will see that this comment must be qualified in view of the statements made by Koen Schoors on 29/09/2022 to the Belgian Collective.

(44) Document "Review of the Meetings of 20 May 2022", published together with the press release of 20/05/2022, available on triodos.be: *the announcement in February of the envisaged limited share certificate buy-back programme was the result of intensive consultations with the Dutch supervisory authorities. Triodos Bank must now note that this process is taking longer than expected. It is therefore not yet certain whether this operation can be finalised in a timeframe that avoids interdependence with the preparation and listing of Triodos Bank's share certificates on a multilateral trading facility (MTF).*

(45) Press release of 01/08/2022, available on triodos.be

Commentary (continued)

The spin of 20 May, which is just a future failure that does not say its name (46), except that of a slap in the face, was a foregone conclusion. For finally, at the time the operation was set up, how could the bank have answered the following questions? :

- Do the supervisors agree that the bank is planning to buy back its own certificates with funds that should have been used to secure transactions at a higher price in March/April 2020 if it had gone to the buffer limits?

- Do the same authorities agree with the fact that the bank offers to buy back certificates at a price previously set by itself at a greatly reduced value?

- And do they agree with the fact that the bank intends to buy back certificates at €59 after having sold them at €84 in the last capital increase in October 2020, which made no mention of a potential future economic value?

- Does the bank see no moral dilemma in calling its offer 'solidarity-based' (47)?

- How can one reasonably think that buying back certificates at a price reduced by 30% (in reality, more according to the price at the time) can really help people out of a difficulty, and only with €2,000?

- How can the difference in treatment between those who will receive €2,000 and those who will receive €6,000 be justified, knowing that the criteria for allocation are left to the pure discretion of the Bank? In this case, what are the criteria for fairness between certificate holders, a fairness that has always been emphasised since the blocking of transactions and that was also recalled by the CEO at the EGM on the basis of the Mifid rules?

- No information has been published on the fate of the certificates bought back by the Bank during the planned operation. Will the bank carry out a financial operation that benefits itself at the expense of the holders?

(46) Let us remember that although the bank is not always right, it is never wrong...

(47) This point was, among others, taken up by European investors - VEB in the Netherlands in its letter of 4 May 2022, published in French on the bank's website, communicated on 22 July 2022, and from which I reproduce here an extract: *By ending its buy-back programme and continuing to sell and offer its Certificates to customers during the brief resumption of this programme at the end of 2021, Triodos has breached the code of conduct imposing the obligation of an honest and controlled business management. Indeed, it is difficult to see how the sale and offer of new Certificates during the short resumption of the buy-back programme could be described as benevolent treatment of customers who were actively approached by Triodos with promotional emails offering to purchase Certificates at a discount. However, Triodos must have been clear that there was no possibility of a sustainable and balanced resumption of its buyback programme for a long time to come. The fact that Triodos itself had serious doubts about this at the time of the October 2021 opening is demonstrated by the EUR 5,000 buy-back limit for its Certificates. It is difficult to see how Triodos could have benevolently defended the interests of its customers by offering them new Certificates. While it is likely that customers may have been attracted by the EUR 2 discount on the intrinsic value of EUR 84 and the exemption from the usual transaction costs, this promotional action reveals that Triodos actually no longer had any confidence that this buy-back programme would have any chance of a sustainable recovery.*

Commentary (continued)

On the other hand, in its report of the meeting of 29 September 2022 with Koen Schoors, representative of SAAT, the Collectif Belge (48), which brings together dissatisfied Belgian holders, reports the following words of the administrator (no doubt summarised for the report): *the sincere attempts - made under pressure from SAAT - to do something, such as spending 14 million on the buffer, of which 3 million for social problems, are made impossible by the regulator*

This point was confirmed at the EGM on 11 October by SAAT's Acting President, Jolande Sap, who expressed her disappointment at the abandonment of the buyout programme! This is complete nonsense, because from a social point of view, it is to forget about a buy-out at a low price. And from a professional point of view, it is to conceal a foreseeable impossibility. At this EGM, Willem Horstmann, member of the Executive Committee, strongly reminded the audience in response to a question that it was not legally possible to make a distinction between owners. It is therefore not surprising that Mr Schoors confirms that it was the regulator who naturally vetoed the operation. In this respect, the above-mentioned communication (see note 44, p. 38) is to be appreciated: *Triodos Bank must now note that this process requires more time than expected. A nice euphemism...*

Given the questions posed on p. 39, and the negative impact caused, one must ask to what extent the bank's management was aware of this? Was there a desire to gain time to better endorse the listing on MTF? The answer that Jeroen Rijpkema will give at the GM on 20 May is illuminating: *Could we have foreseen this situation? In my opinion, it would have been the worst option to rule out this solution from the outset because the outcome was not 100% guaranteed. I am satisfied that all options to create liquidity have been considered, and I continue to hope that we will succeed.*

The worst option? Seriously? Which experts were contacted this time? Because, for the record, as soon as the buy-back programme was announced in December 2021, I was told by many people in the Belgian branch that they had many doubts. And there is no reason why it should have been different elsewhere. This was even reported by the Financieele Dagblag (a daily newspaper in the Netherlands), in an article published on 1 August (49): *Doubts have been raised about the compliance of the plans with regulatory rules. The bank sought to circumvent the regulations by not treating all shareholders in the same way. Nor was it clear how to avoid arbitrariness in determining what constitutes distressed cases (...) Triodos CEO Jeroen Rijpkema spoke of an 'unpleasant but inevitable conclusion'.*

(48) See details on p. 67. Report only available from the Collective, not published on site.

(49) Het Financieele Dagblag, article by Rutger Betlem published on 01/08/2022 : *De Nederlandsche Bank had geen grote bezwaren tegen het plan, de meeste vragen kwamen vanuit de andere landen waar Triodos actief is, melden bronnen dicht bij het proces. Er werd getwijfeld of de plannen voldeden aan de toezichtregels. De bank zocht de randen van de regelgeving op door niet elke aandeelhouder hetzelfde te behandelen. Ook was onduidelijk hoe willekeur kon worden voorkomen bij het bepalen van wat schrijnende gevallen zijn.*

Triodos had wel gerekend op extra vragen van de toezichthouders, maar er kwamen er meer dan was ingecalculleerd. Een deel kon pas worden beantwoord als het proces rond het nieuwe handelssysteem vergevorderd was, wat de plannen verder zou vertragen. 'Het werd onmogelijk om het ene uitdagende traject af te ronden zonder het ander schade te berokkenen', stelt een ingewijde. Ceo Jeroen Rijpkema van Triodos sprak van 'een vervelende, maar onvermijdelijke conclusie'.



March 2022

Chapter 7

*A democratic debate
which receives 99.85% of the vote*

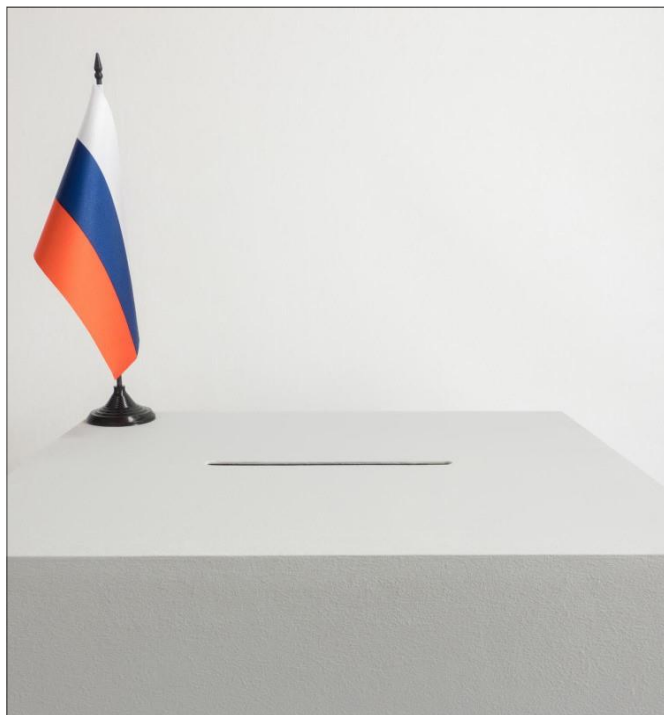
THE SUMMARY

- *The bank stipulates that it will not intervene in the quotation on the MTF...*
- *... despite the contradiction that it has given a real (and no longer fictitious) value of €59 to the certificate through its buy-back programme!*
- *SAAT continues to vote for the resolutions taken by the bank, while apparently trying to influence the management, without success.*
- *Note that SAAT first votes at the bank's AGM and then holds its own AGM.*
- *The holders cannot therefore counter the bank by votes, even indirectly.*

The point

On 17 March 2022, the bank publishes its annual results, which it says are good and others say correct. With regard to the certificates, it is reiterated, in reference to the future MTF, that *Triodos Bank hopes, on the one hand, to be able to offer holders of share certificates good negotiability of their securities and, on the other hand, to be able to attract new investors and have future access to capital.*

This was followed on 29 March by an extraordinary GM where SAAT validated the buy-out operation mentioned in Chapter 6.



Commentary

The important thing is therefore to restore marketability, whatever the price, which is quite easy since it is paid by the holders. Those who think that the bank will somehow intervene to compensate for an almost certain depreciation at the time of sale are deluding themselves. Only a court decision could force it to do so.

It should be noted that the bank's EGM was held before the SAAT EGM. The latter had to vote before the certificate holders could give their opinion by voting at SAAT! This has been the practice for some time, and it cannot be a coincidence. At the SAAT EGM on 11 October 2022, a holder asked why this anti-democratic practice was taking place. The answer is illuminating:

- We make our decisions in a considered way
- There is an obligation in the statutes to think carefully about the three objectives of the SAAT.

If this can be described as a response, even the most deluded holder will recognise that there is a slight problem.

Finally, Holland seems to be further east than one would have thought. Perhaps the inhabitants of Baarle-Hertog should be worried about the possibility of annexation...

Introduction to the questions

In the Q&A document of 15 and 17 February, concerning the trading of certificates on the future trading platform, it is stated by Jeroen Rijpkema: *It is you, the certificate holders, who will set the actual trading price on the future trading platform. It will therefore no longer be set by the bank* (50, see next page). Furthermore, the document summarising the decisions of the EGM of 29 March (51, see next page) states that the price of €59 **is not indicative of the future price of the share certificates** once listed on the MTF.

The questions

The answers

A. How do you justify applying an open market discount in advance when the certificates have never been quoted on such a market, and when, in addition, you have opted for a closed trading market where holders will be found (at least initially) who you tell us are rather conservative (according to your February 2021 study) and therefore likely not to sell their securities in order to continue supporting the bank?

The bank believes that it does not influence the market for the future MTF in advance.

B. By determining an economic value of €59, and justifying it by the fact that it is a market practice (cf. experts' report), the Bank has implicitly given a base value to which all buyers and sellers can refer for orders given on the MTF. How does it justify its statement (in bold on p. 42)? In other words, do you believe that your various communications really allow the market of the future platform to organise itself independently and without any external influence other than your accounting value and the Bank's societal role?

The bank believes that it does not influence the market for the future MTF in advance.

C. Have the supervisory authorities issued an opinion on this interaction?

No.

Commentary

Everyone will appreciate the single answer to questions A and B. The federation of Belgian opticians was contacted.



(50) Id. note 7, p. 12: *Trading will no longer be based on NAV, but on variable prices. We do not know and cannot predict the future trading price of the certificate. We only know that it will be a fluctuating and variable price, determined by many factors, including supply and demand.*

(51) Press release of 29/03/2022, available on triodos.be, document "Triodos Bank's General Meeting approves the proposal for a restricted share buy-back programme": *In the framework of the buy-back programme, the price of the share certificates has been set at EUR 59, i.e. the same price as the one set for administrative and fiscal reasons at the end of last year. This price, which corresponds to the last trading price minus a 30% illiquidity adjustment, will be applied to the restricted buyback programme and is not indicative of the future price of the share certificates once they are listed on an MTF platform.*





May 2022

Chapter 8

Captin, oh my Katin ?

THE SUMMARY

- *Captin is announced as a market maker on the MTF. The size of the company raises doubts.*
- *Abandonment of the buy-back programme.*
- *In lieu thereof, additional distribution of an extraordinary dividend.*

The point

On 20 May 2022, at its GM, the bank discharges the executive committee, i.e. the CEO. Of the 8 items on the agenda, the certificates come last, and this is not by chance. The bank decides to grant an additional dividend of €1.80 gross for the year 2021, which will be followed on 1 August by a press release announcing the proposal to pay an extraordinary dividend of €1.01 gross, to be approved at the next EGM on 11 October. This amount will come from the liquidation of the buffer for the benefit of the holders.

Then, on 18 August, the bank published its half-yearly results, which it described as adequate. But above all, in its press release of the same day (52), it unveiled the name of the lucky man who would run the trading platform, **Captin**, chosen *after a meticulous selection process* (53). But Triodos also tells us that *Captin has a proven track record in trading financial instruments such as Triodos Bank's share certificates on a regulated platform. The ability to define the exact configuration of the platform and to align it with the expectations of the holders of share certificates should contribute to a smooth transition.*

Commentary

There are many who feel that this is not a good thing, and certainly not the mood of many holders... Three persons, however, do not agree with the bank's decisions and are making this known by leaving their positions: CFO André Haag is resigning unexpectedly, two weeks after risk management advisor Franca Vossen had already resigned in a surprising manner. And the company's head of human resources, Els Verhagen, did not wait for the bank's decision to cut jobs. The day before the announcement, she announced that she was leaving.

Given the track record of management, we don't blame ourselves for doubting everything. It should be noted that while the text of the press release states that alignment with holder expectations is possible, the CEO's message published at the same time states that *we will define the configuration of our MTF platform and, as far as possible, align it with the expectations and preferences of our certificate holders.* This is not quite the same thing. Given how well the bank listens to its holders, this is not encouraging.

(52) Press release of 18/08/2022, available on triodos.be.

(53) '*Captin suits us very well.* Despite the careful selection, the CEO was very evasive on the issue of fees charged by the MTF. Remarks by Jeroen Rijpkema at the EGM on 11/10/2022 (see p. 54).

The point

Commentary

In September, the bank commissioned an IPSOS survey of a very representative panel of... 35 people, selected by the bank, for the 5 countries in which it is present!

Needless to say, this pseudo-survey (54) that was supposed to take the pulse of the holders could not be serious. Report on page 52.



(54) Extracts from the report of a member of the Belgian Collective who was questioned in the framework of the IPSOS survey commissioned by Triodos:

I just finished the Ipsos interview with a mediator. He didn't know much about the issue of certificates or the functioning of the MTF platform or the dramatic situation of some certificate holders. I insisted on the bank's lack of consideration for the holders. He started by explaining the history of the situation of the blocking of the sale of certificates and presented the MTF platform, which we already knew. He went on to ask questions to which I had no answer.

- What do you think of the MTF Captin platform? This platform is independent of the bank. You will have to register to trade. My answer: I have not received any information about the system, how Captin works and how they will pay for it. How do you want me to answer your question?

- What do you think about applying a range around the value of the certificates on the platform? My answer: what if the quotation falls outside this range? What would the bank do? Would the quotation be suspended? For how long? Change the range? I can't answer the question without more information.

- How often would you see the quotation? Once a month? 24/7? My answer: Certainly not 24/7, which in my opinion could encourage short-term speculation. I think once a day would be sufficient.

Comment on Captin

We strongly suggest that you follow the link proposed by Triodos in its publication (55).

Even though the announcement of the quotation of the certificates on the platform is in French, and without detracting from the high added value of the language of Vondel and Claus, it appears that the Captin website is only available in Dutch.

It is true that the press release says that *holders will be assisted as much as possible in their own language*, but I am not sure that for a platform that is supposed to be international, this is a good sign. To be sure, I phoned them on 28 September. Conversation in NL or EN. I asked about the use of language. An employee who speaks French, Italian, German, English, Spanish and Catalan was sent to work as a customer service representative for Triodos certificates. This multilingual gem, which I did not get online, is nevertheless on his own. We'll see how it goes. As far as orders are concerned, they will probably have to be placed in NL or EN. In any case, these were the two languages offered when I called.

On the substance, Captin is an offshoot of Van Lanschot Kempen, from which it broke away in October 2017. When I called, I was told that Captin deals with 25 companies, cooperatives, etc. I am far from having found that many on the website. There must be an explanation.

It remains to be seen whether Captin will be able to manage Triodos orders properly. The question must be asked because the bank will be the platform's biggest client, which currently has +/- 34,500 investor clients, including 2 x 10,000 linked to two listed securities. In short, Captin will have to move up a gear with +/- 43,000 people likely to sign up (this is not an obligation), not counting the new investors that Triodos wants to attract.

I can't say anything about Captin's seriousness and, above all, his friendliness, but what I see at the moment looks more like a small fish going to tease a big fisherman. A fish that might lack depth. Especially since, as one holder pointed out at the EGM on 11/10/2022 (see p. 52), Captin does not only coast sustainable businesses, far from it. So, given that there are 11 MTFs approved by the Dutch Central Bank (56), what was the reason for choosing, or rather rejecting, the others?

Before it's not time...?

At the EGM on 11/10/22, someone asked why Captin had already published the announcement of the Triodos listing on its website BEFORE the formal acceptance of SAAT. The response was that Triodos could only welcome the enthusiasm of this partner, as if it had taken this initiative on its own! This would be forgetting that nothing is published about the Bank without its certified approval. I am well placed to know this... Conclusion: this pre-publication is just one more sign that everything was planned in advance.

(55) www.captin.nl/triodos-announcement/annonce. The announcement is here in French, but it is also available in the bank's other languages (Spanish, English, German and Dutch, at www.captin.nl/triodos-announcement/aankondiging).

(56) www.afm.nl/nl-nl/professionals/registers/vergunningenregisters/handelsplatformen

Questions, unanswered (at present)

The Extraordinary General Meeting (EGM) of 11 October 2022 provided some clarifications, but is far from having answered the concrete questions that arise concerning the future trading platform:

1. Will there be an introductory course and if so, by whom will it be determined and on the basis of what criteria?
2. It is stated that the Bank will not be able to intervene in the MTF, in particular by buying or selling certificates. It will nevertheless have to launch the quotation with an entry price. Which one, knowing that at the end of December 2022, it will repeat the same trick of the economic and fiscal value, supposedly purely administrative?
3. At the GM on 20 May, it was notified that buying and selling on the platform could be channelled into a "corridor" with a floor price and a ceiling price. Who would determine this corridor? Also, is a corridor compatible with open market transactions?
4. Conversely, could the bank set a minimum purchase price to stabilise prices and eventually return to a previous form of quotation, but not through it? This should be feasible since we are on a particular platform and not on a traditional stock exchange. This would allow a return to a price close to the book value, as the bank has no obligation to stick to its economic value.
5. Voting rights at the Triodos Bank GM are to be held by the certificate holders directly and no longer by SAAT. But the bank and SAAT are considering this further, as some holders have reportedly indicated that they want to keep this advantage of being represented by SAAT. We understand them, they have not read my report. But in the end, why not? But then, why not allow each holder to join a pressure group of their choice in order to give them power after having been informed of their positions towards the items on the agenda of a GM?



Walk this way →





September 2022

Chapter 9

*I feel that this evening...
I'm going to conclude*

THE SUMMARY

- *The bank announces its desire to increase the return on equity.*
- *A programme of job cuts is underway.*
- *The CEO confirms his satisfaction with the introduction of a means of rating, not minding that it is by diminishing the value of the certificate and thus, making the management's wishes financially borne by the holders.*

The point

Commentary

On 5 October, three Ipsos employees, three SAAT members, a reporter on behalf of the bank and five certificate holders (two Dutch, one German and two Belgians - one English was late) met at the bank's initiative to discuss and clarify the September survey. Ipsos is moderating the meeting and will publish the answers to the initial questions that were asked by the bank. Will the report be made public?

Holder argued that the interests of those who have contributed capital should be preserved and that the bank should be clearer in its communication. Without this, how can new investors be given confidence? SAAT agrees but does not want the issues to be made public, so as not to distort the bank.

On 10 October, the Stichting Certificat houder Triodosbank (SCT) filed an application with the Enterprise Chamber of the Amsterdam Court of Appeal.

On the same day, Triodos Bank said it regretted the escalation and that it would ask the Chamber of Commerce to reject the request for an investigation (57).

I fear that it is too late to prevent the issues from being discussed in public. The bank has made sure that this is the case, and the GM on the 11th will only make it worse.

See summary opposite.

The bank insists, again and again, on restoring the quotation, via the MTF, in the interest of all parties. At least we learn that the bank **has tried to** explain the context of the suspension of trading in certificates. That's good, we're making progress, it's starting to sink in...

(57) Press release of 10/10/22, available on the triodos.be website.

Excerpts: Triodos Bank remains committed to resolving the suspension of trading in its certificates and restoring potential access to new capital by listing its certificates on a multilateral trading facility ("MTF"). Triodos Bank remains convinced that this is in the best interest of its stakeholders. In addition, listing on an MTF allows the bank to continue to fulfil its mission.

Triodos Bank has actively worked, and will continue to work, with all its stakeholders to ensure an orderly process that takes into account the interests of all stakeholders. In doing so, Triodos Bank has endeavoured to explain the background to the suspension of trading in the certificates and to outline a viable approach to restoring the tradability of the certificates. It is regrettable that the Foundation has chosen to take this step, which could delay the process of listing Triodos Bank's certificates on an MTF and restoring tradability. Triodos Bank believes that the request to order an investigation should not be granted and will therefore ask the Corporate Chamber to reject the request.

The survey filed by the Foundation (SCT)

I am providing below a summary in French of the text published by the Foundation in its newsletter of 10 October 2022 (58).

As of 31 December 2021, 43,614 holders of share certificates had invested EUR 1,250 million in capital for Triodos Bank. Since March 2020, they have been confronted with four related problems: long-term non-tradability of the certificates; significant depreciation of the certificates; limited payment of dividends in recent years; and poor relations of the Bank with the holders of share certificates (sketchy provision of information, limited transparency and accountability, etc.). This has led to a loss of confidence.

In this climate, the Foundation was created in March 2022 with a dual objective: to preserve the Bank's role in the social and sustainable field and to defend the interests of the holders of share certificates through a substantive dialogue with the Bank. In recent months, three discussions have taken place with the Bank's Board of Directors and three with SAAT. Unfortunately, these often complex and intensive conversations did not produce the desired result. There were no clear answers to the questions. Therefore, after months of negotiations with the Bank, obtaining external advice and lengthy internal deliberations, the Foundation finally decided to call upon an independent and respected institution: the Chamber of Commerce. The Foundation sees the investigation procedure as a way to restore trust between certificate holders and Triodos Bank through the use of an independent investigator.

The aim is to open up and restore relationships within the company. For the Foundation, openness about the past and an understanding of the facts are the key to restoring relationships and trust in the future. It considers that it is currently not possible to determine to what extent Triodos Bank has duly taken into account the legitimate interests of certificate holders in the decision-making process. The objectives of the investigation procedure requested by the Foundation are: to obtain transparency; to determine who is responsible for possible mismanagement; to restore sound relations; to protect the holders from abuse of power; and to contribute to finding solutions to the current situation. Such a procedure offers countless possibilities, if the parties so wish, to enter into consultation (or dialogue) in the meantime.

The investigation procedure consists of two phases: a request for the opening of an investigation and, after acceptance, the execution of the investigation and the submission of the report, a second phase may follow in which the Chamber of Commerce is asked to establish facts and to take one or more of the measures referred to in Article 2:356 of the Dutch Civil Code.

An investigation procedure usually takes six to eight months, but can also take longer, depending on the complexity of the case, the workload in the Chamber and the priority given to the case.

(58) The full original text in NL can be found at www.stichtingcertificaathouderstriodosbank.nl/nieuwsbrieven-stichting-certificaathouders-triodos-bank/nieuwsbrief-10-oktober-2022.

The point

Finally, on 11 October, *Triodos will hold an extraordinary general meeting at which it will formally ask its shareholder, Stichting Administratiekantoor aandelen Triodos Bank (SAAT), to approve the listing of the certificates on the MTF platform.* This will be followed by the SAAT AGM.

I did not attend the GM in person, but I was able to follow it offline as it is visible in several languages on the bank's website. Given the impossibility and uselessness of reproducing the whole thing here, I refer readers to the published videos and texts (59). It is not possible to fully appreciate the reactions of the room, but they were sometimes noisy (see opposite).

Two main points were discussed: the dividend policy and the listing of the certificates on the Captin MTF.

- In terms of dividends, the bank is replacing the possibility of distributing 0-70% of the dividend with a 50% policy. The aim is to allow the bank to grow internally, as it will no longer resort to issuing certificates (see next point).

- At the MTF level, the bank obviously confirms its choice of Captin for existing holders, while assuring that it will do its utmost to find new investors and ensure a good transaction price.

Captin will take charge of the holders on 01/01/2023 and the implementation of the transactions is planned for the second quarter of the same year, except for a delay due to the ongoing business (see previous page). A 2023 GM will determine the practical organisation, the voting rights of the holders (and/or SAAT), the frequency of listing, etc.

As regards the dividend paid on 2022, it consists of three payments:

- An ordinary dividend of €1.80
- An interim dividend of €0.35
- An extraordinary dividend of €1.01 (from the liquidation of the buffer).

Quite unexpectedly, the bank will allow a conversion of the dividend into new certificates (60).

Regarding the abandoned buy-back programme, and following the suggestion of holders, SAAT is considering supporting the possibility of a kind of foundation to which holders could give up their dividend to help their fellow shareholders in distress.

(59) heuvelman.crossmediaventures.com/triodos-ava-11102022/index.php?language=eng. Note that the French translation left much to be desired. Those interested in certain specific points should listen to the English version, which is much more fluid.

(60) Explanatory notes to the agenda items of the Extraordinary General Meeting 2022 of Triodos Bank NV, Agenda item 2a, Dividend policy, § 1: *Holders of share certificates may choose a dividend payment in cash or in share certificates ("share dividend")*.

Commentary

For a suspense, it's a suspense...

During the meeting with the Belgian Collective, Koen Schoors mentioned that he expected SAAT to follow the Bank. Needless to say, despite the previous remarks of holders about the democratic harmlessness of SAAT's validation of the Bank's choices *before* the SAAT GM, this is the order in which the decisions will be taken.

As far as the atmosphere is concerned, the hall was far from being packed, but there was some animation at the entrance and inside, with the representatives of Triodos tragedie being very zealous (61). Not everyone followed this provocative movement, but it is obvious that we were not blissfully content either.

What can we learn from this GM? A lot of things that have been scattered in this report, as we have read. But the fundamental point in my opinion is the confirmation that SAAT will no longer issue new certificates. I detail this on p. 70 because it should have a significant impact on the quotation of certificates.

Then there is a seemingly generous dividend policy, particularly at the instigation of SAAT. However, several holders have pointed out (rightly in my view) that not only do these extra payments look like a bribe to appease, but in reality they only compensate for the non-existent or reduced dividends of the previous two years.

The conversion via stockdividend is, however, surprising. It should be remembered that this system makes it possible to avoid the Dutch dividend tax of 15%. In 2021, however, this was not possible because, we were told, the quotations were suspended. Yet they are still suspended today. If I am told that this is now possible because an economic price has been set, I would protest that this price could have been set before the payment of the 2021 dividend in order to avoid the tax! And if that is not it, what is this new quirk?

As for the bank's support for the future price of the certificate, it should be noted that this will only be through the bank's performance, which seems a light promise. Of course, there will also be new investors attracted by *a bank that is convincing*, as CEO Jeroen Rijkema says, and he also adds that *people want to buy*. This is the same speech he gave in September 2021 to an audience of Belgian holders. We just have to believe him. Perhaps he could already convince his little friends (62)?

Finally, the idea of a foundation to help obliged holders, while undoubtedly sympathetic, is nonetheless surprising: by orally considering this initiative, the SAAT is *de facto* shifting the support it was supposed to give to somewhat lazy holders. Or how to move from the general to the private...

(61) Article by Rutger Belem in the Financiële Dagblad of 12/10/22: <https://fd.nl/financiele-markten/1454475/triodos-bank-heeft-steeds-minder-vrienden-vmj2caudD8gx>.

(62) See page 60.

The questions, still unanswered (at present)

The bank says that it wants to support its future growth by reinvesting 50% of its profits, rather than by successive capital increases, via certificate issues. At the same time, it will support the price of the certificates by seeking new investors, which it intends to attract through a dividend policy and a growing balance sheet.

Questions

1. Isn't this new policy a little light? Shouldn't other forms of funding be used?
2. Does it intend to recruit new holders from its 750,000 customers? This is doubtful, as they have already been approached during previous capital increases, without success. The last capital increase in October 2020 was not as successful as expected, even though the bank was in less turmoil than today.
3. And even if they do, they will still need to be able to buy certificates! If this policy is going to be so great, why would the current holders want to sell?
4. In short, assuming that there are sellers, it will be necessary to seek these new investors elsewhere. The question then arises as to whether this would not have been easier with a listing on Euronext. We are told that this option was considered, but that the MTF was the best solution for all parties. It should be remembered, however, that the MTF offers a less flexible listing than a traditional stock exchange and is therefore by definition less attractive.

To be continued, a little more positively on pages 70 and 71...





And next...

Chapter 10

A peri-sustainable bank?

THE SUMMARY

- *Triodos' banking vision is changing. At what cost?*
- *The MTF is not a common goal: it has been imposed!*
- *Management is only marginally invested in certificates*

Commentary

Allow me to make one last tentative assertion to understand the business model behind the Bank's current approach. Think back to all the things that holders have said about the bank they want to support. Like, "*a bank on a human scale*" and "*we are not looking for performance at any costs*". Is the announced reduction of 130-150 jobs by 2024 (63), or 10% of staff, in order to reduce the ratio of costs to efficiency (which is laudable) in line with this? Is increasing the return on equity from 3 - 4% to 4 - 6% (targeted for 2025) what a certificate holder expects? Is sustainability not being pushed to the periphery when economics rules?

Jeroen Rijpkema seems to think not, justifying this necessary evolution by the fact that compared to ABN Amro, which obtains 8 to 10 % return on equity, Triodos remains in a fair ratio allowing for an economic profit which in turn allows for the pursuit of the bank's specific mission. (64). But incidentally, the CEO continues to compare himself to other banks and seems to be mixing up the wishes of the holders with the objectives he has set for himself: '*Until now, we have always felt supported by our share certificate holders, who were mainly focused on social returns and were therefore satisfied with a lower financial return. We are now moving towards a different way of trading our certificates. We also want to make our financial return more attractive, with a return on equity of between 4% and 6%. Compared to the rest of the financial sector, this is still a modest figure. The balance between financial and social returns for holders of representative certificates will therefore have to be adjusted slightly. I am convinced that we will succeed.* (65) "

I am not sure that SAAT's (good) intentions can stop the process at work. Monitoring it critically, insisting on the importance of the holders being taken into consideration and urging the bank to communicate in a concrete way are axioms that should not be said because they are so obvious!

(63) L'écho of 17 May 2022, seen on <https://www.lecho.be/entreprises/banques/triodos-bank-supprime-un-emploi-sur-dix/10389124>: *The Dutch sustainable bank Triodos, which is also active in Belgium, will cut 130 to 150 jobs by 2024. This represents almost 10% of its workforce. The staff reduction is part of a plan to save 10 to 11 million euros per year. Triodos Bank wants to reduce the cost-efficiency ratio from the current 80% to 70-75%. This should make the bank much more profitable. In recent years, Triodos Bank has achieved a return on equity of 3-4%. This should be increased to 4 or 6%. Jeroen Rijpkema says: "In order to continue to play our role as a pioneer in sustainable finance, we need to reduce costs and increase profitability. The downsizing will take place in all the group's banking activities. This will be achieved through redundancies and internal reallocation of positions.*

(64) Remarks at the Room for discussion, University of Amsterdam, 14/02/2022 (visible on www.youtube.com/watch?v=d4Lf-O96DOK).

(65) Extract from the article published in Management Scope of February 2022, available at management-scope.nl/magazine/artikel/5202-jeroen-rijpkema-triodos-langetermijnmissie (09-02-2022 - Xavier Baeten and Marike van Zanten) : *Tot op heden hebben we ons daarbij altijd gesteund gevoeld door onze certificaathouders, die primair gericht waren op maatschappelijk rendement en daarvoor genoeg namen met een geringer financieel rendement. We gaan nu toe naar een andere manier van verhandeling van onze certificaten. We willen ook ons financieel rendement aantrekkelijker maken, met een return on equity tussen de 4 procent en de 6 procent. Vergeleken met de rest van de financiële sector is dat overigens nog steeds bescheiden. We zullen de balans tussen het financieel rendement en het maatschappelijk rendement voor de certificaathouders dus iets moeten aanpassen. Ik ben ervan overtuigd dat we daarin zullen slagen.*

Personal message

I will end (for now) with a note to the CEO who leaves me wondering: *Even though the journey to the MTF platform will test our patience, courage, decisiveness and perseverance, I am convinced that together as a Triodos community we can make it. We will continue to work hard so that you can support us in achieving our common goal: the listing of our share certificates on the MTF platform.* **So no, Jeroen, our common goal was never the listing of the certificates on the MTF. At least not at the beginning, and not in the way that was thrown in our faces.**

Well, at least I can't accuse the CEO of hypocrisy when he talks about OUR certificates. According to the 2021 annual report, he actually has 315. Let's face it, that's more than my 278 (66). And certainly much more than that of former CEO Peter Blom who had only one. Which is still better than most members of the Executive, Supervisory and SAAT boards who have none at all (see p. 60). Alexander Rinnooy Kan, the most recently elected SAAT member (and soon to be new chair, I understand) doesn't have one either. *"It is not required by the statutes. Experience and expertise are more important"*, we were told at the EGM on 11/10/22. I wonder what my psychoanalyst thinks about this...?

Some people will call me a pojadist, but one might wonder whether the involvement and understanding of some people in the issue can be considered in the same way as what the real certificate holders might feel.



(66) This figure includes the securities held by my Blue Line office, myself as an individual and my daughter (dependent).

Certificate holders in Triodos bank

Extract from the Triodos Bank 2021 annual report

	Number
Executive Board	
Jeroen Rijpkema (1960), CEO, Chair	315
André Haag (1982), CFO	0
Carla van der Weerd (1964), CRO	0
Jacco Minnaar (1971), CCO	20
Nico Kronemeijer (1964), COO	7
Supervisory Board	
Aart de Geus (1955), Chair	0
Dineke Oldenhof (1958)	0
Ernst-Jan Boers (1966)	0
Mike Nawas (1964), Vice-Chair	0
Sébastien D'Hondt (1964)	0
Daniëlle Melis (1972)	0
Susanne Hannestad (1961)	0
Board of SAAT	
Josephine de Zwaan (1963), Chair	0
Jolande Sap (1963)	0
Koen Schoors (1968)	0
Mercedes Valcarcel (1968)	156
Roelien Ritsemavan Eck (1975)	0
Tarique Arsiwalla (1975)	0

PART 2

Taking action



Should the bank be sunk ?

As the management has already reminded us several times, answering the question in the title in the affirmative would be like shooting yourself in the foot. No more bank, no more value for the certificate! It is not certain that this option will calm the heartburn...

Although the calculation would be worth doing. After all, if the bank is healthy, as it claims, and its book value is well defined, it could be put into voluntary liquidation... But this would of course go against what most holders want, namely to support a bank that is truly sustainable in its model.

This obligatory contradiction is their concern: by championing continuity, management has the holders by the throat. And they don't like it. Because I think there is a fundamental difference between the holders and the top management of the bank: the former do not want to exonerate the latter from their responsibilities in this affair. This is one of the points raised by the Stichting Certificaathouders Triodosbank in its action in the Chamber of Enterprises (see p. 53).

So how do you organise yourself to make the bank understand that it has only a very vague idea of who its audience is and, worse, of the image it conveys to them?

My past professional experience has taught me that on the one hand, there is a cénacle of decision-makers anxious to be respected by a banking world that can be described as classic, and on the other hand, a public that wants a bank that is different from it! All of this is surrounded by a universe of sustainability shared by both sides. One only has to read the bank's press releases to realise the cognitive gap that exists. While some would like to see a proximity that is not just a façade and that is above all understandable, others take refuge behind grand speeches strongly tinged with compliance with the rules laid down by the supervisory authorities.

Let's face it: the so-called authorities know how to make communication more difficult than others, in the interest and protection of the customer, we are told. This is undoubtedly another debate, but it is also a truth with which the bank must deal. Nevertheless, this does not explain everything. There was a time when the rules were not so restrictive and the bank-customer distance was no less present.

I think that even today, one of the causes of the current problems stems from this phenomenon. This is what we call a root cause in historical science. Since we have been able to see and understand the traces of this in this report, I invite you to take action for a good-natured *reboot*.

But first, in the spirit of fairness, and at the risk of being hanged, I would like to put the church back in the middle of the village in a few lines on the next page...

I've lost everything, it's theft!

We have heard the cries of some at the various meetings. To hear them tell it, you would think they had lost everything in the Triodos affair. Without diminishing the problems some people may have with not being able to sell their certificates, let's allow ourselves to pick up a bit of honesty.

First of all, unless you have an ecological conscience that is greener than the grass in my garden on a spring day, I doubt that many holders have put all their assets into certificates. It would be against common sense. As a broker myself, I never advise putting all your eggs in one basket. In the case of securities such as certificates, but that also includes cooperative shares and any other such product, it seems to me inappropriate to invest more than 10 to 15% of a portfolio in them. Of course, in the end, the client is king, but in this case, you have to assume. In short, a well-informed person will be able to see the storm coming, and will be able to switch to other products if necessary.

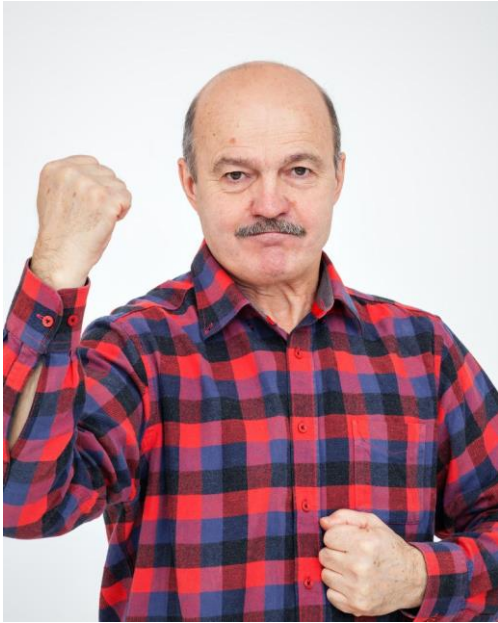
Secondly, human psychology being what it is, it must be noted that all too often, risk-taking is only accepted when it is accompanied by capital growth and... an absence of risk! Clearly, when everything is going well, we think it's normal, and when everything is going badly, we think it's not good. Now, even if some salesmen have perhaps forgotten to specify certain things, and if in addition the mind often retains only what it wants to hear, I am far from convinced that someone bought certificates being sure that it was a risk-free product. It is true that up until 2020 the bank was showing a rather reassuring path for the good father or mother of the family, but the reality was nonetheless there: it was a risky capital (67).

Finally, don't we throw the stone a little easily on those whom we did not elect to take care of our assets? Have we not accepted the obvious indelicacy to good governance represented by the delegation of powers to SAAT (68)? Have we previously challenged this autocratic view? The answer must be qualified, of course, but the question remains. At the very least, it calls for a paradigm shift to envisage a better organised future.

(67) On the other hand, I will not fall into the opposite excess of the CEO when he said during one of the February 2022 webinars that holders knew what they could expect, namely to lose everything, by investing in the certificates! The statement is quite disconcerting, cheeky and, to put it bluntly, bordering on insulting when one knows that the disruptions were not created, but at least well maintained by the management itself! A holder can accept a market disturbance, not a disturbance generated from within the company!

(68) In his interview at the University of Amsterdam (Room for discussion, 14/02/2022, visible on www.youtube.com/watch?v=d4Lf-O96DOK), Jeroen Rijpkema considered that "*it was an interesting debate*", not without a smile...

A programme



In view of my report, am I the only one who thinks that the discussion with the bank, in the state of power it has initiated, will be in vain? For my part, I am convinced that at least four concrete actions must be taken:

1) Block the repeated validations of the SAAT, as long as it exists anyway, by blocking the appointments within it. Just to have a quiet chat.

2) In the meantime, demand that SAAT's GMs take place before the Bank's, so that holders can express their opinions and vote.

3) If, after listing on the MTF, the holders recover individual voting rights, block the bank's decisions, not to jeopardise it, but to force the directors to listen to the voice of their shareholders. And to take their responsibilities (69).

4) If possible, and with the help of competent legal personnel, go to court. The question is, on the basis of which fraud and to demand what? The **Stichting Certificatahouders Triodosbank** is best equipped to do this, especially as it has already started the ball rolling (see p. 53).

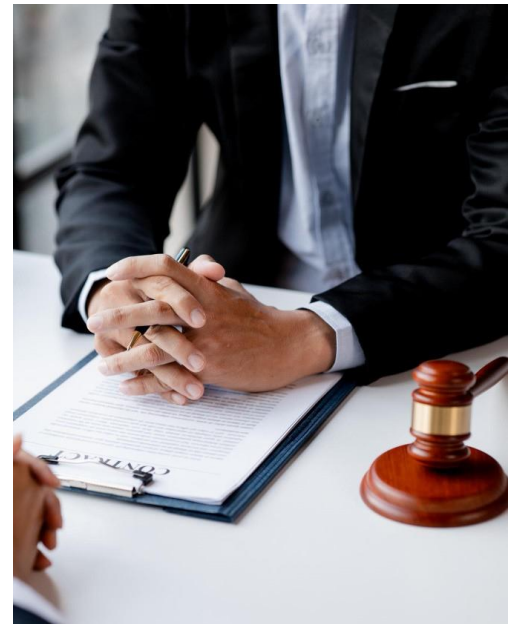
(69) At the EGM on 20 June, a question was asked: *With the trading on the MTF, will certificate holders get back their voting rights linked to their certificates?* Answer from the CEO: *This has to be agreed with the MTF.* It should be noted that at the May 2022 AGMs, Triodos, through its former President, did not answer the question, while SAAT, through its former President, replied that, according to Dutch law, certificate holders can choose to recover their voting rights as soon as the certificates are listed on an MTF. From J. Rijkema's response to this EGM, it can be understood or interpreted that the bank would prefer SAAT to retain all voting rights and that Triodos will not advertise the right of certificate holders to reclaim their voting rights.

On this last point, there is an answer. Het Financieele dagblad (70) reported that a Spanish court ruled in favour of a private investor who had complained about his purchase of certificates from the Dutch bank Triodos.

According to the Spanish court, the Triodos certificate is 'a complex product'. The private investor to whom the bank sold the certificates had no investment knowledge. The bank should therefore have better informed him of the risks, the court said. Instead, Triodos marketed the certificates as a safe and risk-free product.

A Triodos spokesperson said that three rulings had been made in Spain, two of which were in the bank's favour. The Spanish National Securities Commission also recently ruled in favour of the bank, which is not surprising. The bank is considering appealing the court decision and in my opinion it is not impossible that the first judgment will be overturned.

At the very least, it is not certain that the Spanish decision can be reproduced in Belgium on the basis of the same cause. Indeed, the information given by the bank regarding the notion of complex product has been given to investors for quite some time, pushed in the back by the FSMA. A specific questionnaire on this subject even had to be filled in before any subscription.



(70) Het Financieele dagblad, article published on 04/09/2022: <https://fd.nl/financiele-markten/1450677/nederlaag-triodos-in-spaanse-rechtszaak-over-certificaten>. The initial information was published on the Invertia / el Español website: https://www.elespanol.com/invertia/empresas/banca/20220902/juzgado-condena-triodos-devolver-cliente-invertidos-cdas/700180355_0.html. The bank has to reimburse this investor a total of €45,070 for the deposit of 538 certificates. The complaint against Triodos was filed by the company Iribarren Artola Abogados, based in the region. There are reportedly 50 lawsuits pending against Triodos in the courts of Navarra on behalf of duped certificate holders.

Join our Trioforum...

One useful way to take action is to get together. No, you are not alone. As we have seen, and I will mention them in the following pages, there are groups and concrete actions are being taken. The number of holders is relatively small compared to the Netherlands, for example.

That is why, after writing this report, I felt it was important to create a forum where holders could meet, discuss, share experiences and find documentation to download. The idea is two-fold: to alert participants to the agenda related to the certificate case, but also to allow them to get a regular decoding of the bank's communications. All this with an obvious end goal: to use a common power when the need arises.

From now on, all holders are invited to register (it's free). Go to the address :

www.trioforum.be

On the possibility of federating a maximum of people will depend the continuation of the events. For to date, it must be admitted that it is difficult to know the real scale of the protest. If we are to believe the bank, it is not huge (71). Given the reactions to the last EGM on 11/10/22 and the ongoing court cases, I have some doubts about this opinion. In short, if you are usually part of the soft body, get blunt! After all, isn't your money at stake too?



Do you know other certificate holders? Contact them and invite them to join the existing groups mentioned in this report! And also, advertise, in your local shops, on social networks, or in your workplaces, etc., to flush out those who, like you, feel powerless.

Everyone can also send me an e-mail to receive this file in pdf or paper version (only in french). See details on the back cover.

The more we are, the more we count!

(71) Annual Report 2021, p. 15: As was to be expected, the announcement of our decision (*) was well received by many and not so well received by some
(*) Decision to list on an MTF.)

... before joining a group!

Whatever the paths chosen, it is absolutely necessary to group together. This is why I invite all readers to join the movements already underway, in addition to the trioforum mentioned opposite, of course! :

1 The **Belgian Collective** (private association)

The collective brings together holders who are (inevitably) dissatisfied with the treatment they have received. It tries to obtain information from the bank through meetings with the Belgian management or other people connected with the bank (e.g. the SAAT). The collective also tries to influence the bank's decisions by passing on feedback from members. Reports of the actions are regularly shared (mostly bilingually). Participation is free.

2. The **Stichting Certificaathouders Triodosbank**, established in the Netherlands.

This foundation, because of its structure, its presence on Dutch soil, its financial resources allowing access to legal aid and its knowledge of the organisations involved in the case, seems to me to be the one that will have the best chance of winning the case. **We therefore urge all certificate holders to support this foundation and to become members.** This is done for the modest price of 25 € (but you can put more if you wish). The site is in NL but can be easily translated with Google Translate or deepl.com).

ALL ADDRESSES AND CONTACT DETAILS
CAN BE FOUND ON PAGES 72 AND 73

Get informed!

Three other sources of information can be followed:

1. The **European Investors / VEB** website which gives access to articles that have been published about Triodos. Just type 'Triodos' in search. Attention: site in NL. Correct automatic translation with Google translate or similar. There is a European counterpart with information in English, but I could not find anything there.

2. The **Triodos Tragedie** site is more informative and undoubtedly emotional, but does not seem to have sufficient legal means, apart from a mass effect, to achieve anything concrete. The mass effect could however be very useful during votes at assemblies. As indicated in its "Manifest" section, the objective of this collective is to suspend the project of listing on MTF and to resume the reflection more serenely. It wants to be a pressure group backed by the Foundation mentioned above and explains this on a specific page. Given the website in place (probably recent), we regret the lack of precise information about the initiators of the collective, apart from an email address and a few scattered names. I have sent an email to the designers in this sense. In the meantime, I advise restraint, even if the information given on the site can be useful.

3. Finally, it should be noted that **Test-Achats** could be involved in the battle, if enough of its members want to. Didn't the association indicate in its Test-Invest issue of 17 December 2019 that one could invest up to 5% of one's assets in certificates, *if sustainability takes precedence over everything else*? However, as the number of Belgian holders is very low, I am not sure that the association is following this closely. Test-Invest says it is in contact with VEB (see point 1 above) and is following what is happening, but remains sceptical (72).

In addition, I can only reiterate that writing personally to the parties concerned will prove useful in exerting real pressure, just as Amnesty does.

(72) Test-Achats Invest of 08/08/2022 : *Acting against Triodos will be difficult. It must be proven that the bank has committed a fault and any compensation of the shareholders by the bank would impoverish it and reduce the value of the shares by the same amount. Obtaining compensation for the directors is not easy either. As a reminder, the Fortis or Arco sagas unfortunately resulted in rather small amounts.*

What about the free, independent press and all that?

Unfortunately, in view of the mobilisation since March 2020, it must be said that the French-speaking media in Belgium are following the matter from afar. The last assembly gave a little boost, but the fact remains that 7,500 holders is not much. The echo gives a somewhat regular follow-up, the other media less so, to my knowledge. The Flemish press reacts more, but less than the other media, which is on the ball.

What about the supervisory authorities?

Let's be clear: in Belgium, we should not expect anything from the National Bank and the FSMA. The former claims to be incompetent as Triodos is a bank under Dutch law, and the latter answered me on 24 March that *as Triodos is not a listed company on Euronext Brussels (+ bank under NL law), there is no suspension notice from the FSMA*. In short, go to hell!

I personally find this very shocking, given that on the one hand these two institutions are quick to act and monitor when it comes to enforcing legislation, including for foreign companies, and on the other hand they withdraw from the debate when it comes to defending the injured parties, while at the same time they advocate respect for the financial consumer at every turn. Double standards, whatever they may say. This is why I invite my readers to write to them... And by post, it's even better :-) !



When the day comes...

Some people are already asking me, not without reason, what should be done when there is a quotation?

I am obviously not a mind reader, and above all, I do not yet have any precise information about the course of operations, apart from what was said at the EGM on 11/10/22. In other words, not much... (see p. 49).

Therefore, some fundamentals need to be analysed.

At the EGM on 11/10/22, the CEO rightly reminded us that the value of a stock depends on how often it is traded, how many people are buying and selling, and the published book value. It should be added that market sentiment will also have a say.

With regard to the certificates, in addition to the questions posed on pages 49 and 56, one wonders what will happen to the quotation value after the start-up. Assuming that the bank does not intervene and does not institute a quotation channel, the few opinions heard here and there, as well as the elements released by the management itself in meetings, indicate that the price should drop. There are two reasons for this:

- The fact that bank shares are currently discounted.
- And the fact that the sellers of the first days of 2020 have not disarmed and still want to sell, despite a lower price.

However, I am moderately optimistic in my thinking.

Indeed, if point 1 has been hammered at us and even put in the middle of the face by the tax rebate imposed by the bank, the five contradictory points set out on page 35 remain relevant. They should therefore be an element of price support.

On the other hand, I'm not sure that the 2020 selling trend is still as strong as it was, as there are probably not many people today who want to sell at €59, except perhaps a number of people pressed for time and money. But I'm far from convinced that they represent the majority of holders. In short, it is more than likely that most of them will wait for things to calm down, especially as there also seems to be a kind of silent majority that stays a bit away from the tumult.

Nor should this soft body be tempted to get rid of its shares. If it is quoted and at the same time the turmoil gradually stabilises, its fears of derailment will be allayed. The example of 2008 is a good indicator of the apathy of many investors: despite an absolutely disgraceful situation, most of the clients of the big banks (on the verge of bankruptcy) remained so, after having made their dissatisfaction clear.

In short, the best way to see the price of the certificate rise again is simply not to sell!

This is easy to understand. If there are no sellers, there is no downward pressure. In fact, the opposite is normally true. With a low ask price and a high bid price, the median price will rise. It should also be taken into account that the number of certificates in circulation will no longer increase, except perhaps slightly if the stock dividend is applied again. Technically, this will support the price. If we add to this a bank that is growing steadily, as it always has, the explosion of March 2020 and especially that of December 2021 should eventually be a bad memory.

However, we should not be blissfully naive. Indeed, demand will depend on the bank's ability to find new investors, who can only buy if there are sellers. Behind the good intentions announced earlier, one has the right to doubt the capacity of the institution to achieve its goals, in any case, with the same management and the same communication as today. However, given that the bank cannot be wrong even if it may be wrong, it is far from clear that the calls for better governance more or less relayed by SAAT will be heard.

To restore the market's confidence, a strong *mea culpa* is needed before establishing responsibilities with real sanctions. This will not come from the current management, which is too involved. This is why I think it is fundamental that the owners regain control of the bank and impose their conditions through a real exercise of their voting rights. They must be able to say: **this is the bank we want!**



The addresses

Belgian collective

The collective has no structure. The members exchange information by e-mail. For a first contact : koen.albregts2@telenet.be.

Stichting Certificaathouders Triodosbank

Oude Buizerdlaan 38
2566 PW The Hague
info@stichtingcertificaathouderstriodosbank.nl
www.stichtingcertificaathouderstriodosbank.nl/

Become a member: the link "Aanmelden" on the homepage allows you to join via Bancontact.

European investors (VEB)

Vereniging van Effectenbezitters
Postbus 240
2501 CE The Hague
www.veb.net/ and europeaninvestors.eu/.

Membership is not free, but it is possible to be kept informed about Triodos only via <https://www.veb.net/acties-menu/op-de-hoogte-blijven-van-ontwikkelingen-bij-triodos>.

Triodos Tragedie

No known address
www.triodostragedie.nl/

Become a member for free: www.triodostragedie.nl/kom-in-actie.
Lobby page: www.triodostragedie.nl/pressiegroep.

Triodos Bank (UK Head Office)

Deanery Road
Bristol
BS1 5AS
icomplaints@triodos.co.uk
www.triodos.co.uk
0330 355 0355



Your addresses

Do you have other good tips ?

Write them down here and share them on the Trioforum!



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