

# Sustainability and *Annual Report* 2021



**UmweltBank**

Mein Geld macht grün.



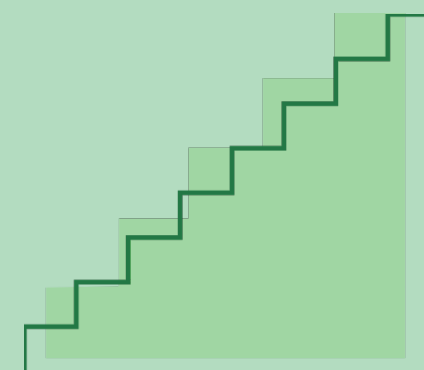
Almost  
**25,000**  
environmental projects financed since  
1997, from wooden houses to wind farms

**300**  
employees.



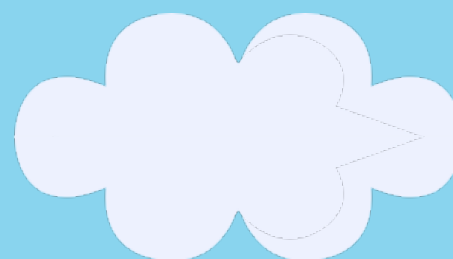
**45%**  
of managers  
are women.

**€5.9 billion**  
total assets in 2021.



**18th**  
consecutive dividend payment in 2021

More than  
**1,200,000**  
tonnes of CO<sub>2</sub> avoided in 2021.



**900**  
people live in the ecological and  
affordable residential projects  
financed in 2021.

Letter from the Management Board	6
----------------------------------	---



Germany’s *greenest bank*

About UmweltBank	12
Investing and providing for retirement sustainably	22
Financing for environmental projects	25
Ecological participating interests	37
Germany’s green bank share	40
Responsible corporate governance	44
Dialogue with stakeholders	56
Analysis of the main sustainability aspects	58



Contribution *to the environment*

Environmental management system	64
Environmental performance	68
Sustainability targets	88
Report of the Environmental Advisory Board	91
Contact the Sustainability Management	96
Validation of the environmental statement	96



People *at UmweltBank*

Management	100
Supervisory Board	103
Environmental Advisory Board	109
Sustainable personnel policy	114



Annual *Report*

Report of the Supervisory Board	126
Management report	132
Balance sheet	170
Income statement	172
Notes to the financial statements	174
Independent auditor’s report	199

About this report	207
GRI content index	208
Publishing details and contact	212

## 25 years of UmweltBank:

### *founded in 1997, made for the challenges of today*

#### **Dear readers,**

2022 is a special year for us. 25 years ago – on 29 January 1997 – UmweltBank was granted a full banking licence and thus the permission to conduct banking business. The 30 initial employees have since grown to 300. To date, we have financed nearly 25,000 sustainable projects throughout Germany. And it just so happens that we are one of Germany's most profitable banks. That is not a given, particularly when we think back to how sceptical the financial world – from other banks to the supervisory authorities – regarded the founding of the green bank.

Today UmweltBank is a pioneer in a world in which everybody is talking about sustainability. And the green bank's core topics are more topical than ever before. The expansion of renewable energy sources and the creation of affordable and ecological accommodation are essential building blocks for the sustainable transformation of our society. And the current crises have further accelerated this development.

#### **We view sustainability through different eyes**

Our vision is to contribute to a world worth living in. For us, the cornerstones of such a world are peace, freedom and democracy. We are shocked by the inhuman and brutal attack of the Russian Federation on Ukraine. What we considered unthinkable became bitter reality on 24 February 2022. A war broke out in the middle of Europe, and there is no end in sight. The humanitarian, economic and geopolitical consequences will be enormous.

The war also highlights our own vulnerability. We continue to purchase huge amounts of oil and gas from Russia every day. We have become dependent on Russian energy over the past decades. We must now quickly change course and view renewable energy sources through different eyes. For not only are they important for environmental protection, they also mean a bit of freedom. UmweltBank alone has funded more than 13,000 photovoltaic and over 400 wind power projects so far. And we will continue to do so.

#### **We continue to grow sustainably**

Despite the challenging environment, UmweltBank performed very well last year. Total assets increased by 20% to €5.9 billion. One driver was our core business – the financing of environmental projects – in which we were again very successful. In 2021 alone, the Bank financed over 600 sustainable projects with a volume of €845 million – a new record. The securities business also developed positively. The volume of securities under management at the end of 2021 was nearly €950 million, an increase of over €250 million since the beginning of the year. Contributing to this development was our first own fund, UmweltSpektrum Mix, which after just 24 months has a fund volume of over €100 million. We want to continue this success story with our two new UmweltSpektrum funds 'Mensch' and 'Natur'.

Overall, the Bank recorded an increased interest, financial and valuation result in 2021, as well as a significantly increased commission and trading result. On the other hand, there were higher expenses for personnel and administration. Overall, net income rose slightly to €19.4 million, after €18.5 million in the previous year. With a cost/income ratio of 47.7%, UmweltBank continues to be one of Germany's most efficient banks. Our shareholders benefited from this, such as with the 18th dividend payment in a row.

#### **We are increasing our contribution to a world worth living in.**

For 25 years we have been proving that ecology and economy can be an excellent combination. We measure our positive impact on people and the environment through our contribution to the United Nations Sustainable Development Goals (SDGs). Three examples:

**1) SDG 13 – Climate Action:** In total, UmweltBank contributed to avoiding over 1,200,000 tonnes of CO<sub>2</sub> in 2021. This is roughly equivalent to the annual CO<sub>2</sub> emissions of the inhabitants of a large city like Erlangen or Jena.

**2) SDG 11 – Sustainable Cities and Communities:** Last year alone, UmweltBank financed affordable and ecological homes for over 900 people. For another 350 people, care places were created in schools, daycare centres and nursing facilities.

**3) SDG 5 – Gender Equality:** 57% of the employees of UmweltBank are female while 43% are male. Our share of women in leadership positions is 45%.



We are getting fit for the next 25 years

We want to continue UmweltBank’s success story over the next 25 years. The foundation for this is a high-performance IT infrastructure. After an extensive review phase, we decided to change the core banking system. Over the next two years, we will be setting the course for the digital future of the Bank with this investment. The new infrastructure enables improved user-friendliness, more digital services and new products. This will make UmweltBank even more attractive for both new and existing customers.

The prospects for our core business are also attractive: loans for solar and wind farms as well as ecological real estate. The new German government is clearly committed to climate protection and is accelerating the expansion of renewable energy sources in particular. The coalition agreement calls for the annual expansion of photovoltaics to be 15 GW by 2030. In 2021, the expansion was just roughly 5 GW. In addition, the coalition wants to designate 2% of the land area in Germany for wind power. Currently, this figure is only around 0.5%. Planning and approval procedures are also to be significantly accelerated.

Over the past 25 years, UmweltBank has undergone impressive growth. We are certain that the best years are still to come. With organic growth, modern IT and political backing, UmweltBank will achieve its full potential in the coming years.

Thank you for your trust and loyalty. Continue to accompany UmweltBank and join us in shaping a world worth living in for us and future generations.

Your UmweltBank Management Board

  
Goran Bašić

  
Jürgen Koppmann



Jürgen Koppmann

Spokesperson of the Management Board

Areas of responsibility:

Customer Care & Account Management

Securities & Pensions

Internal Audit

Information Technology & Project Management

Management Board Support Office

Customer Care & Service

Goran Bašić

Member of the Management Board

Areas of responsibility:

Financing Energy and Infrastructure Projects

Financing Real Estate Projects

Financing Private Customers

Participating Interests

Personnel

Treasury & Sustainability

Marketing & PR

Heike Schmitz

Chief Representative

Areas of responsibility:

Accounting, Taxes & Operations

Reporting, Risk & Analytics

Back Office Credit

Legal & Compliance

Central Services & Real Estate

25 years of UmweltBank

Learn more about the exciting development of UmweltBank in its multimedia company history. It tells the story of the Bank using data, facts and figures, but also photos and personal interviews with contemporary witnesses. Link to the company history: [www.umweltbank.de/25jahre](http://www.umweltbank.de/25jahre)



*Germany's*  
**greenest  
bank**



1.1 About UmweltBank

Since its founding in 1997, UmweltBank has combined sustainability with economic success. The green bank and its 300 employees take care of more than 130,000 private and commercial customers throughout Germany. UmweltBank’s core competence is the financing of projects in the field of renewable energy sources as well as ecological and social construction projects. Whether wooden house, student residence or solar farm – the green bank has funded nearly 25,000 future-oriented projects over the past 25 years. It also offers sustainable savings accounts, securities and insurance products. With its consistent focus on sustainability, UmweltBank contributes to its vision of creating a world worth living in for future generations.

Green and black figures in balance

UmweltBank proves that environmental protection and economic efficiency are also compatible in finance. This is reflected in the company’s successful development. The Bank does not engage in speculative transactions; lending is not focused on profit maximisation, but on a positive ecological and social impact.



**Vision**  
Together we are creating a world worth living in for ourselves and future generations.

**Mission**  
We make money green.

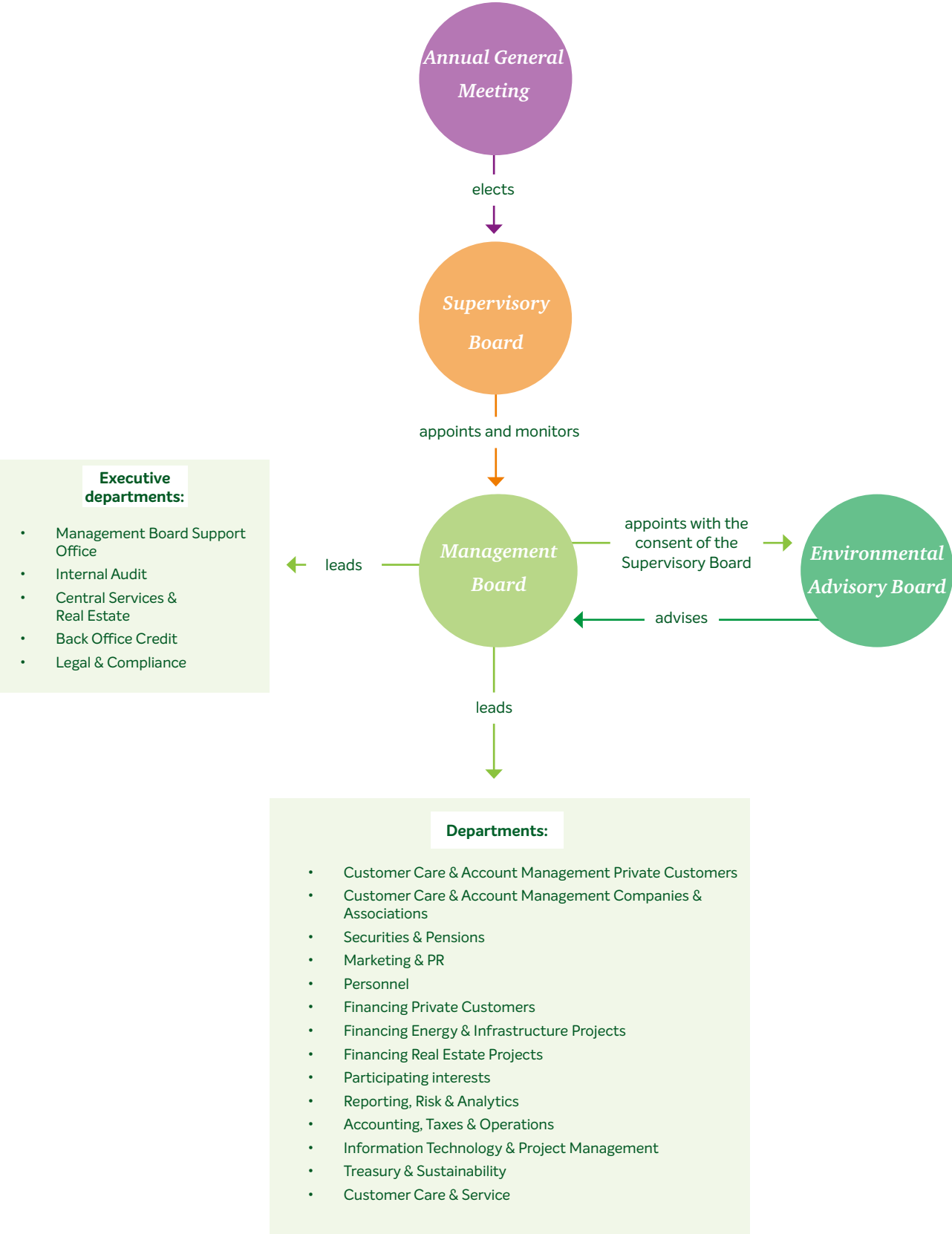
We combine **economy and ecology** by offering our customers **attractive investments and financingsustainable projects** exclusively.



Corporate data

Company	UmweltBank
Legal form	Stock corporation (Aktiengesellschaft)
Headquarters	Nuremberg, Germany
Foundation	1997
Owners	Approx. 14,000 shareholders
Supervisory Board	Susanne Horn Dr Michael Kemmer, Chairperson Heinrich Klotz Dr Michael Maier Edda Schröder Silke Stremlau, Deputy Chairperson
Environmental Advisory Board	Prof. Dr Harald J. Bolsinger, Chairperson Dr Meike Gebhard, Deputy Chairperson Stefan Klinkenberg Claudia Müller Heribert Sterr-Kölln
Management	Goran Bašić, Member of the Management Board Jürgen Koppmann, Spokesperson of the Management Board Heike Schmitz, Chief Representative
Authorised signatories	Gisela Bohn, Thorsten Boiger, Gabriele Glahn-Nüßel, Sarah Herz, André Hückstädt, Beate Klemm, Philipp Langenbach, Stefan Schimpl, Heike Schmitz, Markus Suroff, Matthias Winkler
Employees	Approx. 300
Customers	Over 130,000
Office locations	Emilienstraße 3, Nuremberg / Laufertorgraben 4, Nuremberg / Laufertorgraben 6, Nuremberg / Laufertorgraben 8, Nuremberg / Nunnenbeckstraße 6–8, Nuremberg
Funded environmental projects	Almost 25,000 since foundation in 1997
Total assets	€5.9 billion

Corporate structure



2021 highlights



MAY

The UmweltSpektrum Mix qualifies as a dark green fund in accordance with the EU Disclosure Regulation.



JULY

Start of construction of Villa Viva: UmweltBank is financing the sustainable hotel of Viva con Agua in Hamburg.



JULY

With WUN H2 UmweltBank is financing one of the largest plants for the generation of green hydrogen in Germany.

SEPTEMBER

UmweltBank joins the Green and Sustainable Finance Cluster Germany.



NOVEMBER

UmweltBank submits the planning application for its new headquarters, the UmweltHaus, to the City of Nuremberg.

FEBRUARY

Heike Schmitz joins the management as Chief Representative.



JUNE

Reliable distribution: UmweltBank pays 18th consecutive dividend.

AUGUST

UmweltBank takes a participating interest in Utopia GmbH, operator of the sustainable platform utopia.de.

OCTOBER

Successful capital increase: UmweltBank increases equity to €73 million

OCTOBER

UmweltBank finances the Tramm-Göthen project, Germany's second-largest solar farm with 172 MWp.



DECEMBER

Christmas donation: UmweltBank supports Nuremberg City Mission's Children's Emergency Fund with €10,000

# UmweltBank

## 25 years



**Founding** of D.U.T.  
UmweltTreuhand GmbH

1994

UmweltBank is granted a  
**full banking licence**

Green savings products  
Wind farm project financing  
Sustainable building loans and mortgages

1997



On its first birthday  
UmweltBank celebrates  
**'black figures** with **green money'**

Photovoltaic project financing

1998

**Flotation** on the Regulated Unofficial  
Market at the Frankfurt Stock Exchange

2001

End of the KfW's  
100,000 Roofs programme: UmweltBank  
launches its own subsidy programme  
**'Solar power for every roof'**

2003



UmweltBank offers  
building loans and mortgages for  
**joint building ventures**

2007

UmweltBank enables simple  
**photovoltaic financing** for  
private customers with **online tool**

2010



**Passing of the torch**  
on the Management Board: Stefan Weber  
and Goran Bašić are new duo at the top

2014/15



Founding of the subsidiary  
**UmweltProjekt GmbH**

2016



UmweltBank aligns  
for the future with **new brand profile**

2018

First own fund,  
**UmweltSpektrum Mix**,  
comes onto the market

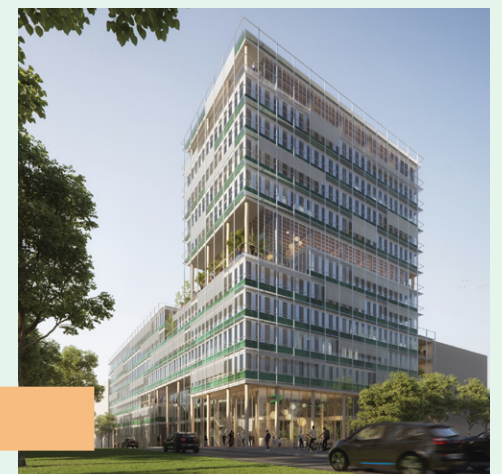
2020



The year 2022 marks an important milestone for UmweltBank. It commenced business activities 25 years ago – on 29 January 1997. The 30 initial employees have since grown to 300. Furthermore, the green bank has financed nearly 25,000 sustainable projects. To mark the anniversary, a multimedia company history tells the story of the Bank using data, facts and figures, but also photos and personal interviews with contemporary witnesses. The multimedia company history is available here: [www.umweltbank.de/25jahre](http://www.umweltbank.de/25jahre)

**The new home of green money:**  
UmweltHaus and UmweltQuartier in Nuremberg

**FUTURE**



Sustainable products

Investments and pensions



Savings accounts

- UmweltFlexkonto
- UmweltFestzins
- UmweltSparplan



Securities

- UmweltBank share
- Green bonds
- Eco funds



Insurance

- Base pension (Rürup pension)
- Company pension plan
- Private pension

Financing



Building and residential

- Residential properties
- Joint building ventures
- Residential projects
- Social building
- Investor projects
- Commercial real estate



Renewable energy sources

- Wind power
- Heating concepts
- Photovoltaics



UmweltWunschkredit

- Ecological building measures
- Photovoltaic systems
- Tiny houses
- e-mobility

UmweltGarantie (environmental guarantee)

Every euro that customers invest with UmweltBank is used in accordance with the SDG – the United Nations’ Sustainable Development Goals. The Bank backs this with the UmweltGarantie. Customers can be confident that the savings deposits and equity are used exclusively for loans in support of environmental projects.

To check compliance with the UmweltGarantie, the Bank computes the ratio of volume of utilised environmental loans, note loans for a specific purpose, participating interests, green and social bonds plus its own investments with a positive SDG contribution to the deposit volume of customers, third-party loans from development banks and the original equity brought into UmweltBank from the investors.

Fulfilment is checked quarterly by Sustainability Management and the UmweltBank’s Environmental Advisory Board. As at 31 December 2021, the UmweltGarantie was fulfilled in all areas.



UmweltProjekt

Mein Invest macht grün.

Investments in sustainable projects

UmweltProjekt GmbH is a wholly owned subsidiary of UmweltBank that pools and grows the Bank’s business with participating interests. Like UmweltBank, it aligns strategic decisions with the United Nations’ Sustainable Development Goals (SDGs). The company invests primarily in solar and wind farm projects as well as in ecological and social housing in Germany.







The design by Spengler Wiescholak Architekten Stadtplaner was chosen as the winner of the competition. | Design: Spengler-Wiescholak

## A green oasis in the city

**Over the next few years, UmweltBank will be building an ecologically and socially sustainable urban quarter with affordable accommodation, child day-care centre, commercial premises and public green spaces. Its new headquarters building will stand out in every meaning of the word.**

UmweltBank is growing and making an impact – and its current office space is bursting at the seams. After a long search, the green bank has found a place on which it can build its future. The location on Nuremberg’s Nordwestring is central, easy to reach by public transport and bicycle, and offers many opportunities to sustainably enhance the surrounding area. UmweltBank can use the former site of a large market research company to show how green districts can be designed today.

### A building as a mirror of philosophy

In the first phase, the new office building will be developed to provide modern working environments for employees in line with UmweltBank’s ecological standards.

The best designs of a Europe-wide architecture competition were awarded prizes for this in October 2020. Besides urban planning and architectural aspects, sustainability aspects were particularly important, of course. These included the use of renewable raw materials, renewable energies and recyclable building materials. A jury chaired by Prof. Jörg Aldinger ultimately chose the design by the Hamburg architectural firm Spengler Wiescholak Architekten Stadtplaner as the winner of the competition.

### Sustainable living and working environments throughout the district

‘Our aim is to create ecologically and socially sustainable value added for more than 1,000 people, who will live and work in the new urban quarter that we will build,’ says UmweltBank Management Board member Goran Bašić. ‘At the same time, the project is a commitment to our home city of Nuremberg and our contribution to a sustainably liveable city.’ Among other things, social and affordable accommodation is planned for the entire site, as well as flats for students, a child day-care centre, commercial premises and spacious public playgrounds and green areas. UmweltBank will retain ownership of the flats and commercial space in the long term and rent them out.



1.2 Investing and providing for **retirement sustainably**

UmweltBank offers its customers a wide range of green investments – from ecological savings products and green securities to sustainable pensions. In dialogue, the Bank builds on honest and fair relationships. The focus is on the customer, and they are looked after according to their individual needs. In the interest of the customers and employees alike, the Bank consciously eschews from any kind of sales quotas and individual commission payments. This independent and needs-oriented support ensures a high level of satisfaction.

Save

Savers can invest their money in the short to long term at UmweltBank. It is the only bank in Germany to give the UmweltGarantie for savings investments. Every euro invested is used exclusively to finance environmental projects. All these offers are subject to German statutory deposit protection.

Invest

Sustainability-oriented investors are in good hands at UmweltBank, which offers ‘Germany’s greenest securities account’ – free of charge. Only selected ecological securities that correspond to the Bank’s understanding of sustainability are available. The green bank does not hold other shares, such as those of oil producers and arms manufacturers, and thus guarantees a clean portfolio.

Provide for retirement

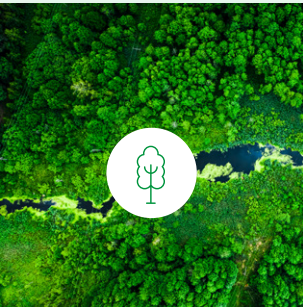
UmweltBank offers selected pension products. It cooperates exclusively with sustainably oriented insurance partners. The difference to conventional insurance: the contributions paid in are invested according to ecological, ethical and social criteria.

UmweltSpektrum:  
The sustainable fund family for a future worth living in

The UmweltSpektrum fund family is the result of years of active dialogue with UmweltBank customers. The fund’s investment philosophy is based on UmweltBank’s strict sustainability approach. Therefore, investments are made in hand-picked companies that stand out due to a particularly sustainable core business and act out of conviction.



The UmweltSpektrum fund family



UmweltSpektrum Natur  
The protect-the-environment fund

A global equity fund with an emphasis on environmental sustainability goals.

- Affordable and clean energy
- Climate protection measures
- Clean water and sanitation facilities



UmweltSpektrum Mensch  
The strengthen-the-community fund

A global equity fund with an emphasis on social coexistence.

- Well-being and no poverty
- Quality education
- Peace, justice and strong institutions



UmweltSpektrum Mix  
The shape-the-future fund

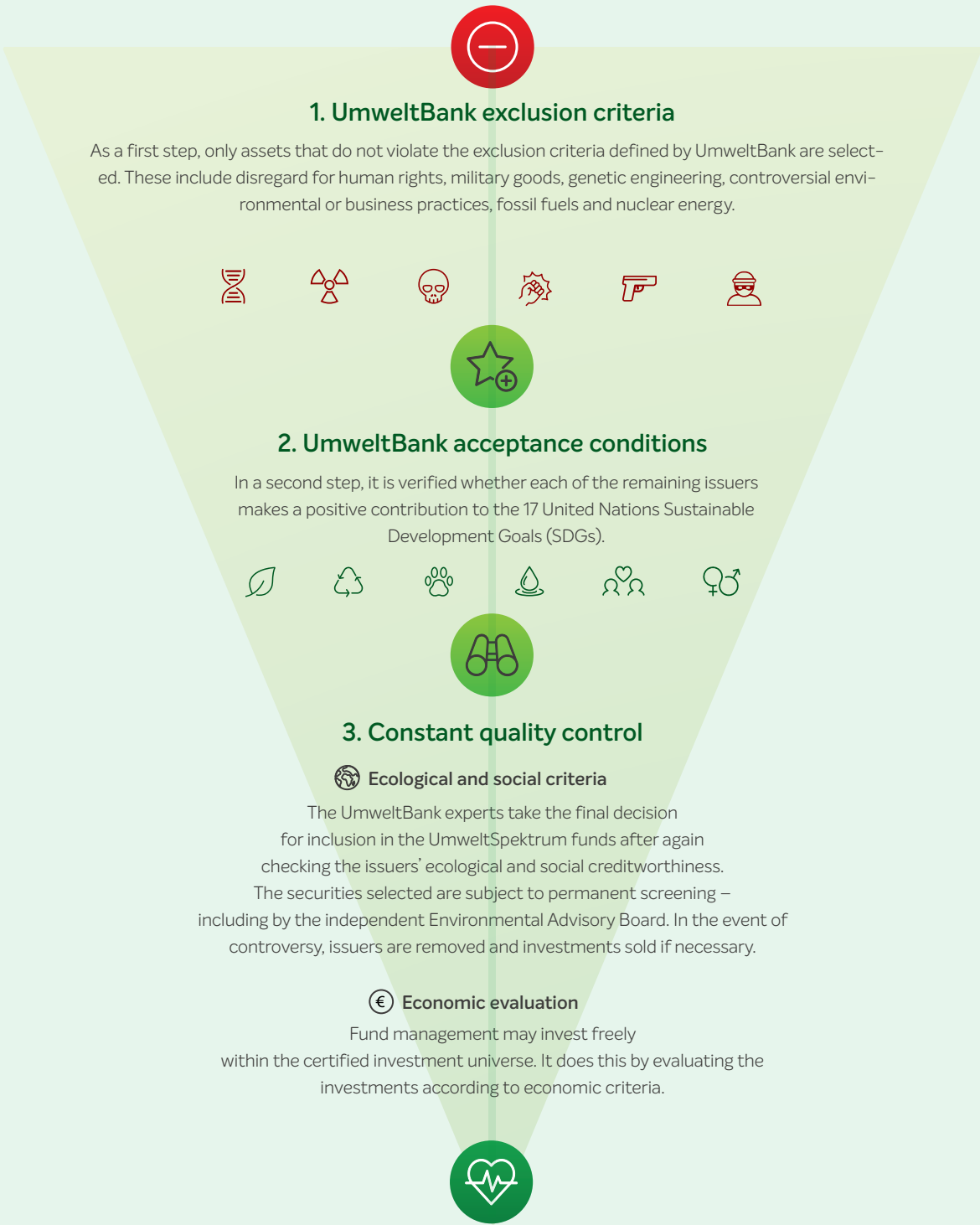
A dynamic mixed fund focused on Europe that combines ecological and social values.

- Sustainable cities and communities
- Responsible consumption
- Focus on smaller and medium-sized enterprises

Interested investors can find current information on the UmweltSpektrum brand funds at: [www.umweltspektrum.de](http://www.umweltspektrum.de)

## Selection process

All UmweltSpektrum-brand funds share a strict, three-stage selection process that considers exclusion criteria as well as the 17 United Nations Sustainable Development Goals (SDGs) as positive criteria. According to the EU Disclosure Regulation (SFDR), they qualify as so-called dark green funds (Article 9 funds).



### The UmweltSpektrum fund family portfolio

The result is a fund portfolio that meets the highest environmental, social and economic standards thanks to rigorously selected and transparent criteria as well as ongoing evaluations and constant screening.

## 1.3 Financing for environmental projects

UmweltBank considers itself a private development bank. Its aim is to support environmental projects with know-how and low-interest loans. The lending partners receive personal advice and support. For larger projects, the UmweltBank experts also visit the customers on-site.

Important criteria for the lending decision are the personal impression of the lending partner, their investment motive and, of course, their economic creditworthiness. If customers do not personally make a good impression, the loan should be refused even with the best project.

UmweltBank’s financing activities are geared towards long-term investments. As a rule, the Bank only grants loans to persons and companies domiciled in the Federal Republic of Germany.

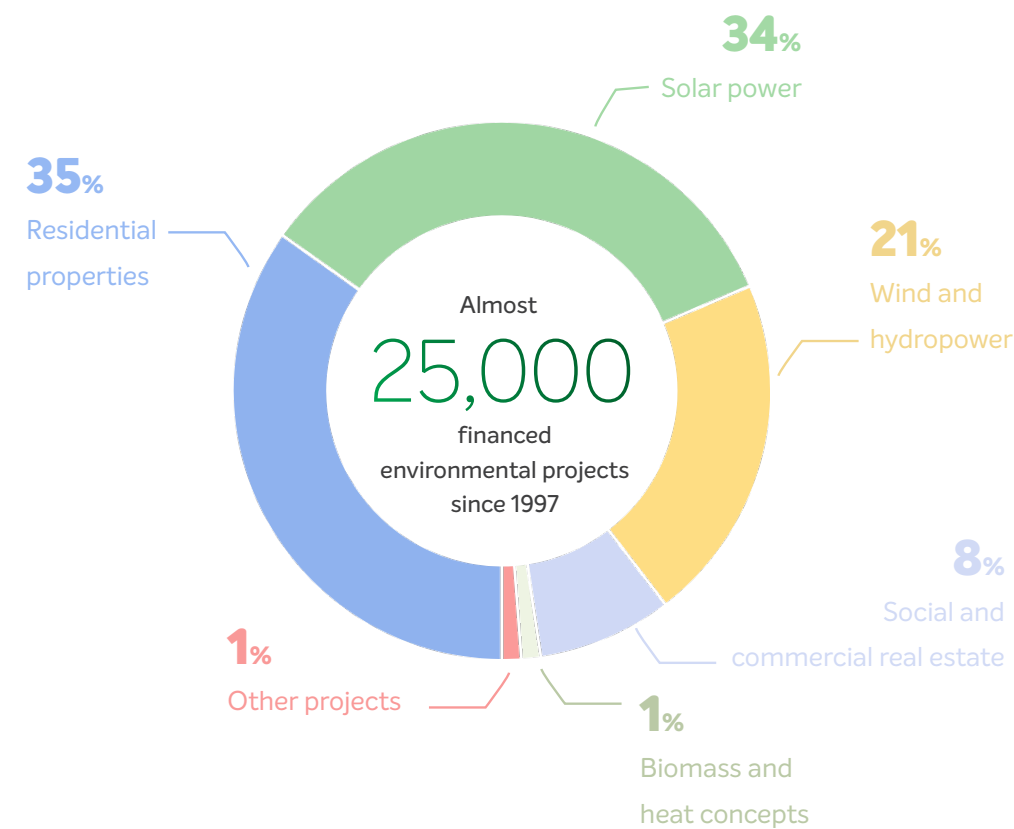
### Transparent portfolio

UmweltBank has financed nearly 25,000 environmental projects throughout Germany since 1997. More than 600 projects with a total volume of €845 million were newly financed last year alone.

The volume of loans granted (including open commitments) was approximately €3.5 billion. A large portion of the loan portfolio consisted of residential real estate (35.0%). Solar energy financing had a share of 34.0%, while wind power projects accounted for around 20.6% of financing. Loans for social and commercial real estate were at 8.3%, biomass and heat concepts at 1.1% and other projects at 1.0%.

Structure of the lending business by industry and volume.

Lending (including open commitments): €3,543 million, volume in % as at 31 December 2021.



Loan grading

At UmweltBank, every loan is graded twice: both in terms of its economic and ecological creditworthiness.

UmweltRating

The UmweltRating (environmental rating) rates each project according to its ecological quality with a grade from 1 (ecologically very beneficial) to 5 (ecologically harmful). In this way, UmweltBank has a constant overview of the development of the loan portfolio and can ensure that projects of the highest possible ecological quality are supported.

In 2021, 74.9% of the loan projects were rated with the highest grade of 1 (sustainably very beneficial). 18.2% were awarded grade 2 (sustainably beneficial), 6.9% grade 3 (sustainably still beneficial). The average UmweltRating score as at 31 December 2021 for all loan projects was **1.32** (previous year: 1.36).

Economic rating

The economic creditworthiness is assessed by UmweltBank with the help of an economic rating based on a grading system with grades 1 to 6 (best to worst). The average rating of the loan projects with a grade of **2.42** (previous year: 2.32) indicates an almost unchanged high economic creditworthiness of the entire customer loan portfolio.

A project rated as economically very good as well as ecologically very beneficial thus receives a credit code of 11, a project rated economically good as well as ecologically very beneficial receives a credit code of 21, and so on.

Creditworthiness distribution according to economic and ecological rating

Figures in %		Economic rating						Total
		Very good	Good	Satisfactory	Requiring management attention	Default possible	Default expected	
Ecological rating	Very beneficial	7.14	23.59	43.00	0.28	0.00	0.01	74.87
	Beneficial	3.52	7.27	6.93	0.23	0.02	0.07	18.16
	Still beneficial	2.25	1.93	2.74	0.00	0.00	0.00	6.92
	Neutral	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Harmful	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		12.92	32.79	52.68	0.52	0.01	0.08	

## Financing energy and infrastructure projects

In 25 years, UmweltBank has financed more than 13,000 photovoltaic and 400 wind power projects with an installed capacity of over 2.7 GW. In addition, the Bank structures infrastructure financing for renewable heat concepts, electricity storage and power-to-H<sub>2</sub> projects.

In 2021, UmweltBank financed renewable energy projects with a total capacity of almost 600 MW. The market share in the photovoltaic sector amounted to **9.4% of the added capacity in Germany**. Relative to the system segment greater than 250 kWp, which is relevant for the Bank, the share was 20.5%. In the wind power sector, UmweltBank had a market share of 4.7% of the total installed capacity in Germany in 2021.

### Pioneer for energy transition with PPAs

In 2019, UmweltBank began offering standardised financing for projects based on power purchase agreements (**PPAs**). The freely negotiated power purchase agreements regulate the purchase and remuneration of electricity for a defined period of time. UmweltBank finances photovoltaic plants through PPAs detached from the restrictive area categories and size constraints of the German Renewable Energy Act (Erneuerbare-Energien-Gesetz – EEG). PPA financing thus forms the third pillar of the energy transition in the photovoltaic sector, alongside projects up to 750 kWp with a fixed remuneration and tender projects. The financing solution is very well received in the market. In the 2021 financial year, for example, UmweltBank financed so-called PPA PV plants with approx. 235 MW in Germany, compared to 88 MW the previous year.

## Green hydrogen from Wunsiedel

In Wunsiedel, Upper Franconia, WUN H2 GmbH is building Germany's largest electrolysis plant for the generation of green hydrogen. It is being built at the Wunsiedel Energy Park in the immediate vicinity of a battery storage facility already in operation, an existing pelleting plant and a sewage sludge drying plant currently under construction.



Commissioning of this plant is planned for Q4 2022. The plant will then generate roughly 960 tonnes of green hydrogen using the PEM electrolysis process, in which water is split into hydrogen and oxygen by means of an electric current (electrolysis). The Wunsiedel plant will be powered exclusively by wind and solar energy, thus generating green hydrogen.

The system will also be operated to stabilise the grid, i.e. it will compensate for the fluctuating availability of the renewable energy sources. This is both environmentally friendly and economical: as an alternative fuel, green hydrogen can fire boilers and combined heat and power plants or replace the chemical industry's fossil raw material base. But hydrogen is not only an important energy carrier for the industry; it can also be converted into electricity and heat.

The plant is being built by Siemens Smart Infrastructure for the project company WUN H2 GmbH. UmweltBank is providing the loan financing part of the project.





## New power at the Uetze community wind farm

The Uetze wind farm near Hanover received a refresh: the existing turbines of the Uetze-Süd wind farm were replaced by eight wind turbines from the Rostock-based manufacturer Nordex as part of a repowering measure.

The term ‘repowering’ refers to the replacement of older wind turbines with modern, more powerful models. This allows existing sites to be used better and more efficiently. The measure has also paid off in Uetze. The old turbines each had an output of 1.5 MW with a hub height of 65 metres. The new N117 turbines now reach 3.6 MW, thanks in part to a hub height of 141 metres.

The Uetze wind farm was developed and built by BayWa r.e. The eight turbines now generate 55,746,000 kWh of green electricity per year. Seven wind turbines were sold to the community-owned energy companies Uetze 1 and Uetze 2 after construction. Behind these two companies is NaturEnergie Region Hannover eG. As a cooperative with more than 300 members, it has set itself the goal of developing regenerative energy production in the hands of citizens. The eighth wind turbine was transferred to Windpark Ackerstrom Selzer Berg GmbH & Co. KG. as a ‘lessor turbine’. This allows the landlords for the eight turbines at the Uetze wind farm to also participate in the project.



## Lauterbach solar farm

UmweltBank has already financed over 13,000 photovoltaic projects over the last 25 years. One of these is the Lauterbach solar farm in Hesse. In future, the plant will generate green electricity on an area the size of 80 football fields and thus contribute to the energy transition. The solar park will commence operation in the first half of 2022.

ENERPARC AG, the builder and later operator of the solar park, installed a total of 125,000 modules on the 54-hectare site. The company is also keeping an eye on biodiversity. Among other things, the comprehensive ecological concept calls for the planting of flowering meadows under the solar panels. With a plant capacity of 54.7 MWp and its own substation, the Lauterbach solar farm can now supply around 17,000 households with green electricity. In purely arithmetical terms, the city of Lauterbach thus produces significantly more electricity than its approximately 13,500 inhabitants consume.

What is noteworthy about the project is that only a section with a capacity of 20 MWp receives an EEG subsidy. For the larger part with 34.7 MWp, the operator has concluded a long-term power purchase agreement (PPA) with the energy utility RWE Supply & Trading GmbH. This is because solar plants are increasingly paying off even without state subsidies. UmweltBank alone financed plants based on PPAs with a capacity of around 235 MWp in 2021.

UmweltBank can already look back on ten years of collaboration with ENERPARC. Numerous photovoltaic projects were successfully financed and implemented during this period. The Lauterbach solar park is the first joint project based on a power purchase agreement (PPA).





In 2021, UmweltBank made affordable accommodation available for over 900 people with the projects it financed.

## Building loans and mortgages

Times of skyrocketing rents require new housing concepts. UmweltBank is Germany’s leading bank in the field of eco-friendly residential properties, joint building ventures as well as sustainable and social rental and commercial real estate. UmweltBank applies the principle of: The more ecological a building is to be, the more favourable the interest rate will be. But social aspects also play an important role because housing should be affordable for everyone. UmweltBank looks at the package as a whole.

For 25 years, UmweltBank has been assisting its customers in realising their individual dreams of where and how to live. One of UmweltBank’s specialist areas is providing finance for not-for-profit residential projects. Alongside social and ecological criteria, the Bank attaches great importance to projects being completed at cost price. This makes it possible for members of joint building ventures to purchase living space at favourable prices. Members of a cooperative pay ‘cost rent’ for their home, which is generally significantly lower than market rents. This means that individuals or families are able to afford attractive residential locations even in the current real estate market. The future residents are actively involved in the planning of the project. In many cases, a good, friendly relationship comes into being that remains even after everyone has moved into their new home in the joint development. An important factor for the success of the project is for support to be provided by experienced firms of architects and practised management teams.

More than 350 care places came into being in 2021 with the schools, day-care centres and nursing facilities financed by UmweltBank.



## UmweltRating for building loans and mortgages

When is a construction project sustainable? And what is a fair way to assess its sustainability? These questions led UmweltBank to revise its assessment system for building loans and mortgages. Assistance came from the German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen e.V., DGNB).

The UmweltRating for building loans and mortgages takes account of various ecological and social aspects on the basis of which UmweltBank determines the individual lending terms for construction projects of all kinds – from wooden houses to nursery schools. The rating system is based on a detailed catalogue of criteria that cover not only construction aspects such as energy efficiency but also social aspects such as integration into the surrounding area.

They assessed the UmweltRating and weighed it against their own sustainability criteria. They confirmed that ‘compliance with UmweltBank’s criteria in construction projects also contributes to increased sustainability in the built environment in their understanding of the term.’ UmweltBank is the first bank in Germany to use a certified sustainability rating in lending for construction projects – and thus making a contribution to sustainable building that does justice to the term sustainability.

The UmweltRating helps us to make a fair assessment of projects and to promote sustainable projects with favourable terms.

Matthias Winkler, Head of Building Loans and Mortgages

### Construction criteria

#### Energy efficiency

- ✓ KfW standards
- ✓ Further energy-related measures

#### Conservation of resources

- ✓ Ecological construction
- ✓ Eco-friendly construction materials
- ✓ Renewable energy sources

#### Flora and fauna

- ✓ Revegetation
- ✓ Use of rainwater
- ✓ Preservation/development of fauna

### Social criteria

#### Affordable living

- ✓ Joint building venture, syndicate, cooperative
- ✓ Social housing

#### Use

- ✓ Social institutions, such as child day-care centres
- ✓ Culture and handicrafts
- ✓ Accessibility

#### Mobility

- ✓ Electromobility
- ✓ Access to public transport
- ✓ Bicycle-friendliness





## Berlin Global Village

The Berlin Global Village One World Centre Neukölln was built last year on the site of the former Kindl brewery. In March 2021, around 50 non-governmental organisations (NGOs) moved into their new offices. The focus of the work of the various initiatives and associations is on development policy and migrant-diasporic issues, i.e. in the support of people with a migration background.

Berlin Global Village gGmbH was looking for a flexible partner for the project who could also consider the special requirements of an NGO family for 'their' property with respect to financing. It found that partner with UmweltBank, which provided €9.2 million, almost two-thirds of the necessary funds, as a loan for the construction project. The project received the remaining €6.2 million via public grants.

The construction project comprises two parts: first, the administration building of the former Kindl brewery from 1861 was sustainably renovated. Then a new building meeting the KfW Efficiency House 55 standard was built next to it with a direct connection to the old building. This was built as a wood frame structure, predominantly using ecological building materials such as cellulose insulation. The compact design of both structures favours low energy consumption. The roof surfaces are partly greened.

Today, the NGOs have excellent working conditions at favourable terms in the variable office and common areas of the Berlin Global Village. Furthermore, a variety of seminar and event rooms on the ground floors are available for rent. A diverse programme of political and cultural events is offered there to anyone interested. The Berlin Global Village thus represents a unique place of diversity, encounter, open dialogue and engagement.

## ‘Wohnen im Quartier’ multi-generational building

The multi-generation building ‘Wohnen im Quartier’ (Living in the quarter) is located in Backnang, Baden Württemberg, in the middle of a former hospital site not far from the city centre. People of all ages reside in the 27 units and help each other in their daily lives. This is what the joint building venture wanted from the very beginning, when it came together to form the building project while searching for of an alternative form of housing.

It was also important to the builders to design the house sustainably. The entire building was constructed to the KfW 40 standard. This includes such things as triple glazing and a ventilation system with heat recovery. The project also features a modern energy concept with integration into the City of Backnang’s nearby combined heat and power plant. The building’s own photovoltaic system supplies power to the residents according to the tenant electricity model.

Today’s neighbourhood meets in the large communal courtyard and the roof garden. The structural design also consciously considered the community character of the multi-generational house, thus it was designed to be completely barrier-free and hand-icapped accessible.







## Villa Viva – a sustainable social business

With Villa Viva, UmweltBank is financing a house that builds wells. The sustainable hotel owned by the non-profit organisation Viva con Agua de St. Pauli is being built in the middle of Hamburg.

It offers space for around 300 overnight beds in 139 rooms on 12 floors. Guests can choose whether they want to stay inexpensively on the camping floor, in the artistically designed ArtRooms or in the ‘Dicke Hose’ (big shot) suites. Regardless of the room, guests can do some good while they sleep, because 60% of the profits flow permanently into the project work of Viva con Agua. The organisation works to ensure that people worldwide have access to clean drinking water, hygiene facilities and basic sanitation.

A 16-member ‘shareholder gang’ was assembled for the construction of Villa Viva: Musicians Jan Delay and Bela B are in, as are the Braun brothers from Miniaturwunderland in Hamburg, former footballer Kevin Kuranyi and publishing heiress Saskia Bauer. The investors are providing a total of €5.5 million in equity. The rest is financed by UmweltBank.

But Villa Viva is not just a place to stay. Conference and gallery rooms, a restaurant and the RoofDropbar round off the concept. The meeting place in the heart of Hamburg is a showcase project because Villa Viva will not only be a social business, but is also planned as a sustainable building. Thanks to solar thermal energy, heat recovery, façade greening and many other measures, the building will achieve the KfW 55 standard.

## 1.4 Ecological participating interests

UmweltBank participates in sustainable projects, particularly in the areas of social housing and renewable energy sources. It is increasingly expanding its business with participating interests through its wholly owned subsidiary UmweltProjekt GmbH.

Various **forms of participation** are possible:

- Investments in existing projects
- Project purchase
- Joint project development with partner companies

UmweltBank holds various sustainable participating interests and, if required, also assumes commercial management via subsidiaries. In total, the Bank has around 34 MW of photovoltaics and approximately 51 MW of wind power in its own portfolio. It also currently has participating interests in nearly 800 flats and roughly 60 commercial premises in the letting or construction phase. Another 800 flats and almost 40 commercial premises are in the planning stage. For the near future, the company plans to further expand its participating interests in solar and wind farms as well as construction projects through UmweltProjekt GmbH.

The creation of affordable accommodation is a matter close to UmweltBank’s heart. Therefore, it prefers to participate in housing projects with rents below the local market level. The price-controlled rents make it possible for families in urban areas, in particular, to find an affordable home.

### Volksbau – ‘Housing for all’

UmweltProjekt GmbH is the principal shareholder of Volksbau. The Volksbau rental accommodation building company was born out of the long-standing collaboration between UmweltBank and the pro.b group of companies. As a private investor, Volksbau wants to guarantee long-term, price-controlled rental without speculative exploitation in accordance with its mission statement ‘Housing for all’, while applying an ecological construction methods. This creates affordable and ecologically high-quality accommodation throughout Germany.



### Day-care centres in new residential districts

UmweltBank is not only involved in renewable energy sources through its UmweltProjekt GmbH subsidiary, but also in investments in real estate. Its goal is to create affordable rental accommodation in ecological, community-oriented and socially mixed residential districts and to rent them out on a long-term basis.

One element of these modern urban districts are day-care centres, which are key contributors to the social infrastructure both in the district and in the neighbourhood as a whole. Likewise, a demand-oriented number of childcare places within short distances must also be ensured.



Two of these day-care centres are already in operation and offer space for a total of five groups with 85 children. The larger of the two facilities is the KiTa Nesthäkchen in Freiburg, which was built in association with the Volksbau 2018 GmbH & Co. KG project company. Featuring 815 m² of indoor space and 400 m² of outdoor space, 60 children are cared for there each day. The name alludes to the Nestbau joint building venture, where the project has found its place. As the name suggests, the design is based on a nest theme and the individual groups are also named after forest animals.

In addition to the two facilities already completed, further day-care centres are currently in planning or under construction in Oranienburg, Bamberg, Nuremberg and Tübingen with a total of 162 planned childcare places. UmweltProjekt GmbH also plans to build many more day-care centres in the future as part of new projects.

### Neuburxdorf solar farm

Located in the Grüne Heide in Brandenburg, the Neuburxdorf solar farm is one of five projects belonging to Klimaprojekt Sonnenkraft 1 GmbH & Co. KG. The company was founded in 2018 as a joint venture between UmweltProjekt GmbH and ASG Besitzungs- und Verwaltungsgesellschaft mbH and has since focused on the construction and operation of ground-mounted photovoltaic systems.

The Neuburxdorf solar farm with a total of 17.5 MWp is being installed in two construction phases. The first section with a capacity of approx. 9.525 MWp was connected to the grid in March 2022. The second with 8.0 MWp is planned for the third quarter of 2022. The system will thus supply around 3,600 three-person households with green electricity in future. This corresponds to 13,100 tonnes of avoided CO₂e emissions per year.

With 17.5 MWp, the ground-mounted system in Neuburxdorf is the largest in the portfolio of Klimaprojekt Sonnenkraft 1 GmbH & Co. KG. Together with the four existing systems, over 33 MWp are connected to the grid and supply green electricity.

The field, which prior to the construction of the solar power system had been used for maize cultivation, will be withdrawn from intensive cultivation for more than 20 years. In this way, it makes an active contribution to species conservation and the fostering of biodiversity. Since the soil under the modules is neither treated with pesticides nor fertilised, a variety of flowering plants can re-establish themselves. With their staggered flowering sequence, these will be a food source for a wide variety of insect species throughout the year. The resulting abundance of insects in turn contributes to the settlement of breeding bird species.



1.5 Germany’s green bank share

The UmweltBank share is the only sustainable bank share listed on the stock exchange in Germany. Due to the strategic focus on renewable energy sources and ecological housing, an investment in the green bank is also an investment in future trends. With a market capitalisation of approx. €700 million (December 2021), UmweltBank is one of the largest companies listed in the Munich Stock Exchange m:access segment for medium-sized enterprises. Around 85% of the shares are in free float and can be traded on XETRA, Tradegate and other stock exchanges.

Key data of the UmweltBank share as at 31 December 2021

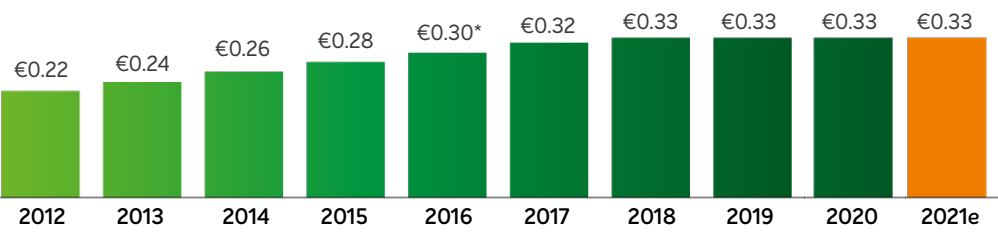
XETRA year-end price	€19.55
Market capitalisation	€693 million
Price/earnings ratio	27.15
Price-to-book ratio	1.82
Dividend yield	1.7%
WKN / ISIN / RIC	557 080 / DE0005570808 / UBK
Home exchange	Munich Stock Exchange, m:access segment for medium-sized businesses
Other trading venues	Xetra, Frankfurt, other regional exchanges
Number of shares	35,435,114 bearer shares
Share capital	€35,435,114.00

The UmweltBank share was placed in a pre-IPO issue in 1995 and 1996. The purchase price of a share at that time was (converted) €1.02. In June 2001, the UmweltBank share celebrated its début on the Regulated Unofficial Market of the Frankfurt Stock Exchange. Since 1 September 2016, the green security has been listed in the m:access segment of the Munich Stock Exchange.

Dividend policy

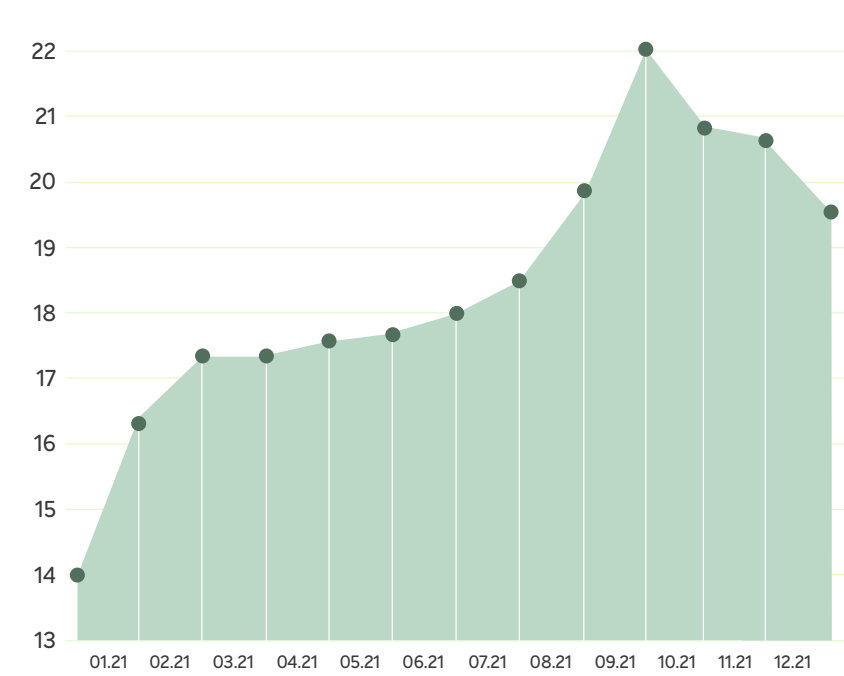
UmweltBank has been paying a dividend since 1999. At the general meeting in June 2021, shareholders approved a distribution of 33 cents per share – **the 18th distribution in a row**.

Dividend development since 2012



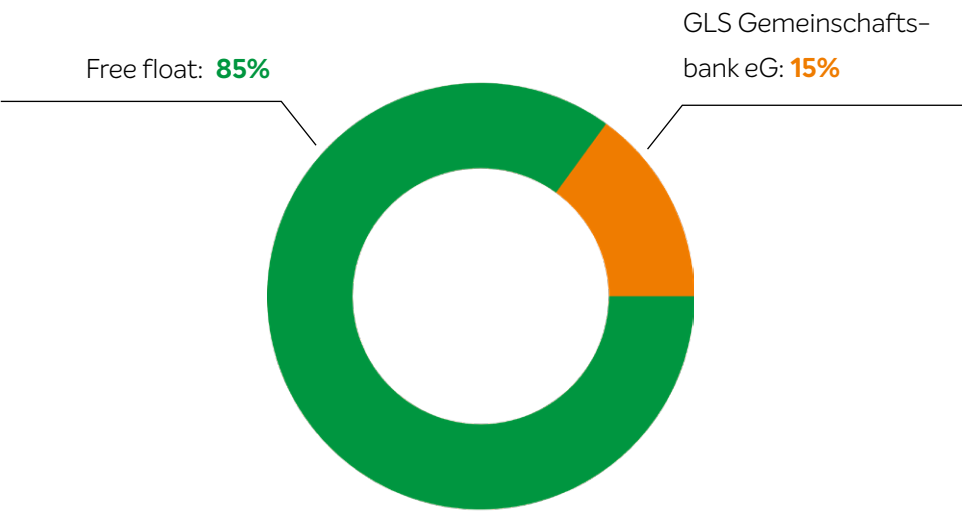
\* Excluding one-off anniversary dividend of €0.04

Price development of the UmweltBank share in 2021 in euros.



Shareholder structure

UmweltBank is an independent, publicly owned company. Around 85% of the shares are in free float, mainly held by customers and employees, but also by institutional investors. The only major shareholder is GLS Gemeinschaftsbank eG with a share of around 15%.



Employees become shareholders

From time to time, UmweltBank offers employee shares to motivate and retain employees and to foster a (co-)entrepreneurial mindset. Employees can thus purchase shares at highly discounted terms.

Excellent sustainable investment

UmweltBank again received a 'Prime' rating in the ISS-ESG sustainability rating last year. The rating agency again awarded UmweltBank an overall grade of B+ on a scale from A+ to D+. This makes it one of the forerunners in the 'Financials/Specialised Finance' sector.



Recommendations from financial analysts

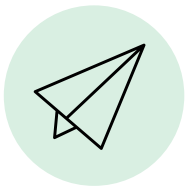
Baader Europe and GBC AG regularly publish studies on UmweltBank. The current analyst recommendations are available online at: [www.umweltbank.de/analysten](https://www.umweltbank.de/analysten).

Significant equity increase

UmweltBank successfully completed a capital increase at the end of 2021. In this context, the Bank placed a total of 4,429,389 new no-par value shares at a subscription price of €16.50 each. This corresponds to gross issue proceeds of around €73 million.

At 16.1%, UmweltBank's regulatory capital ratio clearly exceeds the minimum requirement of 12.0% stipulated by the banking supervisory authority. In addition to share capital and reserves, profit participation rights also count as regulatory equity.

In addition, UmweltBank has issued a CoCo bond (contingent convertible bond) with a total nominal value of approximately €26 million. This was followed in 2018, 2019 and 2020 by the issue of the Green Bond junior, a fixed-interest bond with subordination rights. In total, investors have subscribed to shares worth around €42 million.



**Subscribe to the Investor Relations Newsletter**  
with current topics and dates:  
<https://www.umweltbank.de/info/ir-newsletter>

# 1.6 Responsible corporate governance

## Sustainability policy

UmweltBank – the name says it all: the Bank is fully focused on environmental protection and sustainability. Therefore, the Management Board controls the Bank not only through financial performance indicators, but also, among other things, through the fulfilment of the environmental guarantee.

## Mission and sustainability management

The preamble of the articles of association is the foundation of UmweltBank’s sustainability policy.

*‘UmweltBank promotes the sustainable development of society with the objective of maintaining and creating a world worth living in for future generations. The Bank models its business operations on the United Nations Sustainable Development Goals. In particular, it makes contributions to the implementation of sustainable towns and communities, of affordable and clean energy and to climate protection. At the same time it pays attention to sustainable production and consumption as well as gender equality. Honesty, transparency and people orientation are values that guide the bank's actions. A stable economic foundation is the prerequisite for successful work.’*

The mission of UmweltBank is to contribute to the protection of the environment in every respect through its business activities, while also taking social aspects into account. This results in the following specific tasks:

- 1. UmweltBank invests its equity and deposits exclusively in sustainable, i.e. ecologically and/or socially beneficial, projects. UmweltBank considers itself a private development bank.
- 2. All third-party products offered to customers (securities, insurance, etc.) must be ecologically and/or socially oriented.
- 3. The Bank’s business operations must always be respectful of gender equality and sustainability in purchasing.
- 4. In the economy and society the bank acts within its means to promote ecological change, particularly in the financial sector.

To implement the sustainability policy in practice, UmweltBank uses a sustainability management system in accordance with the Eco-Management and Audit Scheme (EMAS). This consists of an annual cycle of planning, implementation, internal audit and management review of the Bank’s environmental performance and objectives. The process is also (re)validated annually by an independent environmental auditor, which is subject to government monitoring.



Positive and exclusion criteria

The core task of UmweltBank is to finance and promote environmental projects. The Management Board and the Environmental Advisory Board have established investment and financial principles for assessing which projects the Bank supports. Positive and exclusion criteria serve as a basis:

Positive criteria

UmweltBank exclusively finances projects and only invests in companies that contribute to one or more of the United Nations’ Sustainable Development Goals.



The detailed positive and exclusion criteria are defined in ‘Our Principles for Investment Products and Financing’.

Exclusion criteria

The following principle applies to UmweltBank’s exclusion criteria:

UmweltBank does not finance projects and does not invest in companies that:

- adversely affect the well-being of people and/or
- adversely affect nature conservation and/or
- are not sufficiently transparent with respect to their business practices.

Practised sustainability

The ecological footprint of business operations is to be continuously reduced within the framework of the sustainability management system according to EMAS. UmweltBank also strives for continuous improvement with regard to social aspects.

Compliance with applicable laws and regulations – not only those in the areas of ecology, economy and social affairs – is a matter of course for the employees and bodies of UmweltBank.

The following overarching goals emerge from this context:

- Avoid environmental pollution
- Enhance the ecological awareness of all employees
- Optimise sustainable procurement management in combination with careful supplier selection according to ethical and ecological criteria
- Selection and use of environmentally compatible operating resources
- Improve energy and resource efficiency
- Gender equality
- Promote external and internal transparency
- Promote sustainable cities and communities, as well as affordable and clean energy through lending
- Promote inclusive, equal and quality education

Precautionary approach

UmweltBank is mindful of the precautionary approach to environment and development introduced by the United Nations in Principle 15 of the Rio Declaration. It states: ‘In order to protect the environment, the precautionary approach shall be widely applied by the states according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental damage.’

Anchoring the Sustainable Development Goals in the articles of association, clear positive and exclusion criteria, and the UmweltRating when lending enable UmweltBank to assume a high degree of ecological and social responsibility within the scope of its business activities. The Bank therefore considers the risk of contributing to irreversible environmental damage in the course of its business activities to be very low.

## *Compliance and data protection*

UmweltBank has a Compliance function that is tasked with mitigating the risks that may arise from non-compliance with statutory regulations and requirements. The Compliance function shall work towards the implementation of effective procedures for compliance with the legal regulations and requirements essential for the institution and towards corresponding controls. Furthermore, the Compliance function shall support and advise the management with regard to compliance with these legal regulations and requirements.

The Compliance function includes, in particular, the prevention and detection of money laundering and other criminal offences as well as compliance with conduct and organisation requirements under capital market law, consumer protection, information security and data protection. Employees receive training on these topics at various intervals.

For 2021, no significant fines or non-monetary sanctions were levied against UmweltBank due to non-compliance with legislation in the social and economic area.

In 2021, 17 complaints of relevance to the Compliance function were received; these were notifications with regard to the ruling of the German Federal Court of Justice (Bundesgerichtshof – BGH) on amendments to general terms and conditions (file no. XI ZR 26/20) as well as the BGH ruling of 6 October 2021 (XI ZR 234/20) or the general ruling of the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) of 21 June 2021 on premium savings contracts. None of these were brought before a supervisory authority.

Two justified complaints were made in relation to breaches of customer data protection by external parties; two further complaints about breaches of customer data protection were made to UmweltBank via the supervisory authority. In 2021, breaches of personal customer data protection were identified in a total of 33 cases; the majority of the cases were simple breaches, such as misaddressing or comparable errors in individual mailings.

## *Compliance with environmental legislation*

UmweltBank complies with all German and European labour, social and environmental laws as well as consumer protection regulations. In addition, the Bank observes voluntary commitments and industry standards from the area of sustainability and environmental policy. UmweltBank is subject to sector-specific banking and capital market regulations such as from the German Banking Act (Kreditwesengesetz – KWG) and the Securities Trading Act (Wertpapierhandelsgesetz – WpHG). Compliance with the associated social responsibility for sustainable management and the general duties of good conduct are guaranteed by the Compliance organisation, which reports directly to the Management Board. The relevant environmental laws are recorded by the Treasury & Sustainability department in collaboration with the Legal & Compliance department and regularly checked to ensure they are up to date. In the event of deviations or changes in the law, any necessary measures are initiated after consultation with the Management Board. No violations of environmental legislation were identified in 2021.

## *Human rights*

UmweltBank is committed to respecting internationally recognised human rights and in the process ensures that it is not indirectly complicit in their violation. Internationally recognised human rights are reflected in the tenets of the International Bill of Human Rights and the principles of the UN Global Compact, among others. With regard to lending, clear positive and exclusion criteria are defined, with human rights violations as a clear exclusion criterion. If an exclusion criterion applies, be it to companies or financiers, no business case is made. In the case of the Bank's own investments, compliance with the positive and exclusion criteria is continuously monitored. UmweltBank is supported here by the Environmental Advisory Board, UmweltBank's independent ecological control body. If a business partner commits a human rights violation, the business relationship is terminated. No business activities in violation of human rights were identified for 2021. There are no known cases of child labour or forced labour. UmweltBank's procurement policy categorically excludes products and services that are potentially associated with human rights violations. Furthermore, UmweltBank only has locations in Nuremberg and works primarily with local suppliers and service providers. Therefore, there is no material risk that UmweltBank contributes to human rights violations.



# Contribution to the **SDGs**

UmweltBank measures its sustainability performance by its contribution to the Sustainable Development Goals. The Bank focuses on the five SDGs on which it has the greatest influence.

### SDG 13 Climate Action

- Record and improve environmental performance within the framework of EMAS
- 1,200,000 tonnes of CO<sub>2</sub> avoided

### SDG 5 Gender Equality

- 57% of employees are women
- 45% of managers are women

### SDG 12 Responsible Consumption and Production

- Self-assessment of the sustainability performance of our suppliers and service providers
- Reduce per capita paper consumption by 18%

### SDG 11 Sustainable Cities and Communities

- **Affordable, ecological building:** approx. 43% of the projects financed
- **2021:** affordable accommodation for over 900 people and care places for over 350 people financed

### SDG 7 Affordable and Clean Energy

- **Renewable energy sources:** approx. 56% of the projects financed
- **2021:** 20% of Germany-wide expansion in the photovoltaic sector (>250 kWp) financed



## Corporate responsibility

UmweltBank supports various charitable projects through donations or sponsorships. The Bank is also active in various networks and associations.

### Banker on Bike

UmweltBank employees are enthusiastic cyclists. When it's for a good cause, they pedal all the harder. That's the idea behind the annual 'Banker on Bike' internal fundraising campaign: for every kilometre cycled to work, the Bank donates one euro to charitable initiatives and associations. The participants themselves propose the projects and vote on the distribution of the donations.

UmweltBank supports three projects each year: one global, one national and one regional. The campaign is worth it – in 2021, UmweltBank employees cycled around 15,000 km despite the ongoing pandemic and increased work in the mobile office. Thus, three remarkable initiatives were the happy recipients of a donation from the campaign: the Nuremberg association Bluepingu, the Schutzgemeinschaft Deutscher Wald and the association Sonnenenergie für Westafrika. UmweltBank donated a total of €15,000 to the projects.





### Bluepingu: For sustainable and social coexistence

Since 2009, Bluepingu e.V. has been working for a stronger community in the Nuremberg metropolitan region. The approximately 150 members of the non-profit organisation from Nuremberg and Fürth make a valuable contribution to a good life for all residents. This engagement is visible throughout the region, through many individual projects with which the association contributes to the achievement of the United Nations Sustainable Development Goals (SDGs).

Bluepingu places particular emphasis on a balance of social, ecological and economic aspects. The work of the association is correspondingly multifaceted. Among other things, the members of the ‘Stadtgarten’ (city garden) project tend a kitchen garden and harvest its fruits and vegetables. School classes also learn more about plants and nutrition in the Stadtgarten. In addition, events and workshops on environmental topics are regularly held in the green action area known as ‘Die Wiese’ (the meadow). With ‘Agendakino’ (agenda cinema), the association also shows free films that deal with ecological and social issues. Mobility is also one of Bluepingu’s fields of activity. The association provides free cargo bikes in the metropolitan region, for example.

The organisation makes sure that all people can participate in the implementation of the projects. Bluepingu also supports other associations, organisations and institutions in the spirit of the association’s purpose and actively cooperates with them. As part of Banker on Bike 2021, UmweltBank donated €3,000 to the association, which has a positive impact in its home town in many ways.

### New customer promotion

Since its foundation, UmweltBank has donated €5 for each new customer to various environmental protection projects. The last three years, the Bank supported the Rainer Wald natural forested area in Lower Bavaria. A total of 3.4 million square metres of this habitat, which provides shelter for numerous animal and plant species, was thus saved.

UmweltBank has donated **€5 to the Viva von Agua de Sankt Pauli association for every new customer** since 2022. Each donation gives two people in Uganda access to clean drinking water. Viva con Agua supports water projects worldwide and has the vision that all people have access to clean drinking water, hygiene facilities and basic sanitation.



### Membership in associations and initiatives

Through its numerous memberships, UmweltBank supports in particular those interest groups and associations that advocate for preserving the environment and an ecological way of life. From industry-specific associations such as the Bundesverband WindEnergie e.V. (BWE) or the Forum Nachhaltige Geldanlagen (FNG), to regional initiatives such as the Solarmobil-Verein Erlangen e.V., UmweltBank is involved in around 40 organisations. As a matter of principle, UmweltBank does not donate to political parties, politicians or governments.

Association/Organisation/Initiative
Allgemeiner Deutscher Fahrrad-Club e.V. (ADFC)
Agentur für Erneuerbare Energien e.V.
B.A.U.M. e.V.
BLUEPINGU e.V.
Bund für Umwelt und Naturschutz Deutschland e.V. (BUND)

Association/Organisation/Initiative
Bundesverband Baugemeinschaften e.V.
Bundesverband Erneuerbare Energien e.V. (BEE)
Bundesverband nachhaltige Wirtschaft e.V.
Bundesverband Solarwirtschaft e.V. (BSW)
Bundesverband WindEnergie e.V. (BWE)
BUND – Bund für Umwelt und Naturschutz Deutschland e.V.
Bund Naturschutz in Bayern e.V.
Bündnis Bürgerenergie e.V. (BBEn)
Deutsche Gesellschaft für Nachhaltiges Bauen–DGNB e.V.
Deutsche Gesellschaft für Personalführung e.V.
Deutscher Verband für Landschaftspflege e.V. (DVL)
DIRK – Deutscher Investor Relations Verband e.V.
Die Umwelt–Akademie e.V.
Eurosolar e.V.
Fair Company
Forum Nachhaltige Geldanlagen e.V.
FORUM Gemeinschaftliches Wohnen e.V.
Global Alliance for Banking on Values (GABV)
Green City e.V.
Green and Sustainable Finance Cluster Germany e.V.
Landesverband für Vogelschutz Bayern e.V.
Netzwerk Immobilien e.V.
NABU – Naturschutzbund Deutschland e.V.
Solarenergie–Förderverein Deutschland e.V. (SFV)
Solarmobil–Verein Erlangen
Verkehrsclub Deutschland e.V. (VCD)
Verband für Nachhaltigkeits– und Umweltmanagement e.V.
Verein für eine nationale CO <sub>2</sub> –Abgabe e.V.
Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VFU)
Viva con Agua de Sankt Pauli e.V.
Wirtschaft für die Europäische Metropolregion Nürnberg e.V.
WWF Deutschland



PROUD MEMBER

### Global Alliance for Banking on Values

The Global Alliance for Banking on Values (GABV) is a network of leading sustainability banks from around the world. The aim of the organisation is to make the banking system more transparent and sustainable. The members focus on supporting social, ecological and cultural projects.

The GABV was founded in 2009 and consists of a growing network of currently 66 financial institutions and 16 strategic partners operating on every populated continent. In total, they serve more than 60 million customers, manage assets of over €200 billion and employ more than 80,000 people.

UmweltBank is among like-minded organisations in the GABV. The common work is characterised by the motto ‘be green, promote green’. There are also a small number of sustainably oriented banks in Germany; nevertheless, this approach is the exception rather than the rule in the financial sector. That’s why it is all the more important for sustainability banks from all over the world to join forces in a global network like the GABV. Through their combined efforts, they are helping to ensure that sustainable business models and their financing become the norm in the future.



1.7 Dialogue with stakeholders

**Do good and talk about it** – UmweltBank seeks open dialogue with the interest groups that are directly or indirectly affected by its activities, the stakeholders.

A trustful and collaborative exchange with customers, employees, investors and the public, enables requirements and expectations to be individually defined and an understanding of the concerns of the individual subgroups can be developed. Furthermore, the stakeholder dialogue provides the Bank with important ideas for the sustainable alignment of its business activities.

UmweltBank employees regularly exchange views in person with the relevant stakeholders, for example in meetings or at events such as conferences or forums. In addition, the Bank continuously informs its stakeholders through publications such as press releases and the Sustainability and Annual Report. The Bank also uses digital platforms such as the corporate website, the Bank & Environment blog and social media.

As a direct bank, one focus of the dialogue is on communication with customers. With respect to telephone support, the Bank places particular emphasis on direct channels with short response times. Employees get suggestions, praise and criticism in personal discussions. These comments are continuously collected, evaluated and used as an opportunity to check internal and external processes for improvements.

UmweltBank interacts with a wide range of stakeholders. The Bank considers representatives of organisations or the public that are influenced by the business activity or that can influence the UmweltBank through their activities to be important stakeholders. These stakeholders and their issues are regularly reviewed and prioritised by the Bank for relevance. Important stakeholders in this sense are:



## 1.8 *Analysis of the main sustainability aspects*

Transparency and honesty are fundamental principles of UmweltBank and of essential importance in dealing with stakeholders. It is important to set the right thematic priorities in regular reporting and in dialogue with the stakeholders. It is therefore important to find out which issues are of particular importance to stakeholders and in which areas the Bank has the greatest impact on its environment. In its assessment in accordance with the Global Reporting Initiative (GRI), the Bank draws on the results of the materiality process.

The current materiality analysis was performed during the period October 2020 to March 2021 in collaboration with an external partner. The core of the analysis was a survey with internal and external stakeholders, accompanied by various interviews with experts.

**Analysis preparation:** To ensure a holistic view of relevant sustainability issues, industry guides, trade publications from the field of sustainable finance and the sustainability reports of seven different banks were evaluated. In addition, key aspects from previous UmweltBank sustainability reports, selected targets of the Sustainable Development Goals (SDGs) as well as information from the current CO<sub>2</sub> balance were included. The result of this preparation was 20 sustainability topic complexes covering the three dimensions of economic, social and ecological sustainability. These are the topics where UmweltBank has a high impact on the environment and society and/or where topics related to the environment and society have a particular impact on the business model.

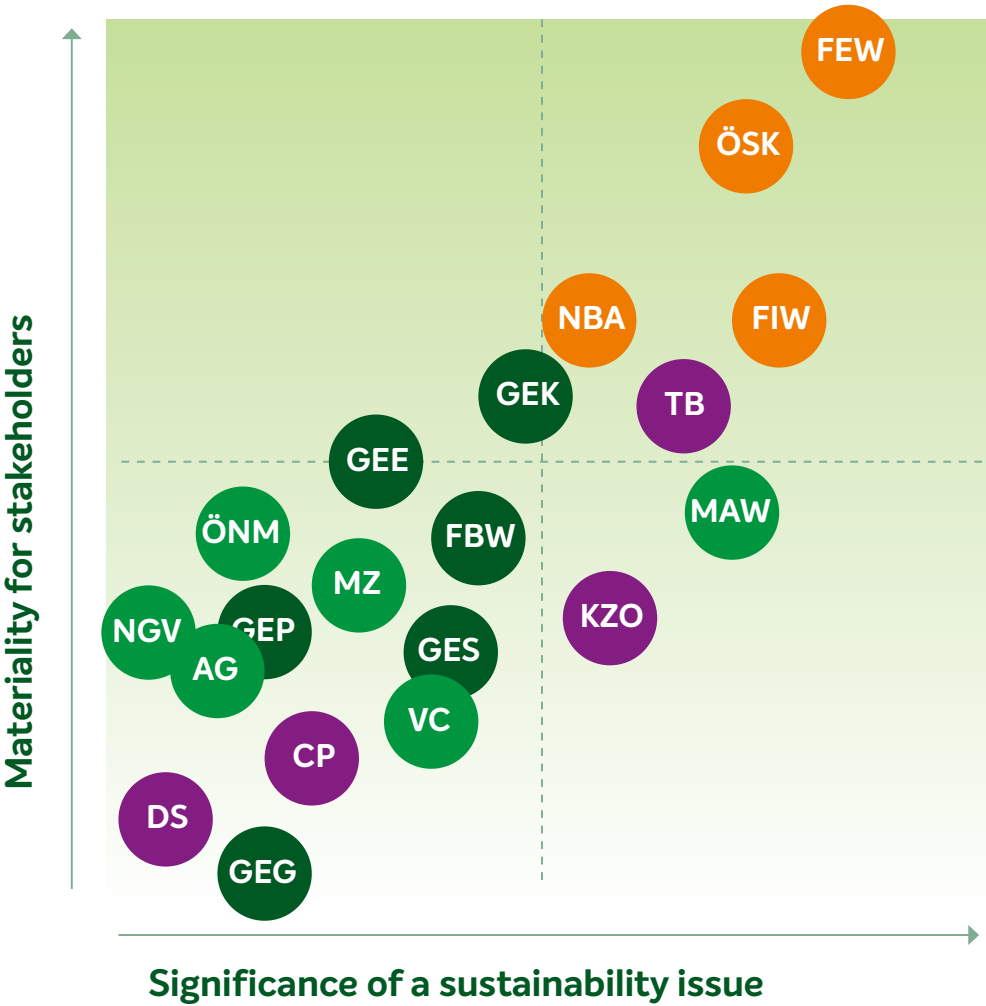
**Analysis performance:** The analysis was based on a digital stakeholder survey. In addition, interviews were held with various experts and supplemented by a short digital survey. Over 1,700 stakeholders participated in the survey. In addition to employees, management, supervisory bodies and customers, shareholders, capital market analysts and people without a business relationship with UmweltBank were also involved. A wide range of representatives from science, politics and business were asked to participate in the expert interviews. Four representatives from politics and science as well as four representatives from the CSR departments of competitors participated in the 30–60 minute interviews. The identical 20 sustainability topics from the four categories – core business financing, core business organisation, internal sustainability topics and social engagement – were addressed with all participants.

**Analysis evaluation:** The evaluation in the form of a materiality matrix was performed in accordance with GRI 101 standards. For this purpose, the materiality for the stakeholders (= Influence on stakeholder assessments & decisions) and significance of a sustainability topic (= Significance of economic, environmental & social impacts) were determined on the basis of the online surveys and the interviews as well as the findings from analysis preparation.

To determine the materiality for the stakeholders, a quantitative index was derived from the responses of the internal and external stakeholders. The Stakeholder Index is made up of 33.3% assessments by employees, management and supervisory bodies and 66.7% by customers, capital market participants and interested parties.

To assess the significance of the sustainability topic, an index was derived from the responses of the management, the supervisory bodies and the experts. 50% of the significance index is derived from the answers of management and supervisory bodies and 50% from the information provided by the experts in the short survey. A qualitative component was then added to this purely quantitative index. The significance index of each sustainability topic could be increased or decreased by up to 10% based on the interviews and the information from the analysis preparation. The significance of ten sustainability topics was refined with the help of this qualitative override.

Materiality matrix with all stakeholders



- Core business – financing
- Core business – organisation
- Internal topics
- Social engagement

- FEW – Finanzierung der Energiewende (Financing the energy transition)
- ÖSK – Ökologische und Soziale Kriterien in Kreditvergabe, Eigenanlage und Anlageoptionen (Ecological and social criteria in lending, own investment and investment options)
- FIW – Finanzierung einer nachhaltigen Immobilienwirtschaft (Financing a sustainable real estate industry)
- NBA – Eigenentwicklung von nachhaltigen Bankangeboten (In-house development of sustainable banking offers)
- TB – Transparenz zur Nachhaltigkeitsleistung der Bank (Transparency on the Bank's sustainability performance)
- KZO – Kund\_innenzufriedenheit und –orientierung (Customer satisfaction and orientation)
- CP – Compliance (Einhaltung von Rechtsvorschriften) (Adherence to statutory regulations)
- DS – Datenschutz und –sicherheit (Data protection and security)
- MAW – Mitarbeiter\_innenaus- und –weiterbildung (Staff initial and advanced training)
- MZ – Mitarbeiter\_innenzufriedenheit (Employee satisfaction)
- VC – Vielfalt und Chancengerechtigkeit (Diversity and equal opportunity)
- AG – Arbeitsplatzbedingungen und –Gesundheit (Workplace conditions and health)
- NGV – Nachhaltiger Geschäftsverkehr (Sustainable business travel)
- ÖNM – Innerbetriebliches ökologisches Nachhaltigkeitsmanagement (Internal ecological sustainability management)
- GEK – GE für Maßnahmen zum Klimaschutz (SDG 13) (Social engagement for climate action (SDG 13))
- GEE – GE für bezahlbare und saubere Energie (SDG 7) (Social engagement for affordable and clean energy (SDG 7))
- FBW – Förderung von Bildung zu nachhaltigem Wirtschaften (SDG 4) (Promoting education for sustainable business practices (SDG 4))
- GEP – GE für nachhaltigen Konsum und Produktion (SDG 12) (Social engagement for responsible consumption and production (SDG 12))
- GES – GE für nachhaltige Städte und Gemeinden (SDG 11) (Social engagement for sustainable cities and communities (SDG 11))
- GEG – Gesellschaftliches Engagement für Geschlechtergleichheit (SDG 5) (Social engagement for gender equality (SDG 5))



# 2

## *Contribution* **to the environment**



## 2.1 Environmental management system

UmweltBank pursues the vision of preserving and creating a world worth living in for future generations. The basis for the Bank’s sustainability management system is the sustainability policy, which supplements the articles of association and the business strategy with the positive and exclusion criteria for the core business as a fundamental guideline. UmweltBank’s sustainability policy forms the basis for consistently sustainable business activities. The policy is put into practice via an annual cycle comprising the steps planning, implementation, internal audit and management review. The sustainability management system is implemented on the basis of guidelines developed for EMAS (Eco-Management and Audit Scheme), a European environmental management system.

### Planning

UmweltBank’s core business is the financing of environmental projects. The Bank assesses all loan requests for their environmental and social impact and then decides whether to grant the loan. The company measures its environmental performance primarily on CO<sub>2</sub>e avoided. In addition, the Bank measures its contribution to the achievement of its prioritised SDGs. The Bank also identifies impacts on the environment caused by its business operations. The following aspects are currently considered relevant:

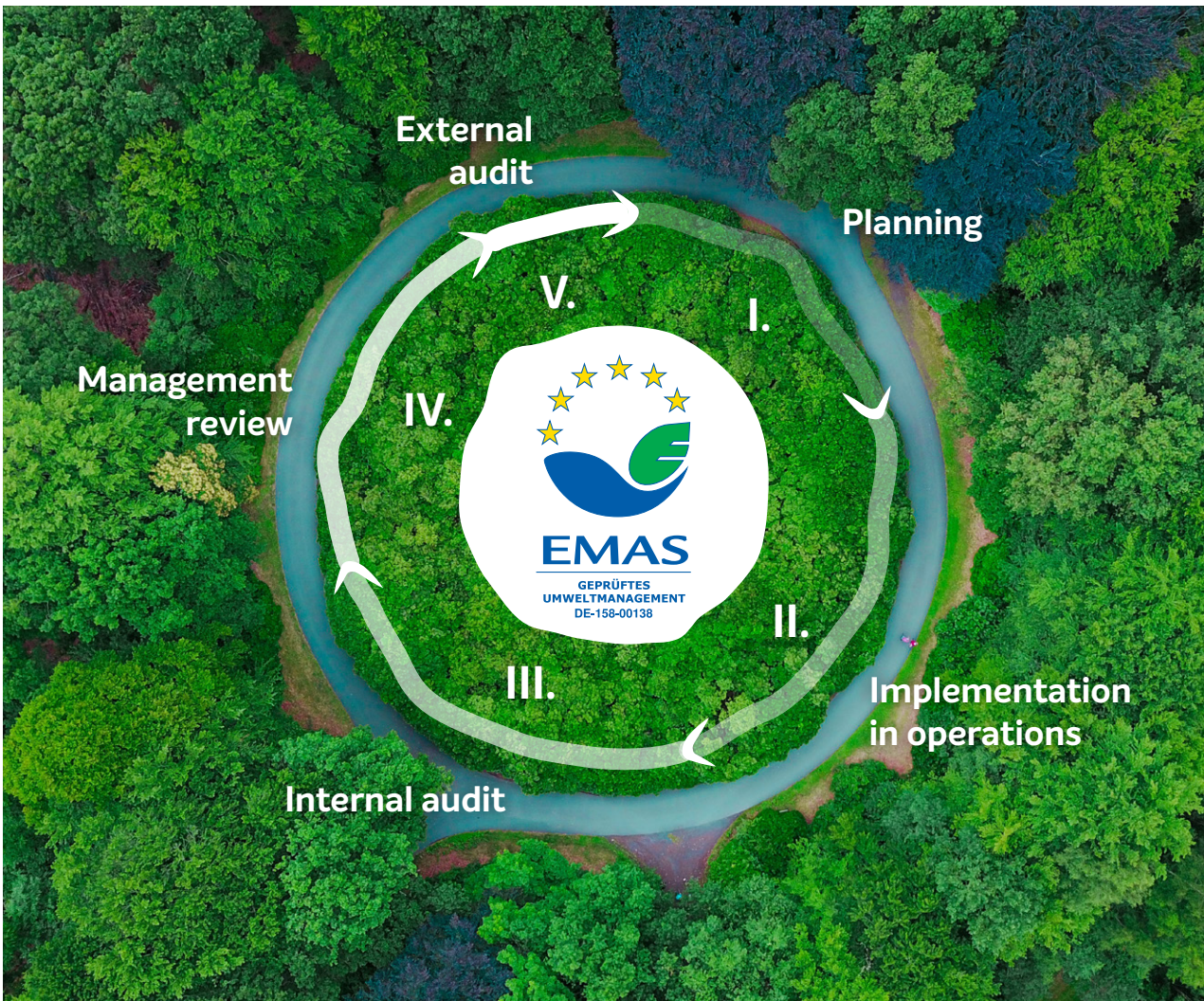
**Direct aspects:**

- Resource efficiency
- Material efficiency
- Biodiversity and land surface sealing
- Direct emissions
- Transparency and credibility
- Social employer
- Gender equality
- Sustainable consumption and production
- Inclusive, equitable and quality education

**Indirect aspects:**

- Promoting affordable and clean energy
- Promoting sustainable cities and communities
- Promotion of climate protection measures
- Indirect emissions

Targets and measures are derived for these key sustainability aspects, some of which are proposed by UmweltBank employees via the company suggestion scheme. The targets are adopted by the UmweltBank Management Board. All employees and the Environmental Advisory Board are then informed about the objectives.



## *Implementation in operations*

The Treasury & Sustainability department is responsible for the implementation and continuous improvement of the environmental management system. They are supported by several sustainability teams, the so-called ‘SDG groups’. These teams consist of employees from various departments of UmweltBank and work on issues and projects related to the SDGs.

Employees are regularly sensitised to sustainability issues and trained as required. New employees, in particular, are instructed in sustainability management in the workplace as part of their induction training. Fundamental changes are announced in plenums attended by all employees of the Bank or via the intranet. The processes are clearly documented in guidelines and work instructions. These documents are part of the Bank’s organisational manual.

## *Internal audit*

Once a year, an environmental audit is carried out by UmweltBank’s Internal Audit department. This department is in close contact with the Treasury & Sustainability department and management. Internal Audit is an independent control body of UmweltBank. It has the necessary expertise and objectivity to ensure that the audit is carried out in a qualified manner.

The main objectives of the environmental audit are to determine the functionality of the environmental management system, legal conformity and the achievement of a continuous improvement of UmweltBank’s environmental performance. Deviations from established regulations are continuously identified. Any required corrective measures are initiated. The results of the environmental audit are summarised in a report. The written report documents the results and informs management of the effectiveness of the management system and the progress of the Bank’s environmental performance.

## *Management review*

The effectiveness of the environmental management system is evaluated annually by the Management Board. The basis for the management review is the environmental audit report and the company’s own observations. In particular, the key environmental performance indicators, the degree of fulfilment of the objectives, suggestions for improving the sustainability management system, environmentally relevant feedback from customers and the legal framework are considered. The results of the review are used to optimise the management system and to continuously improve all environment-related processes and services.

## *External audit*

At the end of the management cycle, an external audit of the system and its implementation takes place. The external audit is carried out by an independent environmental auditor. The results are also validated by UmweltBank’s Environmental Advisory Board. The results of the external audit flow into the planning of the subsequent management cycle. The updated environmental statement in the form of a sustainability report is reviewed annually.

2.2 Environmental performance

Key ecological influencing factors

As a service company with predominantly office-based employee activities, the Bank’s business processes have relatively little direct environmental impact. Indirectly, however, UmweltBank has a considerable influence on the environment when defining lending criteria and in its own financial investments. To report transparently on its environmental impact, UmweltBank declares its relevant direct and indirect influences.

Direct influences

Within the framework of the environmental management system according to the EMAS guidelines, UmweltBank annually collects data on the core indicators energy efficiency, material efficiency, waste, water and biodiversity, business travel as well as emissions, whereby the latter are presented and explained separately within the framework of the CO<sub>2</sub> balance.

Energy efficiency

	Unit	2019	2020	2021	Change in %
Total power consumption	MWh	169	204	182	–11
Share of renewable energy sources	%	100	100	100	0
Power consumption per employee	kWh	1,093	1,066	761	–28
Total heat consumption	MWh	400	446	617	38
Share of renewable energy sources	%	7	26	18	–30
Share of district heating	%	100	100	100	0
Heat consumption adjusted for degree days	MWh	455	473	593	25
Total energy expenditure	MWh	570	650	800	23
Total energy expenditure per employee	MWh	3.7	3.4	3.3	–1.7
Share of renewable energy sources	%	35	49	37	–25

The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021).

UmweltBank’s energy needs are met by electricity and district heating. When purchasing energy, the Bank places great importance on keeping the environmental impact as low as possible. That is why it produces its own solar power on the roofs of its commercial buildings. UmweltBank obtains 100% of the additional electricity it needs from renewable energy sources. Thus, renewable energy sources account for 100% of the electricity consumed.

The district heating consumed in all office buildings is obtained from the regional energy provider and is a CO<sub>2</sub>-neutral ‘by-product’ of electricity generation. Although district heating is not produced using renewable energy sources, it is considered a very environmentally friendly form of energy. Overall, power consumption decreased by 11% compared to the previous year, due to a shift caused by mobile working in the wake of the COVID 19 pandemic.

Material efficiency

Paper consumption

	Unit	2019	2020	2021	Change in %
Paper consumption, marketing measures	t	11	12	15	24
Paper consumption, business operations	t	16	15	12	–17
Paper consumption, total	t	28	27	27	2
Paper consumption per employee	kg/FTE	180	141	115	–18

The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021). The allocations of paper consumption for marketing activities were adjusted for the previous years.

Paper consumption per employee was reduced once again. This is mainly due to the increase in the number of employees. UmweltBank will pursue additional digitalisation measures in the coming years.

UmweltBank uses only environmentally friendly paper. This contains no substances that are harmful to health, is labelled with the ‘Blue Angel’ environmental seal and its production is CO<sub>2</sub>-neutral.



Waste

	Unit	2019	2020	2021	Change in %
Biodegradable kitchen and canteen waste (AVV (Waste Catalogue Ordinance) 20 01 08)	t	6.4	7.1	8.0	13
Mixed municipal waste (AVV 20 03 01)	t	2.4	2.6	3.2	25
Plastic packaging (AVV 15 01 02)	t	2.3	2.3	2.3	0
Paper and cardboard (AVV 20 01 01)	t	12.1	18.1	20.6	14
Total waste generation	t	23.1	30.1	34.2	14
Waste generation per employee	t/FTE	0.2	0.2	0.1	−9
Hazardous waste (AVV 20 01)	kg	4.0	6.9	3.3	−52
Discarded electric and electronic equipment (AVV 20 01 36)	kg	4.1	4.0	4.0	0

The waste quantities are determined using estimation methods based on volumes. Measurement inaccuracies of 10% are possible. The separate collection rate according to the Commercial Waste Ordinance (Gewerbeabfallverordnung – GewAbfV) is 100%. The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021).

The waste generated is almost exclusively household-type waste. The waste is regularly collected by the City of Nuremberg’s waste management unit and disposed of properly.

Special waste, such as electronic scrap or defective fluorescent tubes, must be handed in at the local recycling centre. UmweltBank donates empty toner cartridges to ‘ROTE NASEN Deutschland e.V.’ The association recycles the cartridges, generating income for its charitable purposes.

In the reporting year 2021, the total amount of waste increased by approximately 14% compared to the previous year. This is due to the increased number of employees. Looking at the amount of waste generated per employee, consumption fell by 9% compared to the previous year. The calculation methodology also used more conservative assumptions.

Water

	Unit	2019	2020	2021	Change in %
Total water consumption	m²	2,421	3,095	3,691	19
Water consumption per employee	l/FTE and day	62	73	70	−5

The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021).

UmweltBank’s water consumption is similar to that of a household. Water is used almost exclusively for toilet use, cleaning the business premises and watering plants. The discharge of waste water is therefore also to be assessed as similar to a household. The specific water consumption per capita and working day has decreased by approx. 5% in 2021, which can be attributed to the reduced number of days physically in the office. It should be mentioned here that mobile work has resulted in a shift of water consumption.

Biodiversity

	Unit	2019	2020	2021	Change in %
Total land use	m²	1,996	3,526	3,526	0
Office space	m²	4,612	5,789	5,789	0

UmweltBank’s premises include the commercial buildings at Laufertorgraben 4, 6 and 8, Nunnenbeckstraße 6–8 and Emilienstraße 3 (all in Nuremberg). All sites seal a total area of approx. 3,526 m².

The building at Emilienstraße 3 is a listed art nouveau house that underwent extensive ecological renovation several years ago and is used exclusively by UmweltBank. The building at Laufertorgraben 6 has other tenants besides UmweltBank. The revegetated inner courtyard serves as an ecological compensation area. UmweltBank also shares the buildings at Laufertorgraben 4, 8 and Nunnenbeckstraße with other tenants

Business travel

	Unit	2019	2020	2021	Change in %
Rail	km	270,033	87,938	89,767	2
Car with internal combustion engine	km	3,821	563	3,339	590
Electric car	km	23,285	9,894	4,581	-53
Flights	km	41,771	0	1,956	-
Total business travel	km	338,910	98,395	98,153	1
Business travel per employee	km/FTE	2,187	514	416	-19

The figure 'per employee' is calculated with full-time equivalents (FTE) (239.5 in 2021).

The Bank's internal guidelines stipulate that all business trips are to be made by rail. Electric company cars are available for cases where this is impossible or only possible with disproportionate effort. If necessary, cars with internal combustion engines are hired from time to time. Air travel is only permitted if the time required for a train journey would be disproportionately high.

Business travel in 2021 remained at a level similar to that in 2020. Due to the pandemic, there were still hardly any business trips. The number of kilometres travelled by internal combustion engine car and aeroplane has risen sharply compared to the previous year, but is significantly below the value prior to the coronavirus pandemic.

Direct influences of the UmweltHaus (environmental house)

Currently in the planning stage, the UmweltHaus, UmweltBank's corporate headquarters on Nuremberg's Nordwestring, will play a key role in the consideration of direct aspects in the future. The choice of the site already took into account ecological aspects such as the avoidance of new land consumption and good transport connections. As currently planned, the building will have the following ecological features: The UmweltHaus is to be built as a hybrid wooden building with the lowest possible energy and resource consumption, aiming for certification according to the Platinum Standard of the German Sustainable Building Council (DGNB). It is to be one of the first non-residential buildings to be realised according to the KfW Efficiency House 40 energy efficiency standard. In addition, the use of the building façade for photovoltaic power generation is planned as part of a holistic energy concept.

DGNB Platinum certification has already been included as a long-term goal in Umwelt-Bank's sustainability targets. To transparently communicate the environmental performance of the UmweltHaus beyond this, energy efficiency, material efficiency in relation to the most relevant input materials, water consumption and waste generation for the construction phase will be reported in the coming years. In addition, information on biodiversity and the emissions generated will also be reported in the sustainability report.

Indirect influences

UmweltBank has a significant indirect environmental impact through its business activities. This refers not only to the choice of vendors for office supplies, for example. It is precisely the definition of the criteria for granting loans and the selection of the Bank's own financial and capital investments that have a significant influence on the environment.

Sustainable procurement

UmweltBank always pays attention to ecological and social aspects when procuring operating resources. The criteria for sustainable purchasing are defined internally and apply to all suppliers and service providers. UmweltBank has purchased office supplies and cleaning products from a sustainable partner company for many years now. It only sells products that meet ecological and social standards, and uses both environmentally friendly, reusable packaging and CO<sub>2</sub>-neutral shipping. When purchasing food for entertaining customers or for company events, there is a consistent focus on regionality, organic cultivation and fair production conditions.

All service providers, suppliers and products are reviewed with regard to ecological and social aspects before entering into a business relationship or purchase. In addition, all relevant partner companies are supposed to complete a self-disclosure form regarding their sustainability impacts. Compliance with international standards, such as those of the International Labour Organisation (ILO), is also queried.

The indirect influences are shown in the CO<sub>2</sub> balance on page 84.

## Print shop

It is very important to UmweltBank that the pollution of air and water due to printing processes is low. These requirements are met by the contracted print shops, which use only ecological printing inks based on vegetable oil.

## Mailing

UmweltBank addresses and envelopes customer letters via Deutsche Post DHL Group's GoGreen environmental protection programme. The service provider has an ISO-14001-certified environmental management system and offsets the CO<sub>2</sub> emissions generated by mailing.

## Commuting

To make the environmental impact of commuting as ecological as possible, UmweltBank provides all permanent employees with a 'FirmenAbo Plus' transportation pass free of charge. This entitles holders to use public transport in the greater Nuremberg area. In addition, the Bank incentivises employees to cycle to work with its annual 'Banker on Bike' campaign. For every kilometre cycled, the Bank donates one euro to ecological and social aid projects. Employees can thus protect the environment, stay fit and support charitable projects at the same time.

## Lending

Lending enables banks to exert great influence on their customers' investments. UmweltBank grants loans exclusively to environmental projects and has clear positive and exclusion criteria.

## The Bank's own investments (liquidity reserve and investment portfolio)

Legal requirements and commercial prudence require that banks must hold a liquidity reserve. This reserve ensures that customer deposits can be repaid at any time and open loan commitments can be paid out. In addition, banks invest their own funds and surplus liquidity in securities for the longer term (investment portfolio). Common forms of investment are, for example, credit balances at the German Bundesbank as well as covered and uncovered bonds issued by European countries.

Suitable investments are selected on the basis of the proprietary UmweltRating, which checks each investment against strict positive and exclusion criteria. With its activities, UmweltBank supports the United Nations Sustainable Development Goals (SDGs). The first step is therefore to review the required minimum standards (exclusion criteria).

If these are not fulfilled, the investment is excluded. If these are fulfilled, it is then determined whether a project has a positive impact on the sustainability goals. Only then is an investment permitted. The Bank checks on an ongoing basis and for each individual transaction. If an issuer does not meet the requirements of the UmweltRating, no new investments are made and any existing holdings are sold in a timely manner, taking economic arguments into account.

In addition to its own monitoring, the Environmental Advisory Board is involved as an independent body in the assessment of the UmweltRating. It receives a quarterly report on the performance and conducts an annual audit of all own investments.



## CO<sub>2</sub>-reporting

### Methodical approach

Since the start of its business activities, UmweltBank has measured its impact on the environment in a CO<sub>2</sub> balance. Various globally recognised procedures and standards are used for the balancing and reporting of greenhouse gas emissions to continuously improve the calculation methodology and data quality.

#### Greenhouse Gas Protocol

The Bank follows the internationally recognised Greenhouse Gas Protocol standard when determining greenhouse gas (GHG) emissions. This divides emissions into three areas, called ‘scopes’.

##### Scope 1

GHG emissions that occur directly in the company, such as from the operation of a heating system.

##### Scope 2

All indirect GHG emissions due to the provision of energy, such as the provision of electricity.

##### Scope 3

Indirect GHG emissions for all other activities related to the company’s operations. This includes business travel, for example.

The Greenhouse Gas Protocol covers emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrogen dioxide (NO<sub>2</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). For simplified presentation, the individual pollutant emissions are then converted into so-called ‘CO<sub>2</sub> equivalents’ and measured in tonnes (t). In the interest of better readability, these CO<sub>2</sub> equivalents are expressed as CO<sub>2</sub> in the main text, whereas the notation CO<sub>2</sub>e is used in the tables.

#### Notes on Scope 3 emissions

Scope 3 includes the indirect emissions that arise, for example, from the construction, maintenance and servicing of electrical generating facilities such as wind turbines. Here, UmweltBank’s own investments (participating interests in operating companies) are considered as well as the projects financed. The emissions of financed real estate and participating interests in real estate are also included here.

UmweltBank bases its Scope 3 on the standard from the Partnership for Carbon Accounting Financials (PCAF), a global corporate initiative to standardise CO<sub>2</sub> accounting in the financial sector. Participating financial institutions have committed to disclose the greenhouse gas emissions of their loans and investments ([www.carbonaccountingfinancials.com](http://www.carbonaccountingfinancials.com)).

Previous sustainability and annual reports have reported emissions from the financing portfolio in Scope 3. So far, the greenhouse gas emissions from the financing of energy and infrastructure projects as well as the emissions from construction financing have been considered here.

##### Calculation of emissions: project financing

With its financing activities, UmweltBank contributes to reducing CO<sub>2</sub> emissions through direct participating interest in projects and through lending for ecological projects. The calculation system for the CO<sub>2</sub> balance is based on the Greenhouse Gas Protocol.

The calculation is based on the assumption that electricity from renewable energies sources saves CO<sub>2</sub> compared to the energy sources they substitute (nuclear energy, lignite, hard coal, gas or oil), but that the construction and maintenance of the generators also produce CO<sub>2</sub> emissions. These emissions are also recorded and reported.

To determine the emissions, the quantity of electricity produced is multiplied by the current (as of September 2021) emission factors published by the German Environment Agency (Umweltbundesamt). The quantities of electricity for wind and hydropower plants on which the calculation is based are taken from the yield reports available to the Bank. In the case of photovoltaic systems, the annual amount of electricity is determined for each individual system using a yield value table broken down by postcode.

### Calculation of emissions: Real estate financing

The CO<sub>2</sub> emissions of the financed properties are obtained by multiplying the attribution factor by the individual emissions. The emissions of the properties are calculated using the PCAF emissions database. The database indicates average CO<sub>2</sub> per m<sup>2</sup>. These figures allow an approximation of the actual emissions of the financed properties. For the years 2019 to 2021, the majority of the floor area of the financed properties is available. For those three years, 89% of the floor area in m<sup>2</sup> is known; therefore 11% had to be supplemented with assumptions. For earlier years, assumptions were made based on the average of the three years. In cases where there was no investment volume, it was also assumed that the loan volume was equal to 70% of the investment volume. Furthermore, an estimated loan term of 30 years was assumed.

The equity share approach is used in all calculations: this means that both avoided emissions and emissions are considered in relation to UmweltBank's participating interest or financing as part of the total volume of the investment. Example: with a total investment of €10 million and an UmweltBank loan of €8 million, only 80% of the avoided emissions and emissions are also applied. As the loan is repaid over time, UmweltBank's eligible share decreases and ends when the loan is repaid in full.

## Voluntary climate commitment of the financial sector

In June 2020, UmweltBank, together with 15 other players in the German financial sector, signed a voluntary commitment to achieve the climate targets. The aim is to align the credit and investment portfolios in line with the goals of the Paris Climate Agreement. The focus here is on measuring and publishing the climate impacts so that targets for reducing emissions can then be set. Noteworthy is the wide range of first signatories: they range from sustainability banks to state banks, and from major banks to small specialist banks. By the end of 2022, mutually accepted methods are to be introduced with mutual support so that the portfolios can be aligned with the 1.5-degree target. UmweltBank's Scope 3 emissions have been reported in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard since 2019. For 2022, one sustainability target is to increase total CO<sub>2</sub> avoided by 10% compared to the previous year. In addition, UmweltBank is working on developing a climate scenario that visualises the Bank's Paris compliance. What is encouraging about the voluntary climate commitment is that more and more financial actors recognise the urgency of the issue and want to work together to limit climate change.

Reporting on CO<sub>2</sub> emissions

CO<sub>2</sub> emissions, divided into the three scopes, are examined in more detail below:

	Unit	2019	2020	2021	Change in %
Scope 1: direct emissions					
Natural gas	tCO <sub>2</sub> e	0.00	0.00	0.00	0
Total	tCO <sub>2</sub> e	0.00	0.00	0.00	0
Scope 2: indirect emissions					
District heating	tCO <sub>2</sub> e	0.00	0.00	0.00	0
Total	tCO <sub>2</sub> e	0.00	0.00	0.00	0
Scope 3: indirect emissions					
Part I – business operations					
Electricity	tCO <sub>2</sub> e	0.39	0.00	0.00	0
Office supplies	tCO <sub>2</sub> e	22.52	32.39	31.13	–4
Business travel	tCO <sub>2</sub> e	11.14	0.06	0.58	+866
Commuting	tCO <sub>2</sub> e	49.03	36.33	85.17	+134
Part II – financing and participating interests					
Emissions from participating interests taken	tCO <sub>2</sub> e	1,467.71	3,173.74	4,088.24	+29
Emissions from project financing	tCO <sub>2</sub> e	39,988.90	48,906.54	57,275.69	+17
Emissions from construction financing	tCO <sub>2</sub> e	–	13,373.00	13,811.41	3
Total	tCO <sub>2</sub> e	41,539.69	65,522.06	75,292.22	15
CO <sub>2</sub> emissions per employee	tCO <sub>2</sub> e	268.00	342.33	314.37	–8

The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021).

Scope 1

As UmweltBank has only been heating with district heating since 2019, there are no emissions in Scope 1.

Scope 2

There were no emissions produced for the provision of district heating for the commercial buildings in Laufertorgraben 4, 6 and 8 as well as in Emilienstraße 3 and Nunnenbeckstraße 6–8. The heat provided is a by-product of electricity production by a regional utility company.

Scope 3

Business operations

UmweltBank procures 100% green electricity from renewable energy sources. Emissions are also produced when electricity is supplied from renewable energies, such as in the production and maintenance of the systems. These unavoidable emissions are fully offset by the power supply company.

Savings measures made it possible to further reduce emissions associated with office supplies. In contrast to the previous year, a few flights were taken in 2021. This is reflected in strongly increased CO<sub>2</sub> emissions from business travel. Despite the option of mobile working, commuting has increased compared to the previous year. This is also due to the fact that UmweltBank employed significantly more staff in 2021 than in the previous year. In addition, an employee survey improved the basis for the calculation.

Loan financing and participating interests

CO<sub>2</sub> impact of real estate financing and participating interests in real estate projects

	Unit	Emissions 2021
Real estate financing	tCO <sub>2</sub> e	13,811.41
Participating interests in real estate projects	tCO <sub>2</sub> e	1,955.10



The basis of calculation for financed emissions is based on the PCAF method. The calculation of real estate financing and participating interests is currently based on many conservative assumptions. The emissions data indicated are considered to be a first approximation of the actual emissions of the properties. UmweltBank is working on improving this calculation and the underlying data.

CO<sub>2</sub> impact of project financing for wind, hydropower and photovoltaics

	Unit	Avoided emissions			Emissions		
		2019	2020	2021	2019	2020	2021
Project financing	tCO <sub>2</sub> e	946,133	1,096,288	1,214,312	39,989	48,907	57,176
Change vs previous year	%			+11%			17%

The increase in avoided and produced emissions can be explained by the increase in financing in renewable energy sources. That emissions have increased more than avoided emissions is due to the fact that more photovoltaic systems were financed in 2021, which emit more CO<sub>2</sub> over the entire life cycle than wind power plants and at the same time avoid less CO<sub>2</sub>. In addition, the average electricity yield of photovoltaic systems in 2021 was lower than in the previous year.

CO<sub>2</sub> impact of participating interests in operating companies for wind and photovoltaic projects

	Unit	Avoided emissions			Emissions		
		2019	2020	2021	2019	2020	2021
Laufertorgraben PV system	tCO <sub>2</sub> e	2.63	2.45	2.39	0.25	0.24	0.18
Emilienstraße PV system	tCO <sub>2</sub> e	2.39	1.26	1.33	0.23	0.12	0.10
Arenborn solar power plant	tCO <sub>2</sub> e	994.34	950.16	848.95	95.59	92.94	64.28
Ziegelscheune solar farm	tCO <sub>2</sub> e	4,849.86	4,679.39	4,403.60	466.22	457.7	333.42
Neuenfeld wind farm	tCO <sub>2</sub> e	7,511.51	7,260.16	7,020.60	112.12	112.95	161.69
Nordleda wind farm	tCO <sub>2</sub> e	14,595.58	12,656.73	11,332.42	217.86	196.91	260.99
Amesdorf/Wellen wind farm	tCO <sub>2</sub> e	3,384.69	3,161.47	2,954.10	50.52	49.19	68.03
Körbecke wind farm	tCO <sub>2</sub> e	1,219.56	1,594.93	1,489.85	18.20	24.81	34.31
Hoher Berg Dornstedt wind farm	tCO <sub>2</sub> e	17,386.80	17,117.07	15,475.31	259.52	266.30	356.41
Rakow-Gardelegen wind farm	tCO <sub>2</sub> e	-	12.01	10.52	-	0.19	0.25
Bergen/Nordenham wind farm	tCO <sub>2</sub> e	3,453.70	3,465.04	3,238.24	51.55	53.91	74.58
Altenbruch-Ost wind farm	tCO <sub>2</sub> e	6,039.84	6,332.59	5,806.01	90.15	98.52	133.72
Wilmersdorf wind farm	tCO <sub>2</sub> e	282.88	4,914.88	4,521.71	4.22	76.46	104.14
Klimaprojekt Sonnenkraft	tCO <sub>2</sub> e	355.38	2,712.69	4,414.60	34.16	265.33	334.25
JH UPG Solar 1	tCO <sub>2</sub> e	698.10	2,533.99	2,731.20	67.11	247.85	206.79
Total	tCO <sub>2</sub> e	60,777.28	67,394.82	64,251.06	1,467.71	1,943.43	2,133.13
Change vs previous year	%			-5			10

Compared to the previous year, avoided emissions decreased and emissions increased in 2021. This is due, in particular, to a lower number of sunshine hours in the reporting year, which had a negative impact on the yield of the photovoltaic systems. In addition, the emissions factors for wind and solar plants published by the German Environment Agency increased. In contrast to the calculation of the CO<sub>2</sub> balance of the lending business, yield reports are not used for participating interests, as here the actual emissions avoided and emissions are available.

CO<sub>2</sub> balance

The CO<sub>2</sub> balance shows the environmental impact of UmweltBank. The Greenhouse Gas Protocol standard makes no provision for merging the three scopes. Nevertheless, UmweltBank prepares such a balance sheet for the sake of transparency and for better comparability with previous years.

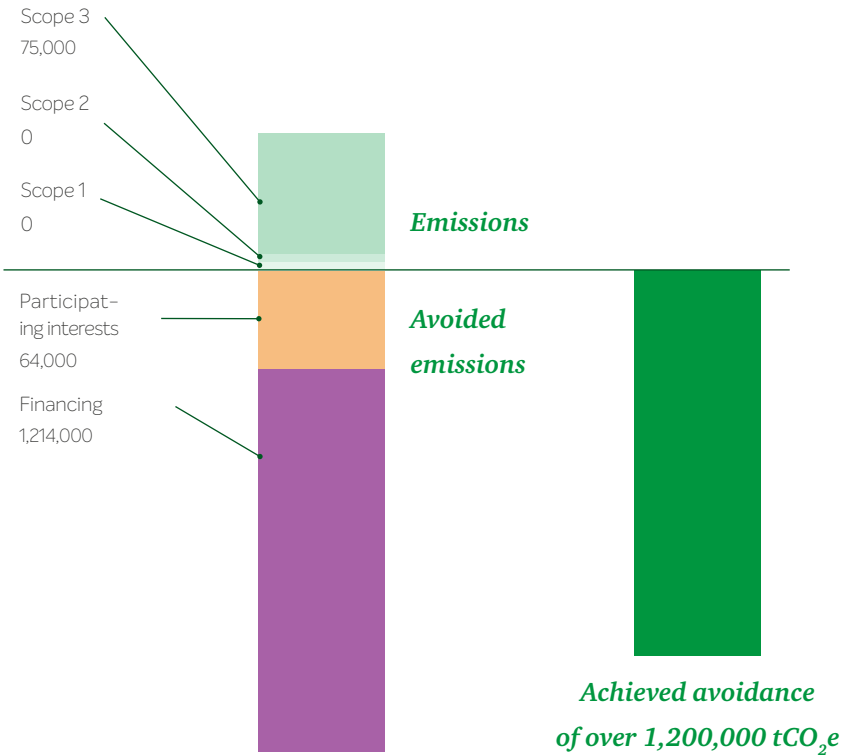
Emissions in tCO <sub>2</sub> e		Avoided emissions in tCO <sub>2</sub> e	
Scope 1	0	from participating interests	64,251
Scope 2	0	from project financing	1,214,312
Scope 3	75,293		
Total emissions	75,293	Total avoided emissions	1,278,564
Avoidance achieved	1,203,270		

First, the emissions from the three different scopes are totalled and subtracted from the total avoided emissions. The resulting difference – 1,203,270 tCO<sub>2</sub>e – represents the climate impact of UmweltBank for the year 2021.

Three-year comparison of CO<sub>2</sub> balance

	Unit	2019	2020	2021
Total emissions	tCO <sub>2</sub> e	41,540	65,522	75,292
Total avoided emissions	tCO <sub>2</sub> e	1,006,910	1,163,683	1,278,563
Avoidance achieved	tCO <sub>2</sub> e	965,371	1,098,161	1,203,270
Change in avoidance vs pre-vious year	%			10
Achieved avoidance per employee	tCO <sub>2</sub> e	5,043	5,738	5,024
Change in avoidance per em-ployee vs previous year	%			–12

The figure ‘per employee’ is calculated with full-time equivalents (FTE) (239.5 in 2021).



\* For better visualisation, the figures in the graph have been rounded down to the tens of thousands or millions.

In 2021, UmweltBank has avoided ever

**1,200,000**

tonnes of CO<sub>2</sub>. In purely mathematical terms, this corresponds to the annual CO<sub>2</sub>e emissions of around 108,000 inhabitants in Germany.

Conversion to inhabitants

The following example calculation is intended to help illustrate the magnitude of the avoided CO<sub>2</sub> emissions: the annual CO<sub>2</sub>e emissions per inhabitant in Germany was approx. 11.17 tonnes in 2020. UmweltBank has thus avoided the emissions of around 108,000 inhabitants in Germany.

Ecological dividend

UmweltBank has regularly calculated an ecological dividend in the form of avoided CO<sub>2</sub> emissions for many years now. The basis for the calculation, as shown above, are the CO<sub>2</sub> emissions and avoided emissions determined for the respective business year. The comparison of the achieved avoidance of CO<sub>2</sub> through financing and its own partici-pating interests in renewable energy sources and total assets serves to illustrate Um-weltBank’s environmental performance.



Divided by total assets of approx. €5.933 billion, this gives a calculated ecological dividend for 2021 of around 203 g CO<sub>2</sub>e per euro. For every €1,000 of total assets, the Bank thus saves around 203 kg of CO<sub>2</sub>e.

## Coverage and data quality

### Asset class coverage

Financing and participating interests in the field of renewable energies are attributable to the asset class project finance according to the PCAF standard. Around 95% of the emissions financed by UmweltBank are reported in this asset class. The emissions of the second asset class, commercial real estate, were determined for the first time for the year 2020. Around 86% of the financed emissions are covered in the real estate sector. Reporting will be expanded step by step with the aim of reporting 100% of the emissions arising from financing and participating interests.

### Data quality

An important criterion for CO<sub>2</sub> balancing is the quality of the data. The entire CO<sub>2</sub> balance is verified by an external environmental auditor. Scopes 1 and 2 are calculated with primary data (e.g. consumption data from the green electricity supplier), which is why a high data quality is assumed. UmweltBank uses an assessment system from PCAF to determine the emissions data quality for financed projects. The system awards points for data quality: Score 1 corresponds to the highest data quality (approx. 5–10% error tolerance) and Score 5 to the lowest (approx. 40–50% error tolerance).

According to the PCAF assessment system, the area of project financing is given a score of 3, as calculations are based on the forecast performance of the facilities. In the asset class commercial real estate, assumptions are made about the emissions of the financed properties, and the attribution share of UmweltBank is also calculated using verified assumptions. Therefore, the data quality is assessed with a score of 5. However, these limitations in the data should rather be seen as an opportunity to continuously improve the quality of the reported emissions and to identify fields of action for UmweltBank. To compensate for the error rates of secondary data, all table data should generally be considered to deviate by 10–15%.





2.3 Sustainability targets

Target	Dead-line	Measures
Option of mobile working	2021	Conclusion of a company agreement on mobile working
Promote equality in leadership positions	2021	Increase the share of women in leadership positions to 50%
Promote transparency via a comprehensive sustainability report	2021	Full compliance with the GRI standard
Promote transparency via publication of CO <sub>2</sub> accounting	2021	CO <sub>2</sub> reporting according to PCAF standard for the reporting year 2020
Promote sustainable consumption through lending	2021	Grant loans worth €20 million via the UmweltWunschcredit
Promote sustainable consumption by ensuring the exclusive use of sustainable suppliers	2021	Adopt the new procurement guideline, require suppliers to complete the self-disclosure and survey all suppliers based on the self-disclosure
Promote material efficiency through resource conservation	2021	Reduce paper consumption per employee by 10%
Provide loans to projects that support deserving individuals	2021	Finance affordable housing for 900 people
Secure lending to projects that promote social care places	2021	Funding of care places for 400 people
Increase transparency of indirect emissions	2021	Inclusion of real estate financing in CO <sub>2</sub> accounting
Promote equality in corporate bodies	2022	Increase the share of women on the Environmental Advisory Board to 50%
Promoting credibility through comprehensive external review	2022	Expansion of the Environmental Advisory Board to six persons
Lend exclusively to sustainable energy projects	2022	Development of a sustainability rating for financing of projects from the renewable energy sources sector
Promote knowledge building in the field of sustainable construction	2022	Preparation of a guide for sustainable construction

Explanation	Degree of fulfilment
In 2021, negotiations were conducted on the further development of the company agreement 'Corona' and, in parallel, the renegotiation of the company agreement 'Mobile Working'. Key points have already been agreed for Mobile Working. Thanks to the successful preliminary coordination between the parties involved, the target of concluding the agreement in 2021 was 50% achieved.	50%
The share of women in leadership positions was just under 44% on the reporting date of 31 December 2021. Compared to the previous year (43%), the share increased slightly despite the high growth in staff.	88%
The 2020 Sustainability Report was published on 31 May 2021.	100%
The 2020 Sustainability Report was published on 31 May 2021.	100%
During the year, the target was lowered to €5 million. Loans in the amount of €3,574,945 were granted.	71%
Five service providers/suppliers were surveyed. It is difficult to determine the percentage of target achievement, as it has not yet been finally defined how many service providers/suppliers are to be surveyed.	-
Paper consumption per employee was reduced by 18% compared to 2020.	100%
907 people were provided with affordable housing.	100%
353 people were provided with care places.	88%
Real estate financing was included in the CO <sub>2</sub> accounting.	100%
With the addition of Sanika Hufeland, the Environmental Advisory Board had three women as of 11 October 2021. The target set for 2022 was already achieved in 2021.	100%
The Environmental Advisory Board was expanded to six persons in 2021.	100%
The first step, 'Ecological rating', accounts for approx. 50%; the majority of this was achieved through the definition of the criteria and an initial weighting.	40%
The text has been finalised. Management Board approval and final layout still pending. Completion is planned for Q1 2022.	75%

Target	Deadline	Measures
DGNB Platinum certification for Umwelt-Bank's new location	2022	Planning of the new site so that the necessary criteria for DGNB Platinum certification are met.
Establish an SDG group with a focus on SDG 4 to bring education more into focus and make a positive contribution to this goal	2022	Approval of a corresponding SDG group by the Management Board and recruitment of staff for this team.
Anchor SDG 4 in the preamble of Umwelt-Bank's articles of association	2022	Review the inclusion of the goal in the preamble of the articles of association.
Ensure accessibility of environmental impact of UmweltBank at the international level	2022	Translation of excerpts of the sustainability report into English.
Share of women in leadership positions of 50%	2022	The share of women in leadership positions is to be continuously increased by means of measures within the framework of a family-friendly personnel policy and by making working hours and the place of work more flexible.
Anchor mobile working in the corporate culture	2022	Conclusion and implementation of a company agreement on the mobile working of the future for more flexibility and family friendliness.
Further development of the remuneration structure	2022	Increase transparency through further development, conclusion of a corresponding company agreement and implementation of a new remuneration structure.
Ensure employee satisfaction and perform a cultural audit	2022	Expansion of the strategic indicators to include the aspect of employee satisfaction.
Promote sustainable consumption by ensuring the exclusive use of sustainable suppliers	2022	Feedback on the self-disclosure form from all relevant suppliers and service providers and creation of a whitelist.
Lend exclusively to sustainable energy projects	2023	Development of a sustainability rating for financing of projects from the renewable energy sources sector.
Provide loans to projects that support deserving individuals	2022	Finance affordable housing for 900 people.
Secure lending to projects that promote social care places	2022	Funding of care places for 200 people.
Further development of the sustainability rating in construction financing	2022	Detailed look at wooden construction.
Transparency about how UmweltBank's business activities contribute to the SDGs	2022	Development of an SDG impact calculator and publication in the sustainability report.
Increase avoidance of indirect emissions	2022	10% increase in total CO <sub>2</sub> emissions avoided vs the previous year.

## 2.4 *Report of the* Environmental Advisory Board

Since UmweltBank was founded in 1997, there has been an ecological supervisory body in addition to the Supervisory Board required by law. As an independent body of experts, the Environmental Advisory Board guarantees UmweltBank's high level of sustainability competence. It reviews the Bank's sustainability development and advises the Management Board on sustainability and environmental issues. The Environmental Advisory Board is constantly involved in the discussion process for future UmweltBank topics.

The Environmental Council was expanded in 2021 and consisted of six members: Stefan Hackenberg has been a member of the Environmental Advisory Board since 2016. An independent architect and project developer, he plans and supervises building projects with particularly high social and ecological standards. Prof. Dr Harald Bolsinger, business ethicist at the Faculty of Economics at the FHWS University of Applied Sciences Würzburg-Schweinfurt, has been on UmweltBank's Environmental Advisory Board since July 2017. An expert in sustainable corporate governance and value management, he contributes important ideas for the sustainable development of the Bank. He has been Chairperson of the Board since October 2019, and was re-elected Chairperson in 2021. Dr Meike Gebhard and Heribert Sterr-Kölln were appointed to the Environmental Advisory Board in early 2020. Dr Meike Gebhard holds a doctorate in environmental economics, and has been managing director of the online platform Utopia since 2008. She is an expert in sustainability strategies, social media and consumer communication. In March 2021, she was elected Deputy Chairperson of the Environmental Advisory Board. Heribert Sterr-Kölln is a certified public accountant and tax consultant. He develops concepts and strategies in the field of renewable energy sources together with banks, municipal utilities and companies. His focus is on the financing of entrepreneurial projects. Claudia Müller founded the Female Finance Forum in 2017. Her goal is to awaken the interest of women in money and financial products, and to provide them with the knowledge necessary to take their finances into their own hands. Sanika Hufeland, like Claudia Müller, has been a member of the Environmental Advisory Board since 2021. Sanika Hufeland is managing director of the Institute for Social Banking, a pan-European membership institution of the pioneers in sustainable banking. An economist specialising in sustainability management, she advocates for issues at the intersection of economics/financial system, sustainability, education and transformation/new thinking.

## Topics

The Environmental Advisory Board considers the sustainability of the Bank's financed projects, own investments and participating interests, and is involved in the further development of the Bank's internal audit processes. It advises on the design of processes within the Bank, and is intensively involved in the ongoing discussion between the bodies and employees of UmweltBank and external experts on the definition of sustainability and the relevance of various sustainability criteria for the Bank. Following the successful alignment of the Sustainable Development Goals (SDGs) in 2018, UmweltBank's articles of association are based on the United Nations' holistic understanding of sustainability. The Environmental Advisory Board supports the full and permanent integration of this understanding of sustainability into the Bank's business policy, controlling and reporting.

One of the regular tasks of the Environmental Advisory Board is to review UmweltBank's own investments and treasury transactions with regard to compliance with sustainability criteria. In 2019, SDG-related treasury management rules compliant with the articles of association and a corresponding review process were defined together with the Management Board and specialist departments. This process was implemented in 2020 and put into operational implementation. These management rules ensure that UmweltBank's own investments are always in compliance with the requirements of its articles of association. The Treasury & Sustainability department checks this daily on behalf of the Management Board and the Environmental Advisory Board. The data required for the assessment is obtained from a professional sustainability rating agency. The Environmental Advisory Board supported the specialist departments involved in drafting the underlying concept, supported the procedural application and implementation of this rule-based sustainability management system and monitors compliance with the rules.

The review of the lending business and thus the use of funds from customer deposits according to the same criteria are also among the key tasks of the Environmental Advisory Board. This involves reviewing the sustainability ratings of UmweltBank's issued financing and taking a close look at selected loans to assess and evaluate their sustainability performance.

The Environmental Advisory Board was also involved in defining the management guidelines of the UmweltSpektrum Mix fund and monitors their implementation. If a company included here violates the exclusion criteria, or if products or services offered no longer have a positive impact on the sustainable development goals, these companies drop out of the investable portfolio. In particularly significant borderline cases, the Environmental Advisory Board is involved so that a diversely informed decision can be

taken. In 2021, the Environmental Advisory Board helped to review, tighten and update UmweltBank's positive and exclusion criteria used here with respect to their relevance and topicality. As sustainability and the associated issues are constantly changing, the Bank's understanding of sustainability and the corresponding criteria are also subject to regular review and further development.

The environmental management system according to EMAS is the control instrument for UmweltBank's environmental impact. Environmental performance is certified transparently according to the recognised European standard and is comparable with other companies. As part of the 2021 Environmental Advisory Board meetings, the Treasury & Sustainability department informed the Environmental Advisory Board about the sustainability performance. The Environmental Advisory Board was able to contribute its expertise to the application and expansion of the environmental management system.

The Environmental Advisory Board actively supports the development work of the SDG groups and accompanied implementation of the results in the Bank's business practices. Together, the indicators were further developed to make UmweltBank's sustainability performance measurable and controllable. The results of the measured indicators are regularly reported to the Environmental Advisory Board. The members of the Environmental Advisory Board act as mentors to UmweltBank's SDG groups to continuously stimulate innovations. In 2021, workshops with the participation of the Environmental Advisory Board were held for each group to drive the groups' projects and identify new goals. SDG Group 13, for example, which is working under the supervision of Prof. Dr Harald Bolsinger on the overarching goal of 'taking action on climate change', identified the need for an SDG impact calculator as one of its next projects. The aim here is to map the total sustainability performance of UmweltBank in relation to the SDGs in a transparent and easy-to-understand manner. Other groups continued to work on their previous goal in 2021, such as SDG Group 7, which is led by Heribert Sterr-Kölln and is developing a sustainability rating for project financing from the renewable energy sector. SDG Group 5+12, which is supervised by Meike Gebhard and Claudia Müller, is also planning to complete its project in 2022. Launched in 2021, the goal is to gauge the sustainability of UmweltBank's suppliers and service providers using a self-disclosure questionnaire and to create a corresponding whitelist. SDG Group 11, supported by Stefan Klinkenberg, was able to achieve the goal of producing a guide for holistic sustainable construction in 2021.

Over the next few years, UmweltBank will be building a sustainable urban quarter on Nuremberg's Nordwestring with housing for a variety of needs, a day-care centre, a specialist organic market, commercial premises and publicly accessible green spaces. The new company headquarters, the 'UmweltHaus', will also become part of the quarter.



The Bank is thus creating ecologically and socially sustainable value added for more than 1,000 people who will live and work in the ‘UmweltQuartier’ (environmental quarter). In the course of acquiring the land, UmweltBank organised two architectural workshops in the summer of 2020, to which numerous experts in urban development and sustainable building as well as representatives of the City of Nuremberg were invited. Topics included the project’s climate footprint, integration into the surroundings and the social functionality of the new quarter. Environmental advisor Stefan Klinkenberg actively participated in his function as a consulting architect and expert for sustainable building. The existing urban development concept of the previous owners was refined with the help of the experts to meet UmweltBank’s sustainability requirements. The comprehensive energy concept being developed for UmweltHaus and UmweltQuartier plays a central role in this. In addition to generating its own solar power, the plans include geothermal energy extraction using heat pumps as well as measures for efficient heat insulation and heat recovery. It is obvious that the electricity in the UmweltHaus is to be generated with the power of the sun. However, because the roof surfaces alone are not sufficient to cover the building’s energy needs, the façades are also being equipped to a large extent with photovoltaic modules. The scale of this is unique in the region. The clean electricity generated in this way is part of a holistic energy concept that will be further refined in the coming weeks and months.

A total of three Environmental Advisory Board meetings were held with the Management Board and the Treasury & Sustainability department in 2021. There were also internal coordination sessions within the Environmental Advisory Board to form opinions and develop projects, as well as workshops with the SDG groups.

## ***UmweltGarantie***

The Environmental Advisory Council confirms the use of funds by UmweltBank in the financial year 2021 was in accordance with the articles of incorporation and determines compliance with the UmweltGarantie. UmweltBank was also able to fulfil its unique promise in 2021: every euro invested is used exclusively to finance sustainable environmental projects. Last year, the Environmental Advisory Board also helped to refine the calculation of the UmweltGarantie and to present it in a more granular way, as well as to apply it to the Bank’s complete business activities. With regard to the UmweltRating, a total of 74.9% of the loan projects were rated with the best possible score of 1 in 2021 (previous year 71.2%). Overall, the average sustainability rating of all loan projects is 1.32 (previous year 1.34).

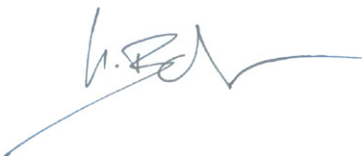
## ***Summary and outlook***

In 2021, the Environmental Advisory Board was once again able to gain a comprehensive picture of UmweltBank’s lending and funding practices. In the opinion of the Environmental Advisory Council, the company did not enter into commitments that were not in line with the Bank’s articles of association. In accordance with the articles of association, the Bank has exclusively financed or promoted environmentally friendly and sustainable projects with the funds of its customers. Through its business activities, UmweltBank actively promotes affordable and at the same time ecological and social housing. In 2021 alone, the Bank financed affordable housing for 907 people and 353 care places. UmweltProjekt GmbH also builds ecologically high-quality flats. The Bank’s subsidiary rents these out well below the local market rent to enable affordable, urban living for young families, for example. The further promotion of these projects was included in the Bank’s sustainability goals. Given the development of real estate prices, the Environmental Advisory Board finds this unique commitment of UmweltBank to be particularly praiseworthy.

Further development steps are planned for 2022 to further drive the Bank’s alignment with the SDGs. The additional focus on SDG 4 was derived from the materiality analysis conducted with a wide range of stakeholders. Work on the goal will begin with the help of the Environmental Advisory Board in 2022. To expand sustainability expertise in a targeted manner and to further strengthen the exchange with the SDG groups, the Environmental Advisory Board was expanded to six persons – in accordance with the Sustainable Development Goals – and thus the proportion of women on the Environmental Advisory Board was also increased to 50%. The Environmental Advisory Board also is available to support the planning of the new company headquarters, the UmweltHaus, and the

UmweltQuartier with its expertise.

Nuremberg, 6 May 2022



Prof. Dr Harald Bolsinger  
Chairperson



Dr Meike Gebhard  
Deputy Chairperson

2.5 *Contact the* **Sustainability Management**

Erik Mundinger  
Sustainability Management Specialist  
+49 911 5308 1023  
Erik.Mundinger@umweltbank.de

Nadine Bold  
Sustainability Management Specialist  
+49 911 5308 1024  
Nadine.Bold@umweltbank.de

2.6 *Validation of the* **environmental statement**


The environmental management system according to EMAS is audited annually by an independent environmental auditor. The declaration of the environmental auditor confirms the reliability of the data and information in the sustainability report as well as compliance with the requirements of the EMAS Regulation.



ENVIRONMENTAL VERIFIER'S DECLARATION ON VERIFICATION AND  
VALIDATION ACTIVITIES




The EMAS environmental verifier signing for OmniCert Umweltgutachter GmbH with registration number DE-V-0360

**Thorsten Grantner** (verifier registration number DE-V-0284), accredited or licensed for the scope(s):

 64.19: Other monetary intermediation

declares to have verified whether the site(s) or the whole organisation as indicated in the updated environmental statement of the organisation UmweltBank AG with the Registration Number DE-158-00138 meet all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a community Ecomanagement and Audit Scheme (EMAS) in addition with regulation (EU) 2018/2026 of 19 December 2018.

By signing this declaration, I declare that:

-  the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009 combined with Regulation (EU) 2017/1505,
-  the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
-  the data and information of the environmental statement/the updated environmental statement of the organisation/site reflect a reliable, credible and correct image of all the organisations/sites activities, within the scope mentioned in the environmental statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Bad Abbach, 31.05.2022



Dipl.-Ing. (FH) Thorsten Grantner  
environmental verifier DE-V-0284

OmniCert Umweltgutachter GmbH | Kaiser-Heinrich-II.-Str. 4 | 93077 Bad Abbach | [www.omnicert.de](http://www.omnicert.de) | [info@omnicert.de](mailto:info@omnicert.de) |  
Tel: +49 (0) 9405 949 85 0 | Fax: +49 (0) 9405 955 82 29 | Geschäftsführer: Dipl.-Ing. (FH) Thorsten Grantner





3

*People* **at**  
**UmweltBank**



3.1 Management

Goran Bašić

Member of the Management Board



How I want to make a difference

I want to leave the office everyday feeling good that I’ve done my part to make the world a better place. I don’t see myself as just a banker, but also to some extent as an environmentalist – and with this dual motivation I am wholeheartedly committed to UmweltBank.

What moves me

I’ve experienced my share of highs and lows – both professionally and as a self-confessed fan of 1. FC Nürnberg. Travelling – usually by electric car to a holiday flat on Croatia’s Adriatic coast – as well as hiking, swimming or cycling with my family restores my sense of balance.

My path so far

since July 2014	Member of the Management Board of UmweltBank AG
as of 2011	Head of Project Finance Department at UmweltBank
as of 2008	Deputy Head of Project Finance Department
as of 1999	Employee in the Project Finance Department at UmweltBank
as of 1997	Support for the establishment of a commercial bank in Sarajevo, Bosnia and Herzegovina
1997	Degree in Economics, University of Erlangen-Nuremberg

Jürgen Koppmann

Spokesperson of the Management Board



How I want to make a difference

Together with my colleagues, I want to show that sustainability is fun and that economic and ecological success go hand in hand. We at UmweltBank prove this anew every day. I am full of energy and there’s still a lot I want to do for our customers and for the environment.

What moves me

I personally like to be out in nature, either on my bike or in my hiking boots. In addition, I am privately involved in various associations because I’m also convinced that it’s always better to do something than to complain.

My path so far

since December 2017	Member of the Management Board of UmweltBank
as of February 2017	Head of Marketing & PR Department at UmweltBank
as of 2015	Entrepreneur in the field of community and ecological living
as of 2002	Member of the Management Board of UmweltBank
as of 1998	Head of Project Finance Department
as of 1996	Loan officer at UmweltBank
1996	Degree in Business Administration, University of Regensburg
1988–1990	Banking apprenticeship at Bayerische Vereinsbank

Heike Schmitz  
Chief Representative



How I want to make a difference

UmweltBank was already green around 25 years ago – long before sustainability was recognised as an important topic for the future. Inspired by this pioneering role, I want to use my personal and professional expertise every working day to make UmweltBank even more successful – in economic, ecological and social terms.

What moves me

For me, to live sustainably is a basic need. I’m aware, of course, that I’m not perfect – but I think that every little bit helps. I find balance to my professional commitment as a passionate musician with the parforce horn (a German style of hunting horn) and spending time in nature. A meal with regional products in the company of friends and family rounds out the day.

My path so far

since 2021	Chief Representative   UmweltBank
2018–2021	Head of Finance, Controlling & IR   comdirect bank / Commerzbank
2002–2018	Head of Finance and Controlling   Sparkassen Finance Group
1997–2002	Head of Finance   comdirect bank
1995–1997	Head of IT, Organisation and Human Resources   comdirect bank
1987–1994	Specialist Functions Group Strategy / Private Customers   Commerzbank
1982–1987	Business Administration   University of Münster and University of Cologne
1980–1982	Banking apprenticeship   Commerzbank

3.2 Supervisory Board

Susanne Horn

Neumarkt i.d.Opf.  
Managing Director Bischofshof  
Brewery, Regensburg



After her studies and simultaneous banking training, Susanne Horn initially worked in the financial sector. In 2008, she joined Neumarkter Lammsbräu Geb. Ehrnsperger KG as Chief Representative and made the company the undisputed market leader in the organic sector. Susanne Horn has led Bischofshof Brewery in Regensburg since 2019.

Dr  
**Michael *Kemmer***  
Munich  
Member of the supervisory and  
administrative boards of various com-  
panies



After training as a banker, studying business administration, completing his doctorate at Ludwig Maximilian University of Munich, and passing the tax consultant examination, Dr Michael Kemmer worked in the banking industry for over 20 years. He was general manager and a member of the Board of Directors at the Association of German Banks (Bundesverband deutscher Banken) from 2010 to 2017. His extensive know-how of the banking industry and his large network through numerous mandates offers tremendous value-added for UmweltBank.

**Heinrich *Klotz***  
Aschaffenburg  
Notary



Heinrich Klotz has been a notary in Aschaffenburg since 1991. His relationship with UmweltBank goes back to 1993, when he was involved in the preparations for the foundation of UmweltBank and was one of its founding shareholders. Heinrich Klotz has been a member of the Supervisory Board of UmweltBank since 2010.



Dr  
**Michael *Maier***

Krailling  
Member of the Management Board of  
Habib Bank Limited



Since completing his doctorate on brand management at credit institutions, Dr Michael Maier has held various management positions in the banking industry. Most recently, he was a member of the Management Board of the banking services provider FIDOR Solutions AG. He has been on the Management Board of Habib Bank Limited since the beginning of 2022. On the Supervisory Board of UmweltBank, he offers particular expertise with regard to efficient IT equipment for banks.

**Edda *Schröder***

Frankfurt  
Managing Director  
of Invest in Visions GmbH



Edda Schröder, the founder of Invest in Visions GmbH, Frankfurt, has served in various positions in asset management since 1994. At Fleming Funds Management (now JP Morgan Asset Management), she was responsible for sales and marketing in Europe. After that, she was managing director of Schroder Investment Management, where she was responsible for Germany and Austria. In 2006, Edda Schröder founded Invest in Visions GmbH with the aim of combining her extensive knowledge of the financial sector with social principles. She launched the first German microfinance fund in 2011. Edda Schröder has been a member of the Supervisory Board of UmweltBank since 2015.

Silke *Stremlau*

Wennigsen  
Member of the Management Board  
Hannoversche Kassen



Silke Stremlau studied political science and sociology with a focus on environmental policy. She has been committed to ecological and political issues since her early youth. At imug Beratungsgesellschaft für sozial-ökologische Innovationen, she established the Sustainable Investment department, and was responsible for the evaluation of companies under sustainability criteria. She previously supported UmweltBank as a member of the Environmental Advisory Board from 2006 to 2015.

3.3 Environmental Advisory Board

Prof. Dr  
Harald *J. Bolsinger*  
Würzburg  
Business Ethicist, University of Applied  
Sciences



Prof. Dr Harald J. Bolsinger is focused on sustainability policy, basic questions of business and corporate ethics and value management in companies. The Würzburg-based business ethicist scrutinises areas of questionable regulatory policy that pose a threat to viable, global sustainable development and free societies. He is convinced that global environmental and social sustainability must first and foremost come from the financial sector to achieve an effective long-term and irreversible shift towards a sustainable economy: 'If you want to change the world sustainably, you have to start with the financial markets!'

Dr  
**Meike *Gebhard***  
Munich  
Environmental Economist



Dr Meike Gebhard holds a doctorate in environmental economics and worked as a research assistant at the University of Münster until 1998. From 2000–2008 she was head of e-business at the international specialist publisher Reed Elsevier plc. She has been the managing director of Utopia.de, Germany’s widest-reaching Internet portal for sustainable consumption, since 2008. She is an expert in sustainability strategy, social media and digital consumer communication. In 2018, she was recognised with the People’s Choice Award at the German Environmental Media Awards for building Utopia into the leading sustainability platform.

**Stefan *Klinkenberg***  
Berlin  
Architect and Project Developer



Stefan Klinkenberg is an architect and project developer in Berlin. Together with his employees and cooperation partners, he develops and plans projects with particular social and ecological requirements. Clients are initiatives, cooperatives, associations, social agencies, building owners’ associations and private investors. The architect and project developer believes that the future belongs to sustainable and communal living: ‘We want to bring people together and work with them to create a liveable, sustainable living environment.’



## Claudia *Müller*

Frankfurt am Main  
Founder of Female Finance Forum



Claudia Müller founded the Female Finance Forum in 2017. Her goal is to awaken the interest of women in money and financial products, and to provide them with the knowledge necessary to take their finances into their own hands. She is an economist (BSc in International Economic Studies, Master in Public Policy) and worked in the area of sustainable investment at the Deutsche Bundesbank. She currently works in a sustainable family office and shares her knowledge through workshops and lectures as part of the Female Finance Forum.

## Heribert *Sterr-Kölln*

Freiburg  
Auditor and  
Tax Consultant



At the beginning of his consultancy work, Heribert Sterr-Kölln focused on family businesses that are socially committed. He recognised early on that legal and tax expertise alone could not provide satisfactory answers to central questions of entrepreneurial activity. He therefore developed the integrated consultancy method. This interdisciplinary approach combines technical expertise with targeted advice on orientation and strategic planning. Since 1994, he has placed his expertise at the service of renewable energy sources. He develops sustainable, economically successful strategies together with banks, municipal utilities and companies. One focus is on financing entrepreneurial projects and concepts.

3.4 Sustainable personnel policy

Philosophy

UmweltBank is committed to dedicated, qualified and responsible employees. After all, they are co-entrepreneurs and have a decisive influence on the success of the Bank. Working at UmweltBank goes hand in hand with choosing a meaningful occupation that combines professional banking with ecological commitment.

UmweltBank is a dynamic company with flat hierarchies and clear yet open structures. The corporate culture is characterised by trust and respectful interaction. Employees are supported, but also challenged. Within this framework, UmweltBank offers plenty of room for personal initiative and the opportunity to take responsibility.

UmweltBank lives by the principle of ‘quality before quantity’. There are no individual targets for achieving specific revenue or sales figures. This ensures fair treatment of customers and motivates employees to make decisions based on values rather than profit.

At the end of 2021, UmweltBank had 299 employees. The average tenure of 5.6 years demonstrates a high level of loyalty to the company. The collegial and informal working atmosphere at the company is normally supported by joint events and celebrations. Due to the coronavirus pandemic, however, all major company gatherings had to be cancelled last year. Nevertheless, the small gestures peripheral to daily work are also worth mentioning, such as a bouquet of flowers to welcome new talents.

As dedicated specialists in the field of ecological investment and professional financing of environmental projects, the employees are UmweltBank’s most important asset. One objective of the personnel policy is therefore to always create and foster the best possible working conditions. Targeted professional and personal qualification in addition to the compatibility of work and family ensures a high level of competence and motivation.



Personnel structure as at 31 December 2021

		2020	2021	Change in %
Number of employees		250	299	19.6
Number of employees (annual average)		231	279	20.8
Full-time equivalents		191.0	239.5	25.4
Share of women	%	53	57	
Share of men	%	47	43	
Number of permanent employees		221	263	19.0
Part-time employees		82	94	14.6
thereof women		59	70	18.6
thereof men		23	24	4.3
Employees on parental leave (annual average)		10	10	0.0
Average age of permanent employees	Years	39	38	
under 30		47	68	
30 to 50		131	150	
over 50		43	45	
Average age of student employees	Years	24	23	
Tenure (on average)	Years	6.1	5.6	
Fluctuation rate	%	6.0	7.8	
Number of sick days per employee (on average)		9.5	7.7	–18.9
Disabled employees		7	7	0

Fair remuneration system

UmweltBank’s remuneration system is designed for sustainability in line with the corporate strategy. There is no guaranteed variable remuneration, thus there are no incentives to take disproportionately high risks.

All permanent employees of UmweltBank receive 12 monthly salaries, as well as a special payment at the end of the year. This can be up to 100% of a monthly salary. Variable remuneration is not dependent on quantitative targets, but is determined by the respective managers. The Supervisory Board decides on special payments for the Management Board. Information on the Management Board remuneration can be found in the notes to the annual financial statements.

Student employees work part-time on an hourly basis with an hourly wage starting at €12. All interns, regardless of whether they are doing a voluntary or compulsory internship, receive remuneration at the level of the minimum wage.

Remuneration

		2020	2021	Change in %
Total personnel expenses	Euros	13,602,875.90	17,154,711.86	26.1
thereof fixed remuneration <sup>1</sup>	Euros	10,425,581.08	13,150,195.06	26.1
thereof variable remuneration <sup>1</sup>	Euros	768,662.42	923,295.44	20.1
thereof benefits <sup>2</sup>	Euros	398,417.77	433,802.68	8.9
thereof social security contributions	Euros	2,010,214.63	2,647,418.68	31.7

<sup>1</sup> For 279 employees as an annual average

<sup>2</sup> Travel allowances, non-cash meal allowances, flat-rate taxes



Additional company benefits

Beyond the salary, UmweltBank offers its employees a range of attractive benefits. The company covers the cost of a local public transport pass (job ticket) for all permanent employees. With the FirmenAbo Plus, they can not only use public transport for their daily commute to work, but also travel free of charge with their family members in the greater Nuremberg area in the evenings and at weekends.

The Bank supports families by providing financial assistance to employees with children. Mothers and fathers receive up to €150 per month and child for the care and accommodation of children who are not of school age in a crèche or kindergarten.

Business trips are primarily by train. UmweltBank provides all employees who travel regularly for business with a 2nd class BahnCard Business 25, which allows them to travel with 100% green electricity as standard. These same advantages also apply to private travel.

In addition, organically grown and fair-trade products such as coffee and tea are available free of charge. All permanent employees also receive cashless meal allowances.

UmweltBank actively points out the option for a company pension plan and matches up to 50% of the employee’s contribution. All permanent employees with an open-ended employment contract can take advantage of an interest-free loan of up to €30,000 for the purchase or renovation of an owner-occupied property. In addition, the Bank settles employees’ securities transactions at cost.

Employee shares can promote employee motivation and retention. UmweltBank therefore offers its employees the opportunity to purchase employee shares from time to time. In the past, these offered both a significant discount to the share price and an attractive bonus. For example: After a holding period of three years and provided they were still employed at the company, anyone who purchased shares under the 2018 employee share plan received one bonus share free of charge in early 2022 for each share held.

With the FirmenAbo Plus, employees travel free of charge on public transport in the greater Nuremberg area.



Professional development

UmweltBank continuously invests in the further training and education of its staff. The offer includes a wide range of internal and external seminars, communication and IT training, part-time qualification programmes and degree programmes. External training can include bank-specific, environment-oriented and personality-building topics, depending on individual requirements and needs. Advanced training concurrent with employment, such as to become a banking specialist or business economist, is supported.

In addition, 11 special in-house seminars were held in 2021. These included such seminars as ‘Banking for career changers’, ‘Securing loans through real estate liens’ and ‘Credit analyst business clients’, as well as ‘Self-leadership and change communication’ and ‘Self-organisation’. Due to the coronavirus pandemic, various seminars were held online.

All permanent employees of UmweltBank are contractually entitled to continuing education. In 2021, an average of 2.4 days per employee were invested in education and training. Expenses for staff development and training measures amounted to approx. €650,000. Seminar days per staff member decreased slightly again in 2021, as many seminars could not take place as planned due to the coronavirus pandemic. In addition, many providers developed digital events, which were offered in a more compressed form.

Once a year, employees discuss their individual development opportunities with their manager in a feedback meeting. In addition to talking about job performance, professional and personal development opportunities are also discussed.

New employees take part in internal induction training sessions lasting several days, where they get an overview of all the Bank’s departments and their areas of responsibility. In the respective specialist departments, employees receive individual training tailored to their needs.

Expenses for advanced training and continuing education measures amounted to approx. €650,000 in 2021.

Employee qualification

		2020	2021	Change in %
Share of employees with bank apprenticeship	%	42	44	
Share of employees with a university degree	%	70	71	
Seminar days per employee (on average)		2.5	2.4	−3.2

Promoting young talent

An important aspect of personnel work is attracting qualified junior staff. For many years now, UmweltBank has offered an 18-month trainee programme. This offers motivated university graduates an entry into the sustainable banking business.

It also provides UmweltBank with well-trained talent. The trainees get to know the Bank during the programme and then have extensive development opportunities within the company. Career changers also take advantage of this opportunity and enrich the Bank’s team with their individual expertise. There were 11 trainees employed in 2021.

Furthermore, internships and student jobs give students the opportunity to have a first look at the professional world and to get to know sustainable banking in practice.

Promoting young talent

	2020	2021	Change in %
Trainees employed in the whole year	12	11	−8.3
thereof new trainee hires	3	3	0.0
Student employees (annual average)	18	27	50.0
University interns (annual average)	5	6	28.2

UmweltBank bears the ‘Fair Company’ seal of quality and has voluntarily committed to complying with all the rules of the initiative. This makes it one of the companies that offer young academics a challenging working environment. UmweltBank thus also underscores its long-standing commitment to the responsible and future-oriented design of internships.

As a Fair Company, UmweltBank commits to paying students fairly, training them and providing them with offers that foster professional orientation.



Of the employees, 36% choose the attractive part-time models of UmweltBank and can thus balance family and career.

## Diversity and equal treatment

UmweltBank sees cultural diversity as an enrichment and an important factor for sustainable success. The working environment is characterised by mutual respect and tolerance. All employees are valued, regardless of gender, nationality, ethnic origin, religion or belief, disability, age, sexual orientation or identity. UmweltBank underscored its commitment by signing the Diversity Charter.

It goes without saying for UmweltBank that women and men are treated equally. Aspects such as qualification, professional experience and training are what matter for remuneration. UmweltBank has an equal opportunities officer.

in 2021, women made up 57% of the workforce. The share of women in leadership positions was 45%. Gender distribution on the Supervisory Board is balanced.

## Work-life balance

UmweltBank actively supports employees in balancing work and family life. As part of its child-friendly personnel policy, the Bank fundamentally offers the possibility of part-time employment. Many employees take the opportunity to take care of their family in line with their work and take time off. The majority of mothers and fathers return to the company after their parental leave. UmweltBank facilitates the return by offering individual part-time models and a financial subsidy for childcare. In 2021, 94 employees worked part-time (previous year: 82).

All full-time permanent employees of UmweltBank have 30 days of holiday per year. Additional days off are Christmas Eve, New Year's Eve and a half day on Shrove Tuesday. In principle, trust-based working hours apply at UmweltBank.

## Corporate Health Management

UmweltBank's strategically oriented Corporate Health Management aims to design work and organisation in a healthy way and is an integral part of the corporate culture. Workplace health promotion includes targeted measures in the fields of action 'exercise, relaxation, nutrition and prevention'.

The coronavirus pandemic left its mark on working life again in 2021 and necessitated adjustments to daily work. These included shift schedules, the provision of hand disinfectant in all departments, providing protective masks and self-tests, and the communication of the latest developments to all staff. UmweltBank also organised an employee vaccination programme in summer and autumn.

Advanced digitalisation made it possible to react flexibly to the pandemic situation, so that all employees had the possibility to work in the mobile office at any time. In autumn, the 3G rule was enacted to protect the workforce. This was based on the German federal government's SARS-CoV-2 Occupational Health and Safety Ordinance (Arbeitschutzverordnung), which serves as a guideline and support for companies and has been implemented at UmweltBank.

All employees and also the leadership had to adapt quickly to new situations because of the coronavirus pandemic. In addition to a digitalisation push in many areas, topics





such as leading and collaboration at a distance, self-organisation and self-care in the mobile office, and dealing with the pandemic individually were omnipresent in the past year. Corporate Health Management supported employees with regular information and training on topics such as mindfulness, resilience and work in a mobile office.

UmweltBank attaches great importance to regular ergonomics consultations in the office to ensure that employees can perform their jobs well and without health problems. To prevent one-sided strain, all workplaces have ergonomic office chairs and height-adjustable desks. This makes it possible to also work while standing.

In 2019, UmweltBank introduced a health card to promote the health of all employees throughout the company. The bonus system rewards sporting activities and thus makes a valuable contribution to a healthy lifestyle. The card can be used at various sports facilities and health providers, offering a diverse range of sporting and preventive activities. Due to the pandemic, the programme was expanded to include endurance training. Outdoor activities such as jogging, hiking or walking could also be claimed.



*Occupational safety and health protection*

Employee health and motivation are a central function in the corporate structure. Modern occupational health and safety takes into account the complex requirements of a dynamic working world and designs health-promoting conditions for all employees.

Occupational health and safety care is provided by an external prevention team consisting of an occupational safety specialist, a company doctor and an occupational psychologist. Internally, two employees are responsible for occupational safety and health protection. The Work Safety Committee, which meets quarterly, defines the focus topics for the year in a structured and transparent manner, discusses suggestions and necessities in the company and ensures that measures are implemented competently.

*Sustainably motivated*



**Sustainable remuneration policy**

- Fair remuneration system
- Contractual entitlement to further training
- Pension subsidy



**Family and work**

- Flexible working time models
- Childcare subsidy
- Time off possible (e.g. sabbatical)



**Health**

- Ergonomic workplaces
- Comprehensive health management
- Subsidy for selected sports courses



**Additional benefits**

- Public transport ticket
- Meal vouchers
- Employee shares





# *Annual* **Report**

## *Report of the **Supervisory Board** on the 2021 financial year*

UmweltBank AG looks back on a successful year 2021: despite an extremely challenging environment that was still heavily impacted by the global coronavirus pandemic, despite constantly increasing regulatory demands and despite various ambitious projects, ranging from a successful capital increase, the envisaged construction of new headquarters for the company to the intended change in the core banking system, i.e. the central IT application for the banking business, UmweltBank managed to expand its business and to maintain the strong result of the previous year.

### ***Composition of the Supervisory Board***

In the 2021 financial year, the Supervisory Board was composed of, unchanged in this respect, Susanne Horn, Dr Michael Kemmer, Heinrich Klotz, Edda Schröder and Silke Stremlau, with Edda Schröder and Heinrich Klotz being confirmed as Supervisory Board members by regular election at the annual general meeting on 24 June 2021. After more than 20 years on the Supervisory Board, Günther Hofmann decided not to stand for re-election and consequently left the Supervisory Board at the conclusion of the annual general meeting on 24 June 2021; as of that date, Dr Michael Maier was elected as his successor. Dr Michael Kemmer chaired the Supervisory Board for the entire financial year with Silke Stremlau as his deputy.

### ***Supervising and advising the Management Board***

In the past financial year, the Supervisory Board performed all duties for which it is responsible by law and under the articles of association. The Management Board reported to the Supervisory Board in depth about the intended operating policy and the financial, investment, capital and HR planning, the profitability of the company and the equity, on a regular basis on the course of business (including but not limited to current income, costs and the expenses for risk provisions) and the company's position, and in a timely manner about transactions that are potentially of considerable importance for the company's profitability or liquidity. The reports were made in writing and explained verbally at the following Supervisory Board meeting. Furthermore, the Management Board informed the Chairperson of the Supervisory Board without delay about any other important events that were potentially of significant importance for the company's position. These reports

and the joint discussions with the members of the Management Board provided the basis for the Supervisory Board's monitoring of the Management Board's work. Furthermore, the Supervisory Board advised the Management Board on governance of the company. In this respect, the members of the Supervisory Board were convinced at all times of the legitimacy, appropriateness and correctness of the Management Board's actions. The Management Board complied with its reporting duties at all times.

The Supervisory Board is of the opinion that, once again in 2021, the Management Board achieved the best possible balance between economic performance and the environmental and sustainability mission statement contained in the articles of association.

### ***Meetings and topics***

A total of five scheduled meetings of the Supervisory Board were held in the past financial year; there were no events requiring extraordinary meetings. All members of the Management Board and the Supervisory Board took part in each of the meetings. Furthermore, members of the Supervisory Board took part in a meeting of the Environmental Advisory Board on 7 October 2021. In light of the coronavirus pandemic, the annual general meeting of UmweltBank AG on 24 June 2021 had to be held once again as a virtual annual general meeting, for which reason only the Chairperson of the Supervisory Board and, by way of precaution, his deputy were in attendance on-site.

The scheduled meetings of the Supervisory Board each included an in-depth report by the Management Board on the economic and ecological development of the company, the risk control system and the banking business on the deposits side and on the lending side.

The Management Board presented to the members of the Supervisory Board those loans and business transactions requiring its approval by law or under the rules of procedure. Following their discussion and review, the Supervisory Board approved the submission made with no exceptions.

In addition to regular reporting on the current situation and the company's business, the Supervisory Board and the Management Board discussed strategic issues from the business segments.

At the meeting on 5 February 2021, the Supervisory Board approved the organisational adjustments to the structure on account of Heike Schmitz's appointment as designated member of the Management Board to the extended management of the company and likewise to the anticipatory resolution by the Management Board under which the services of related parties of the company can also be used without a further separate approval resolution in so far as the services are rendered subject to standard conditions. Furthermore, the head of Internal Audit reported to the Supervisory Board in person and answered the Supervisory Board's questions. In addition, the Supervisory Board discussed the provisional figures as well as, in detail, the business policy intended by the Management Board and the impact on UmweltBank AG's investment products of the ruling of the German Federal Court of Justice on the adjustment of variable basic interest payments on long-term bank savings plans. The meeting further addressed current supervisory correspondence.

The meeting to discuss the financial statements was held on 16 April 2021; the auditor of the company's financial statements also participated in this meeting when the corresponding items were being discussed. Resolutions were passed on the Supervisory Board report and on the proposals for resolutions to be made to the annual general meeting and its implementation as a virtual annual general meeting, as well as on the achievement of targets and the vesting of the Management Board's variable remuneration components on the basis of the previous year's results. The Supervisory Board further evaluated its own work and adjusted its competency profile; it was deemed unnecessary to form committees. The Supervisory Board approved the preliminary financing of a bond issue and the granting of an overdraft facility to the subsidiary UmweltProjekt GmbH as well as the extension of the company's D&O and supplementary legal expenses insurance to the modified conditions. The Supervisory Board further discussed the equity planning and the Management Board's considerations on bundling the company's sponsorship and charitable activities.

At the meeting on 25 June 2021, the matters discussed in detail by the Supervisory Board with the Management Board included in particular the appropriateness of the company's cost development with regard to its financial performance and objectives. Furthermore, the process for selecting the auditor for the 2022 financial statements was discussed and a resolution passed in this respect. The Management Board further reported on the effects of recent court rulings and ongoing contact with the regulatory authority.

The most important item at the meeting on 8 October 2021 was the discussion of the change in the core banking system planned by the Management Board, i.e. the IT application that performs the most important banking transactions. The discussion also included the report by Dr Michael Maier who, being the IT expert on the Supervisory Board, obtained a direct impression of this project, which is of material importance for the company; his activities also included visits to the premises of the providers coming into question. Reports were furthermore made by the members of the Supervisory Board who had attended the Environmental Advisory Board meeting held the previous day. In addition, the company's Compliance Officer made his report and answered the Supervisory Board's questions. Furthermore, the impact of the German Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG) on the Supervisory Board's work was also discussed. The Supervisory Board approved a Management Board resolution on a capital increase and the appointment of Sanika Hufeland as a member of the Environmental Advisory Board, as well as a loan to a governing body of an immaterial amount made to an authorised signatory of the company; by way of precaution, the Supervisory Board additionally approved an agreement relating to the purchase price of the land at the planned new headquarters of the company that provided for an earlier payment date and, in return, a reduction in purchase price components yet to be paid. Furthermore, a resolution was passed on placing the order for the audit of the 2021 annual financial statements in accordance with the resolution of the annual general meeting on 24 June 2021.

On 3 December 2021, the Management Board and the Supervisory Board discussed in detail the business policy and corporate planning intended by the Management Board over the short to medium term. A resolution was passed on the target agreement with the Management Board for 2022, and the appropriateness of the Management Board remuneration in general. Additionally, the outcome of the regular review of the members of the Management Board for reliability and the further composition of management were discussed. The Supervisory Board passed a resolution on the creating of an audit committee, as now required by the FISG, as of 1 January 2022, and approved a renewal of the Management Board's anticipatory resolution on transactions with related parties.

In addition, resolutions were adopted, with documents being circulated without a meeting in each case, on the variable remuneration of the former Management Board member Stefan Weber in accordance with his termination agreement, on the appointment of



Claudia Müller as a member of the Environmental Advisory Board, and on determining the subscription price and adjustment of the capital in the articles of association under the capital increase performed in October 2021.

***Approval and adoption of the annual financial statements, proposal for the appropriation of profit***

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, the auditors elected by the annual general meeting in June 2021, audited the annual financial statements and the management report for the 2021 financial year, including the underlying accounts, and issued an unqualified audit opinion on the same. The Supervisory Board also performed an in-depth review of the annual financial statements and the management report. The auditors took part in the consultation, reporting on the significant findings of their audit and fully answering the Supervisory Board’s questions in this context.

On the basis of the auditor’s audit report, the supplementary explanations and the final outcome of its own review, the Supervisory Board did not raise any objections to the annual financial statements with the management report for the 2021 financial year.

The Supervisory Board consequently approved and adopted the 2021 annual financial statements.

The Supervisory Board also reviewed the Management Board’s proposal for the appropriation of profit; it concurs with this proposal. The Management Board’s proposal appropriately takes account of both the shareholders’ dividend interest and in the necessary creation of further capital for the company’s further growth.

***Thanks***

The members of the Supervisory Board would like to express their thanks to the members of the management and all employees of the company for their great dedication and successful performance in 2021 under ongoing challenging conditions. We likewise thank the shareholders for their deep loyalty to UmweltBank and all customers for their trust. Together, they all form the basis for the past and ongoing success of the company.

Nuremberg, 26 April 2022

signed



Dr Michael Kemmer, Chair of the Supervisory Board

# Management report of *UmweltBank AG*, *Nuremberg, 2021 financial year*

## Background to the company

UmweltBank is one of the **leading sustainability banks in Germany**. It strives to profit from the social trend towards an ecological and social economy and towards climate neutrality. As a direct bank, it serves private and business customers through Germany from Nuremberg.

The Bank's **core mission** is to **finance environmental projects**. This mission is enshrined in its articles of association as follows: 'UmweltBank promotes the sustainable development of society with the objective of maintaining and creating a liveable world for future generations. The Bank models its business operations on the United Nations Sustainable Development Goals. In particular, it makes contributions to the implementation of sustainable towns and communities, to affordable and clean energy and to climate protection. In this respect, it pays attention to sustainable production and consumption as well as gender equality.'

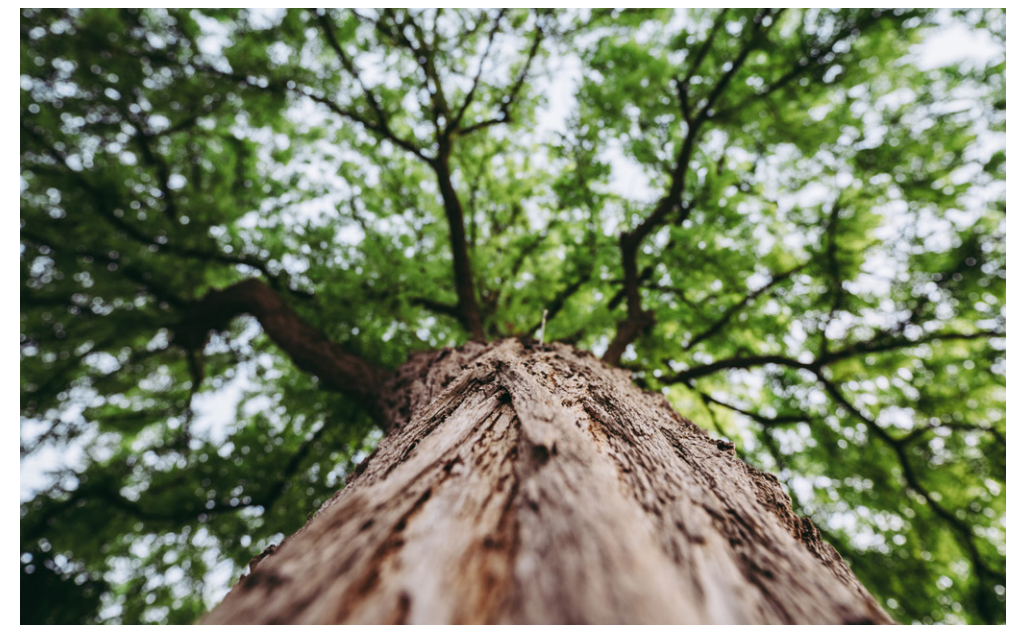
Correspondingly, the focus of financing activities is placed on **affordable and ecological accommodation as well as photovoltaics and wind farms**. Most of the assets have been issued as traditional loans. Over and above this, the Bank also invests equity in real estate and energy projects and in other companies in the sustainability sector. The securities of the liquidity reserve are likewise selected using ecological criteria.

UmweltBank offers a **unique promise: the environmental guarantee**. It guarantees that savings deposits of its customers and the capital of its shareholders are used exclusively for loans to promote environmental projects. The Bank's range of products also includes sustainable securities: its own share, own bonds, project and corporate bonds of other issuers, and sustainable investment funds. The sustainability competency of the Bank is put into practice with the UmweltSpektrum fund brand. Ecologically orientated pension policies round off the range of services. The Environmental Advisory Board, an advisory and supervisory body, regularly monitors whether the environmental guarantee is complied with.

The Bank measures the success of its business operations not only on the basis of financial but also **ecological and social indicators** such as compliance with the environmental guarantee, carbon savings or providing people with affordable accommodation.

Employees make a decisive contribution to UmweltBank's success. Consequently, the company places great value on creating an environment that offers the workforce the best possible working conditions and possibilities for personal development. Alongside flexible part-time models and contractually specified further training options, employees receive extensive benefits such as a childcare subsidy and a free public transport ticket. Furthermore, there are no set targets for the achievement of specific revenue or sales figures – and thus no unnecessary pressure on the workforce. Many employees are at the same time shareholders in the Bank.

Through its membership in the Global Alliance for Banking on Values (GABV), the Bank is embedded in an international network of sustainability banks.



## Economic report

### *General economic and industry-specific framework conditions*

In 2020, the coronavirus pandemic threw the global economy into an unprecedented recession. With extensive fiscal and monetary policy measures, governments and central banks around the world threw their weight against the economic collapse. The German government reacted to the crisis by putting together the largest aid package in the history of the Federal Republic of Germany. 2021 was also a year in which both the economy and society at large were significantly marked by the pandemic.

According to initial calculations by the Federal Statistical Office, the **German economy** was able to recover in 2021 from the coronavirus-related slump of the previous year. For example, gross domestic product (GDP) increased by 2.8% in comparison to 2020. The coronavirus pandemic continued to have an impact on all sectors of the economy, albeit to varying degrees. For instance, the retail trade, hotels and the hospitality sector suffered severely once again under the restrictions imposed to combat the pandemic. 2021 saw an improvement again for German industry but due to supply bottlenecks there was a shortage of microchips, components and raw materials, which held back the upswing. All in all, the recovery in economic output did not turn out to be as strong as still anticipated at the beginning of 2021. At that time, the federal government was reckoning with economic growth of 3.5%.

The European Central Bank (ECB) continued its **expansive monetary policy** over the past year. The interest rate for main refinancing operations remained unchanged at the record low of 0.0% over the entire year. The interest on the deposit facility was unchanged at –0.5%. Over and above this, the ECB continued the Pandemic Emergency Purchase Programme (PEPP) for the bonds of public and private debtors. The PEPP was initiated in 2020 to counteract a deterioration in financing terms. At the end of December 2021, the ECB announced that the net asset purchases under the PEPP would be discontinued as planned at the end of March 2022. In addition, the ECB made targeted longer-term refinancing operations (TLTROs III) available at attractive terms again in 2021 in order to provide stronger incentives for banks not to reduce the volume of credit during the crisis.

Despite the ongoing coronavirus pandemic, the **real estate market** proved to be robust overall again in 2021. The housing market saw persistently strong demand. According to data from the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken – vdp) residential real estate prices rose by 11.3% across Germany. The reasons for this development include not only the influx into metropolitan areas but also the increased interest in accommodation with sufficient space for a home office. The price level was strongly driven by high demand from institutional investors who are resorting to investments in real estate on account of the persistent period of low interest rates. In this context, residential real estate was considered to be a safe haven. Low-income households still have problems finding affordable accommodation. The new federal government has addressed this issue in its coalition agreement. There are, for instance, plans to build 400,000 new homes, 100,000 of which with public subsidies.

The expansion of **renewable energies** in the field of wind energy also continued at a low level in 2021. Throughout Germany, 484 new land-based wind turbines were built with a total output of around 1.9 GW. While this corresponds to an addition of around 35% in comparison to the previous year (around 1.4 GW in 2020), the addition is just under 64% below the addition seen in the record year of 2017 (5.4 GW). The addition to the stock of photovoltaic systems increased to just under 5.3 GW in 2021 – and thus the highest figure since 2012. This corresponds to an increase of around 10% on the previous year. Although the building of additional photovoltaic systems stagnated at a low level between 2014 and 2017, the following years saw dynamic growth that also continued in 2021.



## Business performance

UmweltBank saw **further successful growth** in the 2021 financial year.

In 2021, UmweltBank recorded especially **strong demand in the securities business**. The volume of securities accounts under management stood at €950 million at the end of 2021 – an increase of €250 million or 39% since the beginning of the year. The UmweltSpektrum Mix launched at the beginning of 2020 contributed to this development. This multi-asset fund is based on UmweltBank's strict sustainability approach and pursues the objective of generating appropriate growth in value. At the end of the year, the multi-asset fund had a volume of €100 million (2020: €42 million). With the UmweltSpektrum brand, UmweltBank is positioning itself on the growing market for sustainable funds.

In the past year, UmweltBank provided the financing for the 'WUN H2' project in Wunsiedel, Upper Franconia, the first plant for the **generation of green hydrogen** with a volume of credit of around €10 million. This means that the Bank is now also present in this market segment with a financing concept. The long-term plans are for the plant to produce up to 1,300 tonnes of green hydrogen each year, making it one of the largest plants in Germany. Hydrogen is an important energy source both for the mobility sector and industry and an essential component in the energy transition. The hydrogen produced by WUN H2 covers the needs of regional businesses and supports industrial decarbonisation. Operations are scheduled to begin in the summer of 2022. From that point onwards, it will be possible to avoid 15,000 tonnes of carbon per year.

UmweltBank successfully performed a **capital increase** at the end of 2021, generating net proceeds of around €73 million. In total, 59% of the new shares were subscribed by existing shareholders. New shares that were not purchased by UmweltBank's shareholders through the exercising of subscription rights were subscribed by institutional investors as part of a private placement. Demand under the private placement exceeded the available volume more than twice.

Since the beginning of 2021, UmweltBank has opted for VAT. This decision was made primarily with regard to the higher capital expenditure for the construction of a new headquarters and in this context the increased use of the option to deduct input tax (VAT) should bring about cost savings.

UmweltBank has been growing continually for many years and is planning to grow even more. The current location, distributed over several buildings, is going to reach its limits with regard to the number of workplaces and their flexibility. For this reason, the Bank has purchased a plot of land at Nordwestring in Nuremberg. The aim is to build a new office building there according to high sustainability standards that is to become part of a new urban district that meets high ecological and social standards and that will have a comprehensive mobility concept.

UmweltBank acquired the empty plot of land as of 1 July 2021. The planning application for the new company headquarters, the UmweltHaus, was submitted on 30 November 2021. As long-term owner and lessor of the buildings in the UmweltQuartier, UmweltBank is tapping into another source of revenue and a pillar of earnings independent of interest payments.

The Bank's **volume of business**, i.e. total assets plus contingent liabilities and other obligations (irrevocable credit commitments, for example), came to €6,451.0 million at the end of 2021, an increase of 19.6% on the previous year. Total assets increased by 19.9% to €5,927.8 million. As at 31 December 2021, the Bank financed environmental and social projects with a total volume of €3,416.6 million (previous year: €3,119.7 million). The total amount of loans utilised by customers increased by 9.6% to €3,132.5 million. The total volume of customer credit, including open commitments of €463.2 million, was €3,595.7 million, 10.9% up on the level of the previous year.

In 2021, the volume of new business in the area of **financing of new real estate projects** stood at €412 million, clearly up on the previous year's level of €343 million. The growth was supported primarily by larger residential projects. Special importance should be attached to cooperative projects in this context. However, several instances of financing for schools with high loan amounts and interim financing for plots of land promoted the development in this business segment. Furthermore, with the Villa Viva, UmweltBank provided financing for a hotel at the heart of Hamburg for the non-profit organisation Viva con Agua – an ecological and social showcase project. Firstly, the building is being constructed according to high ecological standards and, secondly, most of the profits are permanently channelled into the organisation's project work, thus supporting drinking water projects around the world.

Demand for **private building loans and mortgages** remained at the high level of the previous year. Joint building ventures that usually make up a major share of the Bank's volume of private building loans and mortgages were one of the drivers once again in 2021. Despite the rise in land prices, UmweltBank recorded disproportionately high demand on the part of the 'building group' scene that clearly exceeded the Bank's processing capacity.

Over 2021, UmweltBank financed **photovoltaic systems** with an output of just under 500 MWp, which is just about double the previous year's figure (269 MWp). The Bank's market share of the overall photovoltaics market was 9.4%; in relation to the relevant market for systems over 250 kWp, it was as much as 20.5% (after 10% in the previous year).

The standardised financing concept for open-space photovoltaic systems on the basis of **Power Purchase Agreements** (PPAs), developed by UmweltBank in 2019, is seeing increasing demand on the market. In 2021, the Bank provided financing on the basis of PPAs for photovoltaic systems with an output of 235 MWp, after 88 MWp in 2020.

In the area of **wind turbines**, a plant output of around 84 MW was co-financed in 2021 with a volume of new credit of €154 million. UmweltBank's share of the German market was around 4.7% (previous year: 3.8%), which it was able to increase in comparison to the previous year despite the ongoing difficult market environment.

With regard to the **sector distribution of the loan portfolio**, the sustainable economy (infrastructure financing, participating interests, green and social bonds) took first place at 33.3% in 2021, 27.8% was attributable to residential, social and commercial real estate, followed by solar energy loans at 24.1% and wind energy loans at 13.8%. The remaining volume of credit breaks down into biomass and heating concepts as well as hydropower loans. Due to an adjustment to how the figures are determined, the previous-year figures are not presented here. At the end of 2021, the total number of all ecological projects financed since the Bank was founded comes to 24,513 (previous year: 23,881).

Placing the volume of utilised environmental loans, note loans for a specific purpose, participating interests and green/social bonds in relation to the deposit volume provides a coverage of 100% (fulfilment of environmental guarantee). This meant that the environmental guarantee given by UmweltBank that it will use investors' money exclusively to finance environmental projects was once again upheld.

The **result for the year** before taxes (EBT) came to €38.1 million in 2021. This corresponds to an increase of 0.6% on the previous year. Earnings after tax before addition to the

fund for general banking risks in accordance with Section 340g German Commercial Code (Handelsgesetzbuch – HGB) came to €25.4 million (previous year: €26.5 million). This corresponds to €0.72 per share with 35.4 million no-par-value shares (previous year: €0.85; 31.0 million no-par-value shares). The result for the year after tax and addition to the fund for general banking risks increased by 4.7% to €19.4 million. The Bank's financial performance developed in line with the Management Board's expectations.

Accumulation of profit of €12.5 million (including fresh funding of the reserve pursuant to Section 340g HGB) **increased the regulatory capital** significantly. After adoption of the annual financial statements, the total regulatory capital ratio came to 16.60% (previous year: 14.59%).

The number of **employees and interns** working for UmweltBank grew to 299 individuals as at the end of the year. Converted to a 40-hour working week, the workforce increased by 25.1% to 239.5 individuals (previous year: 191.4). This figure includes, once again, 11 trainees.

Trading in the UmweltBank share closed at the end of the year at a price of €19.55 (previous year: €13.95). At this level, the UmweltBank share has a price/earnings ratio of 27.2 and a dividend yield of around 1.7%.

On the back of the positive development of the volume of business and the result for the year, the financial year took a favourable trajectory overall also in light of the situation regarding the coronavirus. With a customer base of 132,087, the Bank only fell slightly short of the objective set at the beginning of 2021 to reach 135,000 customers. This was due to business policy, as the conditions for savings products, that are very attractive in a market comparison, were adjusted over the course of the year in order to restrict the inflow of savings deposits.

Financial performance

	01.01.- 31.12.2021 € thousand	01.01.- 31.12.2020 € thousand	Change in € thousand	Change in %
Interest result	63,238	52,103	11,135	21.4
Financial result	2,965	3,377	-412	-12.2
Risk provisions (expense (-) / income(+))	-3,263	-1,365	-1,898	139.0
Valuation result (expense (-) / income(+))	263	230	33	14.3
<b>Interest, financial and valuation result</b>	<b>63,203</b>	<b>54,345</b>	<b>8,858</b>	<b>16.3</b>
Net Commission and trading income	9,421	5,148	4,273	83.0
Other expenses (-) / income (+)	55	6,148	-6,093	-99.1
<b>Earnings before administrative expenses and taxes</b>	<b>72,680</b>	<b>65,641</b>	<b>7,039</b>	<b>10.7</b>
Personnel expenses	17,154	13,778	3,376	24.5
Other administrative expenses	16,512	13,288	3,224	24.3
thereof expenses for bank levy and deposit protection	4,096	2,684	1,412	52.6
Depreciation and amortization on fixed assets	929	727	202	27.8
<b>Total administrative expenses</b>	<b>34,595</b>	<b>27,793</b>	<b>6,802</b>	<b>24.5</b>
<b>Earnings before taxes</b>	<b>38,085</b>	<b>37,848</b>	<b>237</b>	<b>0.6</b>
Income taxes	12,710	11,350	1,360	12.0
Additions to the fund for general banking risks	6,000	8,000	-2,000	-25.0
<b>Net result</b>	<b>19,375</b>	<b>18,498</b>	<b>877</b>	<b>4.7</b>
Transfer to retained earnings	6,517	6,400	100	1.6
<b>Distributable profit</b>	<b>12,858</b>	<b>12,098</b>	<b>760</b>	<b>6.3</b>

**Net interest income** increased by 21.4%, from €52,103 thousand in 2020 to €63,238 in 2021. Refinancing expenses fell while interest income rose in comparison to the previous year. The average interest margin increased from 1.20% to 1.21%.

The **financial result** includes the current income from equities and other non-fixed-in-interest securities, participating interests and affiliated companies and the balance of write-ups and write-downs on participating interests, shares in affiliated companies and securities treated as non-current assets. The decrease from €3,377 thousand in 2020 to €2,965 in the reporting year primarily results from a lower level of current income from participating interests and a higher level of depreciation and impairment of participating interests, shares in affiliated companies and securities treated as non-current assets.

Additions to and reversals of **risk provisions** for customer loans, including an addition to the provision for general banking risks pursuant to Section 340f HGB of €3,700 thousand, netted as an expense of €3,263 thousand (previous year: €1,365 thousand). The existing risk provisions (specific and general allowances) came to €4,139 thousand (previous year: €5,261 thousand), which makes up 0.13% (previous year: 0.19%) of the volume of customer credit granted.

The **valuation result** reports income of €263 thousand (previous year: €230 thousand). This figure includes recoveries of written-off receivables of €218 thousand (previous year: €21 thousand), direct write-downs of receivables of €26 thousand (previous year: €17 thousand), write-ups and write-downs on receivables and securities of the liquidity reserve of €51 thousand (previous year: €151 thousand) and profits and losses from the disposal of securities of the liquidity reserve netted in the amount of €20 thousand (previous year: €75 thousand).

The **commissions and net trading income** contains commission income and expenses from the credit, securities and insurance business as well as profits and losses from trading with equity and bond funds, and bonds. The increase from €5,148 thousand to €9,421 thousand stemmed from a predominantly higher level of commission income in the credit and intermediation business and price gains from trading with bonds and investment funds. The revenue in the securities and intermediation business came to around €190.1 million in 2021 (previous year: €104.5 million).

The balance of **other operating expenses and income** revealed income of €55 thousand in 2021 (previous year: €6,148 thousand). The large difference in comparison to the previous year can be explained by one-off special effects in 2020. The decisive factor in this development was the conclusion of the legal dispute about the licence agreement with D.U.T. UmweltTreuhand GmbH and the associated reversal of the provision and repayment of licence fees plus interest.

**Earnings before administrative expenses and taxes** increased from €65,641 thousand in the previous year to €72,680 thousand. This corresponds to an increase of 10.7%.

Parallel to the increase in the number of employees, **personnel expenses** saw growth of 24.5% to €17,154 thousand (previous year: €13,778 thousand). The increase primarily results from the increase in the workforce to implement the HR strategy and from salary adjustments.

**Other administrative expenses** increased from €13,288 thousand in the previous year to €16,512 thousand in 2021. The increase predominantly stems from a higher contri-



bution to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken – EdB), a higher bank levy and budgeted increases in marketing, IT and consulting expenses.

Netting of income and expenses results in **earnings before taxes** of €38,085 thousand in comparison to €37,848 thousand in the previous year. The Management Board passed a resolution to add €6,000 thousand to the **fund for general banking risks** in accordance with 340g HGB.

After deduction of the tax expense of €12,710 thousand for corporate income tax and trade tax (previous year: €11,350 thousand), there remains a **net result** of €19,375 thousand (previous year: €18,498 thousand). After the transfer to the retained earnings of €6,517 thousand (previous year: €6,400 thousand), there are **distributable earnings** of €12,858 thousand (previous year: €12,098 thousand).

Balance sheet as at 31.12.2021

ASSETS	31.12.2021 € thousand	31.12.2020 € thousand	Change in € thousand	Change in %
Cash and cash balances	814,230	98,665	715,565	725.2
Receivables from banks	12,984	55,864	-42,880	-76.8
Receivables from customers	3,072,520	2,792,662	279,858	10.0
Bonds and other fixed-interest securities	1,918,388	1,907,796	10,592	0.6
Equities and other non-fixed-interest securities	10,741	7,015	3,726	53.1
Trading portfolio	4,455	0	4,455	N/A
Participating interests and shares in affiliated companies	38,388	34,827	3,561	10.2
Intangible assets	798	806	-8	-1.0
Property, plant and equipment	47,203	39,837	7,366	18.5
Other assets	6,124	5,380	744	13.8
Prepaid expenses	193	356	-163	-45.8
Deferred tax assets	1,775	1,161	614	52.9
Total assets	5,927,799	4,944,369	983,430	19.9

In a year-on-year comparison, **receivables from banks** fell by 76.8% to €12,984 thousand. This decrease is attributable to the repayment of note loans.

The portfolio of **receivables from customers** reached a new high of €3,072,520 thousand. The increase in receivables is primarily due to the new business in the areas of commercial photovoltaic systems, wind power, the financing of land purchases, commercial real estate and the financing of private new builds. Significant decreases in volume were reported in the areas of private photovoltaic systems and biogas due to repayments exceeding the new lending business.

The volume of **bonds and other fixed-interest securities** was €1,918,388 thousand as at 31 December 2021, slightly up on the previous year (€1,907,796 thousand). Over the reporting period, the portfolio of **equities and other non-fixed-interest securities** increased by 53.1% to €10,741 thousand through purchases of fund shares (previous year: €7,015 thousand).

The **trading portfolio** came to €4,455 thousand (previous year: €0 thousand). This figure includes €4,433 thousand from the UmweltProjekt AG bond ISIN DE000A2TSEC4 that had not been fully sold to customers as at the end of 2021. The increase in the portfolio of **participating interests and shares in affiliated companies** of €34,827 thousand to €38,388 thousand is primarily attributable to the acquisition of a shareholding in Utopia GmbH.

The decline in **intangible assets** of €8 thousand is attributable to amortisation of purchased software licences.

**Property, plant and equipment** increased by €7,366 thousand to €47,203 thousand. The rise is essentially attributable to additions in the context of building a new headquarters and the development of a sustainable urban district.

**Other assets** saw an increase of €744 thousand to €6,124 thousand. This rise is primarily the result of undistributed shares of profits from participating interests in partnerships.

**Prepaid expenses** fell from €356 thousand to €193 thousand. The item contains expenses that relate to future financial years

EQUITY AND LIABILITIES	31.12.2021 € thousand	31.12.2020 € thousand	Change in € thousand	Change in %
Liabilities to banks	2,440,726	1,803,321	637,405	35.3
Liabilities to customers	2,954,087	2,694,112	259,975	9.7
Other liabilities	4,882	4,640	242	5.2
Deferred income	771	505	266	52.7
Deferred tax liabilities	0	0	0	0
Provisions	14,852	11,686	3,166	27.1
Lower-ranking liabilities	87,905	87,905	0	0
Profit participation rights	44,307	50,159	-5,852	-11.7
Fund for general banking risks	135,150	129,150	6,000	4.6
Equity	245,119	162,891	82,228	50.5
<b>Total equity and liabilities</b>	<b>5,927,799</b>	<b>4,944,369</b>	<b>983,430</b>	<b>19.9</b>

Alongside equity and longer-term deposits, public subsidies for environmental projects serve as a **source of long-term funding**. In this respect, the vast majority of liabilities to banks are attributable to KfW-Förderbank (€1,081,391 thousand; previous year: €845,524 thousand) and Landwirtschaftliche Rentenbank (€253,944 thousand; previous year: €220,413 thousand). Both the refinanced receivables from the final borrowers and further securities of a nominal value of €120,000 thousand have been transferred to the development banks as collateral.

The **funding ratio**, defined as the ratio of the balance sheet items liabilities to banks to receivables from customers, increased from 64.6% to 79.4%. Liabilities to banks also includes funds in connection with the Bundesbank’s targeted longer-term refinancing operations of €1,070,000 thousand (previous year: €700,000 thousand). In total, liabilities to banks saw an increase of €637,405 to €2,440,726 thousand.

**Liabilities to customers** increased by 9.7% from €2,694,112 thousand to €2,954,087 thousand. All overnight deposits come to €1,833,321 thousand and make up 62.1% (previous year: 57.6%) of liabilities to customers. This is followed in second place by savings deposits of €841,507 thousand or a share of 28.4% (previous year: 32.9%); the Umwelt-Festzins product takes third place at €279,260 thousand or 9.5% (previous year: 9.5%).

At €4,882 thousand, **other liabilities** are up 5.2% on the previous year. The rise is primarily due to opting for VAT.

The increase in **deferred income** from €505 thousand to €771 thousand results from one-off payments received on receivables from customers that are recorded as income distributed over the period of fixed interest of the loans.

The item **lower-ranking liabilities** includes the UmweltBank-CoCo-Bond 2016/2017 in the amount of €25,954 thousand (previous year: €25,954 thousand), the Umwelt-Bank-Green-Bond-junior in the amount of €41,951 thousand (previous year: €41,951 thousand) and registered bonds in the amount of €20,000 thousand (previous year: €20,000 thousand).

**Provisions** increased from €11,686 thousand to €14,852 thousand. The increase essentially results from the creation of provisions for increasing bonuses and interest-rate adjustments for the environmental savings plan (Umweltsparvertrag), for the purchase of treasury (own) shares as part of the employee participation programme and for an earn-out clause as part of the acquisition of the participating interest in Utopia GmbH.

The reserve pursuant to Section 340g HGB (**fund for general banking risks**) was increased by €6,000 thousand (4.6%).

The **equity recognised on the balance sheet** increased by €82,228 thousand from €162,891 thousand to €245,119 thousand. The increase primarily results from a capital increase of around €73,000 thousand.

The **irrevocable credit commitments** increased to €463,192 thousand (previous year: €382,907 thousand). The **liabilities from guarantees and warranty agreements** fell to €59,996 thousand (previous year: €66,057 thousand).

Regulatory equity

UmweltBank’s **equity** exceeds by a significant margin the current statutory requirements. After adoption of the 2020 annual financial statements, the regulatory equity came to €408.4 million. Upon adoption of the 2021 annual financial statements, equity increased to €426.5 million (+4.4%). Of this figure, €289.6 million is classified as Common Equity Tier 1 capital, €27.1 million as additional core capital and €109.8 million as supplementary capital.

For the capital increase of €73.1 million from October 2021 and other previous capital increases<sup>1</sup>, recognition by the BaFin was still pending as at 31 December 2021. Consequently, a total of €77.0 million could not yet be included in the regulatory equity. If the BaFin had already recognised the capital increases, equity would amount to €503.5 million, of which €366.6 million as Common Equity Tier 1 capital, €27.1 million as additional core capital and €109.8 million as supplementary capital.

The rise in equity in the 2021 financial year of around €18.1 million essentially stems from the accumulation of profits.

The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) issued a notice pursuant to the Supervisory Review and Evaluation Process (**SREP**) under which UmweltBank must comply with a total capital surcharge of 1.5 percentage points. According to the provisions of the Capital Requirements Regulation (CRR) valid as of the reporting date, UmweltBank is subject to the following equity ratios taking account of this surcharge as at 31 December 2021:

	Regulatory require- ment 31.12.2021	31.12.2021*	31.12.2021	31.12.2020
Total capital ratio	12.0%	16.6%	14.1%	14.6%
Tier 1 capital ratio	9.6%	13.0%	10.4%	10.9%
Common Equity Tier 1 capital ratio	7.8%	12.1%	9.5%	9.8%

\* If the capital increase from October 2021 had already been recognised by BaFin.

<sup>1</sup>Cash capital increase from July 2020 and employee shares from 2019 and 2020

The slight decline in the core capital ratio and the Tier 1 capital ratio is essentially attributable to a corresponding expansion of the risk-weighted assets and the expiry of the transitional periods for equity components to be taken account as part of additional core capital.

Over the financial year the key figures exceeded the minimum regulatory requirements at all times.

According to the regulations valid as of the reporting date and subject to the assumption that the annual financial statements are adopted, UmweltBank’s **leverage ratio** stood at 5.1% (previous year: 5.9%). If it were already possible to take into consideration all capital increases for regulatory purposes, the leverage ratio would be 6.4%.

Liquidity

The Bank was able to **meet its payment obligations** at all times in the 2021 financial year. The ‘liquidity coverage ratio’ (LCR) to be complied with pursuant to Regulation (EU) No. 575/2013 (CRR) stood at 4.47 as at 31 December 2021, thus significantly higher than the minimum of 1.0.

Summary assessment of the Bank’s business development and performance

For the purpose of governing the Bank, the Management Board uses, in addition to risk management, the volume of business, the result for the year before taxes (EBT), fulfilment of the environmental guarantee and carbon savings as key financial and non-financial indicators.

In terms of key financial indicators, the objectives for 2021 stated in the management report for 2020 were met and, in some cases, exceeded.

The **volume of business** of €6,451.0 million, which comprises total assets of €5,927.8 million, liabilities from guarantees and warranty agreements of €60.0 million and irrevocable credit commitments of €463.2 million, increased by 19.6% in 2021 in comparison to the previous year.

In this context, the forecast was exceeded due to two material effects: Firstly, more TLTRO funds were taken out at the Bundesbank than planned and, secondly, more credit was issued than anticipated.



At €38,085.0 thousand, the **result for the year before taxes** (EBT) stood at the previous-year level and corresponded to the forecast made. Net interest income was up on the previous year’s figure and, thanks to the additional TLTRO funds taken out, was higher than forecast. As anticipated, the net commission and trading income increased on account of higher commission income in the lending business and intermediation business and price gains from trading with bonds and investment funds both on the previous year and in comparison to the forecast. Personnel expenses and general administrative expenses increased both on the previous year and in comparison to the forecast.

The ratio of the volume of utilised environmental loans, note loans for a specific purpose, participating interests and green/social bonds to the deposit volume provides a coverage of 100% (**fulfilment of environmental guarantee**) as at 31 December 2021 and thus, due to an updated calculation method, slightly down on the forecast made a year ago.

The **carbon savings** from all subsidised and financed loan projects together increased from just under 1,000,000 tonnes of CO<sub>2</sub>e (tonnes of CO<sub>2</sub> equivalents) in 2020 to around 1,200,000 tonnes of CO<sub>2</sub>e in 2021, which is in excess of our forecast. In this context, all greenhouse gas emissions caused by the company, whether directly or indirectly, were offset against the savings from projects in the field of renewable energy sources, as electricity from renewable energy sources saves carbon compared with the substituted energy sources. The calculation was made on the basis of the Global GHG Accounting and Reporting Standard of the Partnership for Carbon Accounting Financials (PCAF).

## Risk reporting

### *Risk management system*

The aim of UmweltBank is to enter into only those transactions that have a positive risk-opportunity profile. Building on this principle, a **risk management system** has been put in place that constantly monitors and manages all relevant business segments. The instruments deployed as part of the risk management are refined on an ongoing basis.

The basis for the control and monitoring of risks is a **business and risk strategy** defined by the Management Board and made known to the Supervisory Board.

A risk inventory performed on an annual basis reviews the completeness of the risk strategy and the material risks. In this respect, UmweltBank differentiates between the following risk types:

- Credit risks
- Market price risks
- Liquidity risks
- Operating risks

In addition,

- risk concentrations within a risk type (‘intra’),
- risk concentrations overarching risk types (‘inter’),
- sustainability risks as a cross-sectional category and
- reputational risks as a cross-sectional category

are taken into consideration.

For organisational purposes, **risk control and monitoring** is assigned to the reporting, risk and analytics department. Management pursues the objective of identifying risks at an early stage, keep existing risks under control in a targeted manner, thus safeguarding the Bank’s economic existence.

To underpin the risks, UmweltBank’s **risk-bearing capacity** is determined in a quarterly controlling report for this purpose. On this basis, limits are allocated to the respective risk types and data collected on utilisation of the same. The individual limits are specified by the Management Board at least once a year. In this context, the intention is to keep the aggregate of the limits within tight parameters and far below the overall risk-bearing capacity. Responsibility for the refinement of this concept of risk-bearing capacity

and preparation of the controlling report lies with the reporting, risk and analytics department. As at the 31 December 2021 reporting date, the risk-bearing capacity breaks down as follows:

Composition of risk-bearing capacity	In € millions
Risk budget from income surplus	38.6
Available capital (CRR)	46.0
<b>Total risk-bearing capacity</b>	<b>84.6</b>

The regular controlling report and ad hoc reporting provides the management with information about UmweltBank’s risk situation. The Supervisory Board is informed about the Bank’s risk utilisation before each of its meetings.

Within the scope of the concept of risk-bearing capacity, UmweltBank sees **continuation of its business operations** taking account of the regulatory minimum capital requirements for banks as its overarching goal. Even if both expected and unexpected (with a confidence level of 97.5%) losses occur over the observation period of 12 months (rolling), the minimum capital requirements for banks should still be met. In this light, UmweltBank uses a going-concern approach with a profit and loss (P&L) oriented perspective as a leading control instrument. The capital requirements to cover the entire unexpected risk, consisting of the total of credit risk, market price risk, liquidity risk and operational risk, is determined using quantitative models.

Alongside measuring risk-bearing capacity, UmweltBank additionally performs various regular and ad hoc stress tests. These involve, among other things, simulation of a severe economic downturn or abolition of the guaranteed feed-in payments under the Renewable Energies Act (Erneuerbare-Energien-Gesetz, EEG) for new power generation systems. In both cases, continuation of business activities is possible without substantial restrictions. Once a year, additional reverse stress tests are deployed to develop extreme scenarios that take the risk-bearing capacity to the extreme in order to uncover potential gaps in the existing risk management system. The management and the Supervisory Board are informed on a regular basis on the outcome of the stress tests.

## Credit risk

Credit risk is defined as the potential loss that may arise from the partial or complete default of a borrower or issuer or a downgrade in their credit rating.

The credit risk is limited already by the fact that only those types of loans stated in the **credit risk strategy** are permitted and that, in turn, clear assessment criteria have been defined for the same. Depending on the loan amount and relevance to risk, experienced key personnel, also including Management Board members, are brought into the loan decision-making process.

In addition, every loan is assessed and allocated an economic and ecological rating. The ecological rating grid comprises of five grades from very promotive (one), promotive (two), still promotive (three), neutral (four) and harmful to the environment (five).

The economic **rating system** consists of six credit rating grades for credit exposures and three further rating categories for mezzanine and equity capital, and for participating interests and shares. This overall economic assessment is based on customers’ personal credit rating, their income level and their financial circumstances, each weighted as one-third. The economic rating system is currently undergoing a review within the scope of the project work. In order to refine how the credit risk is measured, differentiation of the rating categories is being introduced, among other developments.

The **credit risk report** prepared on a regular basis presents UmweltBank’s entire credit portfolio broken down by customer groups, rating categories, industries and volume concentrations. In this context, both the volume of credit and the number of exposures are evaluated. Notable exposures (such as large loans, participating interests, loans requiring management attention or (partially) impaired cases) are presented and commented on. A credit rating matrix maps the classification of the loans in the ecological and economic risk classification system. In addition, investments in securities are presented separately. The credit risk report is submitted to management. The Supervisory Board is also informed of the risk situation both verbally and in written form at each of its meetings.

Loans are generally collateralised. The types of **collateral** accepted, the evaluation method and the evaluation principles have been set out in internal organisational guidelines.

As part of the Bank's ongoing credit monitoring system, the borrowers' economic circumstances and the recoverability of the collateral they provided are reviewed on a regular basis. Over and above this, UmweltBank has a risk early warning system in place. For this purpose, borrowers' account management is monitored on an ongoing basis. For instance, the IT system prepares daily overdraft lists for all exposures; these are re-viewed and processed by the responsible account managers. This procedure is intended to identify emerging risks at an early stage and to allow suitable measures to be taken. In the event of risk provisioning becoming necessary, an allowance is created on the unsecured portion of the loan. The unsecured portion is determined by deducting the aggregate of the collateral values of all liable collateral from the utilisation of the loan. To determine the current collateral value of the collateral, the valuation approaches must be reviewed and adjusted as necessary.

Within the scope of the calculation of risk-bearing capacity, a measurement of **counterparty default risk for customer loans** is performed using a Monte Carlo simulation in combination with a value-at-risk approach. This simulation is based on the Bank's historical risk provision ratios that are determined annually specifically for each credit rating and industry. The confidence level used is 97.5%. This means that the counterparty default risk determined in this way for customers will not be exceeded over a 12-month horizon with a probability of 97.5%. A limit is placed on the loan portfolio by industries in order to manage concentration risks. A check for concentration risks relating to the distribution of renewable energy plants by manufacturer is performed once a year as part of the risk inventory. These methods are currently being refined with the objective of implementing the probability of default (PD) and loss given default (LGD), thus replacing the aforementioned risk provision ratios.

In addition, the credit risk is also taken into consideration in investments and participating interests. Credit risk is subdivided into counterparty default risk and credit rating risk of items with an additional external rating (such as Pfandbriefs or term deposits at other banks) and into counterparty default risk of items without an external rating (participating interests, for example). S&P, Moody's and Fitch are used as external rating agencies. The risk measurement of counterparty default for the aforementioned items with or without external rating is currently being refined. In this context, the plans are to measure the counterparty default risk using a Monte Carlo simulation in combination with a value-at-risk approach in a similar manner to the method used for customer loans.

A separate limit is set for each issuer. Compliance with the limits is monitored on a daily basis by an office independent of trading (reporting, risk and analytics department).

The **counterparty default risk of securities and receivables from banks with an external rating** is determined using a rating shift on the basis of the historical default rates published by the rating agencies.

For **securities, participating interests and shares in affiliated companies without an external rating**, UmweltBank assumes a fictitious 50% default of the largest single item. When selecting the largest single item, the Bank's direct participating interests and the participating interests of the wholly-owned subsidiary UmweltProjekt GmbH are taken into consideration.

Guardrails have been put in place for the Bank's liquidity reserves and investments in securities with the aim of minimising risk. Investments are made in central bank deposits, fixed and variable-interest securities, Pfandbriefs, public bonds or deposits at banks. Alongside a liquid market and good economic and ecological ratings of the issuers, importance is attached to the returns. UmweltBank's trading activities always fulfil the criteria of Article 94 (1) of Regulation (EU) No. 575/2013 (CRR) for small trading book business.

## *Market price risks*

The market price risk is defined as the risk of a change in the market price or market interest rates. Credit spread risks are consequently allocated to the market price risk.

The **market price risk and interest rate exposure strategy** forms the basis for managing the market price risk. Market price risks at UmweltBank take the form of interest rate exposure in particular. Interest rate exposure includes interest-rate-induced price change risks. Furthermore, there are credit spread risks. In addition, there is a manageable portfolio of currency items that consequently involve foreign exchange risks. UmweltBank is not exposed to commodity and any other price risks. The Bank enters into country risks only to a minor extent. The Bank does not conduct any transactions with derivative financial instruments.

With regard to investments in securities, the Bank pursues a 'buy and hold' strategy. For this reason, no **market liquidity risks** are quantified for securities as fixed assets. The daily overview of investments in securities, based on the previous day's closing rate, provides information on the current development and the resulting hidden reserves and potential need for impairment.



The **interest rate exposure** consists of impairment of securities and higher interest expenses arising from changing market interest rates that are not counterbalanced by a corresponding rise in interest income, since the interest rates for assets can only be increased in some cases due to the application of fixed rates. The differences in the fixed interest rates arise primarily on account of differing customer interests in the area of financial investment and in the area of borrowing. Consequently, UmweltBank performs traditional maturity transformation in order to satisfy customer requirements.

The interest rate exposure applied in the calculation of risk-bearing capacity is calculated on the basis of three interest-rate scenarios:

- A parallel shift in the yield curve by +125 basis points (BPS).
- A parallel shift in the yield curve by –173 BPS, with interest rates for customer deposits not being able to fall below 0%.
- An inversion of the yield curve with an increase of up to 175 BPS in the short-term segment and a decrease by up to 100 BPS in the ten-year segment.

In all scenarios, the impact on the income statement over the next 12 months including the liquidity reserve recognised using the strict lowest-value principle. Net interest income and the valuation result of the liquidity reserve in the respective scenario is compared with the net interest income and the valuation result of the liquidity reserve of the rolling plan. Any deviation reveals the risk or opportunity arising from the respective scenario.

In addition to interest rate exposure, a figure based on the income statement, UmweltBank’s **interest rate exposure in terms of present value** is also determined in the regular Risk Report. In this context, six scenarios specified by the Federal Financial Supervisory Authority (BaFin) are examined. As at the 31 December 2021 reporting date, the risk-bearing capacity in terms of present value is as follows:

Interest rate exposure in terms of present value	Interest rate shock +200 basis points	Interest rate shock -200 basis points
Change in present value in € thousands	-76,793	11,309
Change in present value in relation to equity in %	-18.7	2.8

Alongside the interest rate exposure based on the income statement and in terms of present value, UmweltBank also measures **credit spread risks**. These result from changes to the capital market’s assessment of the counterparty default risks of bonds and price changes triggered by the same. The poorer the issuer’s rating, the higher these become. Credit spread risks are calculated for the securities of the liquidity reserve.

On account of minor currency items, there is also a foreign exchange risk. The foreign exchange risk describes the danger that the value of an item reacts to changes to one or more foreign exchange rates and the changes in the exchange rates give rise to impairment of the item. On the basis of the historical development of exchange rates, a value-at-risk approach is used to determine a potential value fluctuation with a confidence level of 97.5% and multiplied by the current value.

Liquidity risks

Within the scope of the liquidity risk, UmweltBank differentiates between the insolvency risk, that is covered by the liquidity potential, and the refinancing risk, which is covered within the risk-bearing capacity by the risk-covering assets.

The short-term liquidity risk is determined each month on the basis of **forward liquidity exposure statement** with a 12-month planning horizon. These statements include both cash flows that can be reliably quantified and uncertain cash flows. Historical empirical values are used as a guide for the latter. In addition, stress scenarios are used to review whether existing liquidity cushions are sufficient. In addition, for the concept of risk-bearing capacity, the refinancing costs for liquidity requirements in the ‘unexpected’ scenario are applied as a liquidity risk.

For **liquidity management** purposes, UmweltBank held a credit balance with Deutsche Bundesbank and especially liquid Pfandbriefs and bonds issued by public bodies or banks. Significant sources of the Bank’s funding are the deposit-taking business and refinancing through development banks, specifically the KfW and Landwirtschaftliche Rentenbank and the Bundesbank’s targeted longer-term refinancing operations (TLTRO II and TLTRO III). For these deposits by banks there were restrictions on disposal with regard to bonds. As at the 31 December 2021 reporting date, the liquidity situation is as follows:

Especially liquid funds	In € millions
Credit balance at Deutsche Bundesbank	814.2
Especially liquid Pfandbriefs / bonds issued by public bodies or banks	1,753.0
Restrictions on disposal (bank deposits)	1,325.8

The way in which liquidity risks are measured are currently being revised and refined. This includes preparing a forward liquidity exposure planning statement and deriving the stress scenarios for the insolvency risk. Parallel to this, the refinancing risk is to be broken down in a more differentiated manner into liquidity maturity transformation risk and refinancing spread risk and calculated as such.

### Operating risks

UmweltBank defines operating risk as the risk of direct or indirect loss incurred as a consequence of the inadequacy or failure of internal procedures, humans and systems or as a result of external events.

The strategic objective consists of **limiting operating risks** and the associated losses to an acceptable residual risk, provided that the measures necessary for this are economically justified from a cost/benefit perspective. UmweltBank’s operating risks mainly arise from information technology (IT), from potential legal disputes in the customer business, from the loss of employees with special expertise or experience, from malicious actions and from human error. Operating damage is recorded in a damage incident database. This makes it possible to perform a subsequent evaluation of all operating damage in a calendar year and to establish any preventive measures. Damage above a threshold of €5,000 is automatically reported to the Management Board on an ad hoc basis when it is entered in the database.

**Legal risks** are limited by means of collaboration with external specialists such as lawyers, notaries or auditors and associations as well as by selecting business partners and projects carefully. Customers are provided with detailed information on potential risks inherent in transactions such as securities trading. Transactions with related parties (companies and individuals) are reviewed on an ongoing basis as to whether they were conducted at arm’s length.

In the **area of IT**, the connection to an external computer centre with a backup solution for the core banking system provides a great degree of security. Nevertheless, there is a certain risk that downtime, incorrectly implemented functions or insufficient security measures could lead to damage. The IT department is subject to strict service-provider management and controls to keep risks to a minimum. Ongoing development of the core banking system due to changes to legislation is being implemented by the service provider.

Within the scope of the annual structured **self-assessment**, the Bank draws up a risk map. Departmental and central unit managements and other central offices prepare prospective danger assessments on the basis of conceivable constellations with an operating risk. This makes it possible to identify material operating risk drivers and derive any risk mitigation and management measures. In addition, the probability of occurrence and a potential damage amount is recorded for each case. The risk value is aggregated from the volume of potential cases.

Management of operating risks including risk measurement is currently being refined. In this context, the objective is to critically question the self-assessments and to take account of existing risk mitigation measures in the evaluation. Over and above this, risk analyses from other business segments that likewise come into the category of operating risks are integrated into the risk measurement.

### Other risks

The income or selling risk is another risk deemed material, and is measured as part of stress testing.

### Risk concentrations

Considerations on risk concentrations and income concentrations are presented in the Bank’s risk inventory.

On the basis of its **refinancing structure**, the Bank does not identify any risk concentrations in its procurement of funds. The largest lender is the development bank KfW, which provides refinancing for individual projects with matching maturities. Customer deposits have a high level of granularity.

In the **lending business**, compliance with the regulatory limits on large loans and the additional internal limits on industries prevent risk concentrations. The maturity structure of own deposits is monitored on a daily basis.

There is an **income concentration** with regard to the interest result. According to the risk inventory, we do not consider the income risk concentrations to be material. Further intra-risk concentrations regarding financial business models, issuers held, maturities or rating categories were analysed in detail as part of the risk inventory and were classified as not material.

*Result of the analysis of risk-bearing capacity*

The procedures employed make UmweltBank’s business and risk strategy measurable, transparent and manageable. As at the 31 December 2021 reporting date, the risks and limits are as follows:

Risk type	Risk in € millions	Limit in € millions	Utilisation of limit
<b>Credit risks</b>	<b>19.5</b>	<b>26.0</b>	<b>75%</b>
thereof: customer business	12.5	17.0	74%
thereof: Portfolio-A business with external rating	3.0	4.0	74%
thereof: Portfolio-A business without external rating	4.0	5.0	80%
<b>Market price risks</b>	<b>11.5</b>	<b>20.2</b>	<b>57%</b>
thereof: Interest rate exposure	9.7	16.0	61%
thereof: Price change risks (liquidity reserve)	0.0	0.5	0%
thereof: Credit spread risk (liquidity reserve)	0.8	2.5	32%
thereof: Foreign exchange risks	1.0	1.2	86%
<b>Liquidity risks</b>	<b>0.0</b>	<b>1.0</b>	<b>0%</b>
<b>Operating risks</b>	<b>4.5</b>	<b>5.0</b>	<b>89%</b>
<b>Aggregate of risks and limits</b>	<b>35.5</b>	<b>52.2</b>	<b>68%</b>

*Summary assessment of the Bank’s risk position*

UmweltBank’s risk position did not change significantly in 2021. All risk limits were complied with throughout the financial year. A high risk-bearing capacity is always achieved in connection with good profitability. The current focus on project work means that significant adjustments to the consistency of risk measurements are being implemented in several areas. In addition, implementation of the normative and economic perspective required in future under regulatory legislation is being driven forward on a continual basis.



## Forecast report

### *Macroeconomic expectations*

At the time this management report was being prepared, a war broke out in Europe, between Russia and Ukraine. The invasion by Russian troops in contravention of international law began on 24 February 2022. After less than a fortnight, around 1.5 million people had already fled Ukraine. Neither the extent of the destruction nor the human suffering can be quantified. The war of aggression has been condemned worldwide and led to extensive sanctions being imposed on Russia in the shortest of times. According to the Kiel Institute for the World Economy (Institut für Weltwirtschaft – IfW), these sanctions are already placing a burden on global trade. Economists are expecting clearly negative effects on the German economy in the first quarter and ongoing high inflation on account of massive rises in oil and gas prices. The further course of the conflict is uncertain, as are the economic consequences. The following statements reflect the economic outlook and the forecasts prior to the outbreak of war.

Even independently of Russia's war against Ukraine, it is impossible to make a reliable forecast on macroeconomic developments in light of the ongoing **coronavirus pandemic** even in 2022. This is also reflected in the diverging economic forecasts by leading economic research institutes. The estimates for growth in gross domestic product ranged from 3.5% to 4.9% at the beginning of the year. Even if the forecasts were successively corrected downwards on account of the war in Ukraine, the institutes nevertheless expect a clear recovery in the German economy over 2022.

With the largest aid package in the history of the Federal Republic, the federal government is continuing its efforts to contain the negative economic and social consequences of the coronavirus pandemic, specifically to prevent business insolvencies and the loss of jobs. How the German economy will develop in 2022 depends on many factors. On the one hand, progress around the world with national vaccination campaigns provides hope. On the other hand, the constant appearance of new strains of the virus provide for uncertainty. At least Omicron, the most recent strain, causes comparatively mild symptoms among those infected, despite the high infection rates. For this reason, many countries relaxed their coronavirus restrictions already at the beginning of this year. With its export orientation, the German economy should rapidly pick up speed in 2022, but the global supply bottlenecks and rising raw material prices continue to place a burden on the outlook for business. In the optimistic assumption that the danger from

the coronavirus will remain at the level of the Omicron variant or even continue to fall, 2022 will also see sectors beginning to benefit that were especially severely impacted by lockdowns and restrictions, specifically the hospitality trade and service providers in the areas of art, entertainment and tourism.

The ifo institute forecasts an increase in the gross domestic product of 3.7% for 2022. In this context, this Munich-based institute is working on the assumption that the coronavirus wave will abate over the first half of the year. Over and above this, the institute reckons with decreasing problems for German industry in connection with supply bottlenecks. Consequently, a strong economic recovery is likely to set in over the second and third quarters in particular. Economists continue to expect inflation to persist at a high level once again in 2022 – with energy sources such as oil and gas in particular driving prices. At the same time, the employment rate continued to fall and was estimated at 5.2% at the end of the year.

### *Industry-specific framework conditions*

The **banking sector in Germany** is still proving to be resilient but the environment remains challenging in 2022, nevertheless. Even before the coronavirus pandemic, bank results were already coming under pressure from the period of low interest rates, fierce competition, the necessity to invest in digitalisation and the increasing costs of regulation. All this has been exacerbated by the higher level of credit default risk due to the pandemic. After the number of insolvencies in Germany had appreciably declined in 2020 on account of the obligation to file for insolvency being suspended by the federal government, it increased appreciably again in 2021. The increase was primarily attributable to consumer insolvencies. In contrast, the lowest level was recorded among businesses since the introduction of the Insolvency Statute (Insolvenzordnung – InsO) in 1999. For 2022, it can be assumed that the credit default losses will increase again due to business insolvencies – albeit at a low level. For the financial sector, the current situation is a double-edged sword. On the one hand, governments and regulatory authorities are using fiscal and monetary instruments to encourage banks to continue providing the real economy with credit. On the other, these measures are also supporting a large number of companies that are not viable in the long run. In this context, economists have been issuing warnings for some time already about 'zombie companies' that sooner or later will become a problem for the lending banks.

The ongoing coronavirus pandemic continues to make it difficult to make reliable forecasts about how **property and land prices** will develop. In contrast to commercial real estate, market observers continue to anticipate excess demand on the housing market and rising rents – albeit at a lower rate than in previous years. The imbalance between supply and demand in cities is gradually easing due to an increased level of new builds and slowing population growth. It remains to be seen how the developments on the labour market and the home-office effect will impact the demand for accommodation and office premises over the long term. Thanks to the Bank's focus on ecological and affordable residential real estate, UmweltBank anticipates very high demand for financing again in 2022 – both in the private and commercial sector. With a view to demographics, the focus of the real estate sector is likely to shift towards the needs of seniors and greater need for care in future. For this reason, UmweltBank sees significant growth potential in the area of nursing care properties which it entered in 2020.

In contrast, the high increase in the price of owner-occupied flats can still be observed. For example, the Bundesbank recently warned of an overvaluation in cities of up to 40%. Out of concern about a bubble on the real estate market, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) had announced higher equity requirements for banks relating to the issuing of building loans and mortgages already at the beginning of 2022 that are scheduled to apply as of February 2023. It is not yet possible to foresee the extent this measure will have on the extension of loans. The interest rates for building loans and mortgages have, however, already increased by around 100 basis points since the reporting date. At the same time, experts point out plausible reasons for the price increase, such as supply bottlenecks, labour shortages and stricter environmental standards.

The expansion of **renewable energy sources** in Germany will continue because there is the political will to do so, and it is currently receiving fresh impetus from the new coalition government. At the end of 2021, the government coalition involving the Social Democrats (SPD), Greens and the Free Democrats (FDP) have set out in their coalition agreement to significantly accelerate the rate of addition to the existing stock in the coming years. The objective for the expansion of photovoltaics is around 200 GW by 2030. This would correspond to an annual addition of 15 GW – three times the 5 GW added in 2021. In addition, 2% of the area of Germany is to be available for future expansion of wind power – it is currently around 0.5% of the area of the country. Over and above this, there are plans to remove obstacles and to accelerate planning and approval procedures. Similarly, the reduction in the supply of electricity from nuclear power and coal is likely to further improve the competitiveness of renewable energy sources over

the next few years. Large-scale photovoltaic systems are currently marketable without government subsidies.

The expansion of onshore **wind energy** in Germany is currently being forecast at around 2.3 to 2.7 GW for 2022, which would constitute a significant increase in comparison to 2021. There is hope emerging in the industry that the addition of new output will significantly pick up speed again in future. Prices rising due to the restrained project approval and price ranges coming about in the project tenders at the same time as the new generation of systems means that there is a greater offering of projects on the horizon. Now it is up to the federal government to implement its ambitious plans for expansion – specifically by eliminating existing political and bureaucratic obstacles and by making land available. This is the only way that the expansion objectives of the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG) 2021 involving 71 GW of cumulated output for onshore wind turbines by 2030 can be achieved. The long-term outlook for the wind market is positive on the basis of the EEG 2021 and the envisaged climate neutrality in Germany by 2045. The decarbonisation of industry and securing energy supplies can only be ensured with further additional output.

Even if high module prices and supply bottlenecks are currently weighing down on sentiment, a significant increase in the installed volume on the **photovoltaics market** in Germany can be expected. For instance, the volumes tendered by the Federal Network Agency for 2022 increased sharply in comparison to the previous year. These amount to 2.3 GW for roof-mounted photovoltaic installations (2021: 0.3 GW) and 3.8 GW for open-space projects (2021: 1.8 GW). The government's plans according to which the newly installed photovoltaic output each year is to increase to three times the present level are further reason for optimism. In addition, market observers anticipate increasing demand for financing on the basis of PPAs. UmweltBank sees itself in a good position in the aforementioned segments and is expecting further growth in the area of photovoltaics. In addition, the current developments are reason to expect a rising average volume of credit per financing application.

## Opportunities

The opportunities for UmweltBank result from further **consistent continuation of the business strategy**. With its focus on the financing of environmental projects and its offering of sustainable financial investments, the Bank is benefiting from a megatrend that not even the coronavirus crisis will hold back.

In Germany, the energy transition is in full swing. With a view to achieving the climate objectives, implementation of **renewable energy projects** will not only continue but, according to the plans of the federal government, their expansion is even to be significantly accelerated. As a competent first point of call in the industry, UmweltBank has very good prospects of continuing to capture its share of the financing market for such projects. With innovations such as the standardised financing of projects without government subsidies ('PPA projects') that was newly introduced in 2019, the Bank has distinguished itself as a driver of this development and can exploit its leading edge.

New **residential and commercial buildings** are ever increasingly being planned and built in Germany according to ecological and social criteria. UmweltBank's specialisation in social and reduced price construction in 'building groups' and housing cooperatives points the way forward. The Bank can utilise many years of experience in the financing of such projects.

Alongside traditional (debt) financing, there are good opportunities for UmweltBank or its subsidiary UmweltProjekt GmbH to also participate in the **equity of projects**. Higher returns are possible in this context.

In the **deposits, securities and pensions** business segments, the Bank will continue to provide its customers with detailed advice on issues of ecological investment. In the process, the Bank always prioritises the customer's needs rather than sales of individual products. Demand for the UmweltSpektrum Mix fund launched at the beginning of 2020 is pleasingly high. The UmweltSpektrum own fund brand opens up further earnings potential.

UmweltBank is an **attractive employer**, enabling the Bank to recruit qualified new employees.

## Risks

Many businesses in Germany are still suffering from the aftermath of the **coronavirus crisis**, which is also impacting banks.

In contrast to many other lending banks, UmweltBank does not engage in any traditional corporate banking business, i.e. the vast majority of loans do not depend on the economic outlook of the companies.

We do not expect any increased risks with regard to the **operators of energy projects**, important lending customers for UmweltBank with a share of around 50% of the loan portfolio.

In the **real estate sector**, it is necessary to differentiate between the financing of rental residential real estate and owner-occupied real estate. The vast majority of the **rental real estate** financed by UmweltBank is let at below-market-cost rent. This makes the accommodation more affordable even in times of crisis; however, a higher level of rent default risk cannot be excluded. **Commercial real estate** is of subordinate importance for UmweltBank. With regard to the financing of **owner-occupied real estate**, the direct effects should to remain manageable. But over the medium term, a major crisis may lead to appreciable arrears in payments. Although the amount of lending against the financed real estate tends to be moderate, a situation may increasingly arise where the proceeds from realisation of real estate are insufficient to cover the loan receivables, meaning that a higher level than usual of credit defaults filters through to UmweltBank to date.

For this reason, it is good that the German government and the Eurosystem are making a lot of money available to mitigate the aftermath of the coronavirus crisis. Umwelt-Bank will cooperate **in partnership with its lending customers** to agree measures to safeguard their liquidity.

The **risks of new business** in the lending business continue to stem primarily from changes to the legislative environment, specifically the EEG. But also decisions, like the recent sudden stop to KfW funding, create market uncertainty and have the potential to slow the pace of new business. Due to its specialisation on ecological real estate and project financing in the field of renewable energy sources, UmweltBank is exposed to the risk of a negative macroeconomic development to a significantly lesser degree.



There remain risks from how **the interest rate structure** will develop. Although the interest rates for building loans and mortgages have already risen by around 100 basis points since the reporting date, they are currently at a very low level. This already led to a lower level of net interest income in relation to total assets over recent years. If the market interest rates were to remain at this very low level or fall even further over the long term, the Bank's relative interest result might continue to fall. Even if the interest level were to increase sharply over the short term, it could temporarily have a negative impact on the Bank's interest result. The Bank is currently not seeing any increased level of liquidity outflow. A sharp rise in liquidity requirements may necessitate the sale of fixed-interest securities that in light of the fall in prices would only be sellable at a loss.

### ***Future financial position, cash flows and financial performance***

The following generally applies: any forecast made by the Bank's Management Board relating to the future development of UmweltBank constitutes an **assessment on the basis of the information available at the time the forecast was made**. Should the underlying assumptions not materialise or the risks and opportunities come into being in a different manner, the actual results may significantly deviate from expectations.

Both everyday life and business are marked by the coronavirus pandemic and by the Russia-Ukraine war. It is impossible to foresee when and over what time frame Germany and the eurozone will recover from the impact of the crises.

UmweltBank continues to be directly and indirectly impacted by the coronavirus crisis. One direct consequence is a decline in productivity because employees have to care for their children at home, to name one example. The Bank would be indirectly impacted in this respect if lending customers were no longer able to service their debt. On average, UmweltBank has lending customers with a good credit rating. The longer the crisis lasts, the more likely there is to be an increase in non-performing loans and ultimately also a reduction in earnings.

UmweltBank does not have any business relationships to Russian firms and also does not have any operations in Russia, for which reason the war is not expected to have any direct negative impact on the Bank's business. The sanctions, rising energy prices and persistently high inflation are nevertheless placing a burden on the economy and private households, which in turn is impacting the creditworthiness of existing borrowers

and could dampen demand for loans. On the other hand, there is a strong increase in the importance of renewable energy sources in Germany, specifically not only from an ecological but also from a geopolitical perspective – which might well benefit the Bank.

For this reason, the forecast for business development in 2022 is subject to greater uncertainty. The Management Board is nevertheless working on the assumption that UmweltBank's success trajectory will continue. The Bank's total assets are expected to be €5.4 billion at the end of the 2022 financial year. The slight decline in comparison to the previous year (2021: €5.9 billion) results from the scheduled repayment of the long-term refinancing funds (TLTRO) taken out at the European Central Bank. The plans are for the number of customers to continue rising and is expected to total 142,000 at the end of 2022 (previous year: 132,087). The CO<sub>2</sub> savings are anticipated to match the previous-year level of around 1,200,000 t CO<sub>2</sub>e.

This forecast is **based** on expectations that the volume of newly issued environmental loans will be in excess of the average figure over the past five financial years. With regard to the development of the interest level, the Bank is assuming that market interest rates will remain low in the future. The planning assumption is for the interest margin to stabilise. The net interest income (in absolute terms) is likely to decrease moderately on account of the special coronavirus conditions for the TLTRO funds expiring, among other reasons. It is assumed that the financial result will see a sharp increase. Thanks to the focus on the securities business, the development of the Bank's UmweltSpektrum own fund brand and the expansion of the issuance business, the commissions and net trading income will be perceptibly up on the previous-year level. With regard to risk provisioning, the Bank expects a decrease on the previous year. Deposits are budgeted to develop roughly in line with the growth of loans, or even contract slightly, meaning that fulfilment of the environmental guarantee will remain clearly over 100%. Personnel expenses will rise once again in 2022 on account of further recruitment but not as sharply as in previous years. The other administrative expenses will likewise continue to increase due to the investments in new digital processes. Over and above this, preparation for the approved migration to a new core banking system will start in 2022 – the costs incurred this year are estimated to come to €3 million. For the current 2022 financial year, the Bank's Management Board expects **earnings before taxes and provisions** to be at the previous-year level despite the additional costs for the change in the core banking system.

In order to back the expected growth with **equity**, additions are to be made to retained earnings and the reserve according to Section 340g HGB again in 2022. In turn, there

are plans to offer the option to directly reinvest the dividend in new shares in the Bank ('scrip dividend'). Furthermore, the Management Board reviews on a regular basis other options to strengthen the core capital, whether through a capital increase or through the issuing of additional core capital instruments.

Nuremberg, 19 April 2022

UmweltBank AG, Nuremberg

The Management



Goran Bašić  
Member of the Management Board



Jürgen Koppmann  
Spokesperson of the Management Board



Heike Schmitz  
Chief Representative



Balance sheet of UmweltBank AG,

Nuremberg, 31 December 2021

Assets side

		€	€	31.12.2021 €	31.12.2020 € thousand
1	Cash and cash balances				
	b) Credit balance at central banks			814,229,597.16	98,665
	thereof: at Deutsche Bundesbank	814,229,597.16 (PY: €98,665 thousand)			
2	Receivables from banks				
	a) due daily		791,067.94		454
	b) other receivables		12,192,777.77	12,983,845.71	55,411
3	Receivables from customers			3,072,520,464.17	2,792,662
	thereof:				
	secured by mortgages	543,330,704.53 (PY: €464,063 thousand)			
	Municipal loans	2,354,516.78 (PY: €2,376 thousand)			
4	Bonds and other fixed-interest securities				
	Bonds				
	a) of public issuers		8,027,063.88		7,977
	thereof: acceptable as collateral at Deutsche Bundesbank	8,027,063.88 (PY: €7,977 thousand)			
	b) of other issuers		1,910,361,552.24	1,918,388,616.12	1,899,819
	thereof: acceptable as collateral at Deutsche Bundesbank	1,326,442,961.44 (PY: €1,354,960 thousand)			
5	Equities and other non-fixed-interest securities			10,740,795.25	7,015
5 a)	Trading portfolio			4,454,694.05	0
6	Participating interests			17,185,733.90	12,259
	thereof: in banks	7,552,976.52 (PY: €7,563 thousand)			
	in financial services institutions	0.00 (PY: €0 thousand)			
7	Shares in affiliated companies			21,202,809.48	22,568
	thereof: in banks	0.00 (PY: €0 thousand)			
	in financial services institutions	0.00 (PY: €0 thousand)			
8	Intangible assets				
	a) concessions acquired for monetary consideration, industrial rights and similar rights and assets,		541,019.00		805
	b) Prepayments made		256,498.50	797,517.50	0
9	Property, plant and equipment			47,203,462.33	39,837
10	Other assets			6,123,877.04	5,380
11	Prepaid expenses			192,638.07	356
12	Deferred tax assets			1,774,765.26	1,161
	Total assets			5,927,798,816.04	4,944,369

Equity and liabilities side

		€	€	31.12.2021 €	31.12.2020 € thousand
1	Liabilities to banks				
	a) due daily		673,859.77		141
	b) with agreed maturity or notice period		2,440,051,742.38	2,440,725,602.15	1,803,181
2	Liabilities to customers				
	a) savings deposits				
	aa) with agreed maturity				
	of three months	598,793,559.38			602,934
	ab) with agreed maturity				
	of more than three months	242,713,537.54	841,507,096.92		284,251
	b) other liabilities				
	ba) due daily	1,833,320,710.41			1,552,352
	bb) with agreed maturity or notice period	279,259,672.99	2,112,580,383.40	2,954,087,480.32	254,575
3	Other liabilities			4,881,765.42	4,640
4	Prepaid expenses			770,891.63	505
5	Provisions				
	a) Tax provisions		2,736,928.61		1,472
	b) other provisions		12,114,870.44	14,851,799.05	10,213
6	Lower-ranking liabilities			87,905,147.00	87,905
7	Profit participation rights			44,307,220.00	50,159
	thereof: due before the end of two years	0.00 (PY: €6,905 thousand)			
8	Fund for general banking risks			135,150,000.00	129,150
	thereof: special item according to Section 340e (4) HGB	703,823.02 (PY: €456 thousand)			
9	Equity				
	a) subscribed capital		35,435,114.00		31,006
	(conditional capital €13,846 thousand)				
	b) capital reserves		101,970,277.50		33,315
	c) retained earnings				
	ca) statutory reserves	26.20			0
	cb) reserve for the issuing of employee shares (Section 204 (3) AktG)	17,250.00			0
	cc) other retained earnings	94,838,522.36	94,855,798.56		86,473
	d) distributable profit		12,857,720.41	245,118,910.47	12,097
	Total equity and liabilities			5,927,798,816.04	4,944,369
1	Contingent liabilities liabilities from guarantees and warranty agreements			59,995,931.91	66,057
2	Other obligations irrevocable credit commitments			463,192,312.23	382,907



Income statement

of UmweltBank AG,

Nuremberg, for the period from 1 January to 31 December 2021

Expenses

			01.01 – 31.12.2021	01.01 – 31.12.2020
	€	€	€	€ thousand
1	Interest expenses		7,657,051.70	16,972
2	Commission expenses		905,507.43	284
3	General administrative expenses			
	a) personnel expenses			
	aa) wages and salaries	14,516,332.78		11,751
	ab) social security, pension and other benefit costs	2,638,379.08	17,154,711.86	2,027
	thereof: for pensions			
	€ 0.00 (PY: €0 thousand)			
	b) other administrative expenses	16,511,871.04	33,666,582.90	13,289
	thereof expenses for bank levy and deposit protection			
	€ 4,096,415.19 (PY: €2,684 thousand)			
4	Amortisation, depreciation and impairment on in- tangible assets and property, plant and equipment		928,650.53	727
5	Other operating expenses		153,560.95	197
6	Amortisation and impairment of receivables and certain securities and additions to provisions in the lending business		2,999,778.17	1,134
7	Additions to the fund for general banking risks		6,000,000.00	8,000
8	Income taxes thereof deferred taxes		12,710,031.89	11,351
	€ –614,017.62 (PY: € –1,197 thousand)			
9	Net result		19,374,970.41	18,497
	Total expenses		84,396,133.98	84,229

Income

		€	01.01 – 31.12.2021	01.01 – 31.12.2020
			€	€ thousand
1	Interest income from			
	a) lending and money market business	62,532,519.50		62,943
	b) fixed-interest securities and debt register claims	8,363,022.69	70,895,542.19	6,132
2	Current income from			
	a) equities and other non-fixed-interest securities	13,475.93		8
	b) participating interests	702,323.69		1,437
	c) shares in affiliated companies	2,071,858.85	2,787,658.47	835
3	Commission income		6,338,442.43	3,919
4	Net income from trading portfolio		3,988,498.85	1,513
5	Other operating income		208,763.75	6,345
6	Income from write-ups on participating interests, shares in affiliated companies and securities treated as non-current assets		177,228.29	1,097
	Total income		84,396,133.98	84,229
1	Result for the year		19,374,970.41	18,497
2	Transfers to retained earnings			
	a) to other retained earnings		6,500,000.00	6,400
	b) to reserve for the issuing of employee shares (Section 204 (3) AktG)		17,250.00	0.00
3	Distributable profit		12,857,720.41	12,097

# Notes to the financial statements

## of UmweltBank AG,

*Nuremberg, for the annual financial statements as at*

*31 December 2021*

**I. General information**

UmweltBank AG is a stock corporation incorporated under German law with its registered office in Nuremberg.

It is registered in the commercial register at Nuremberg local court under the number HR B 12.678.

The annual financial statements as at 31 December 2021 were prepared observing the relevant provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the relevant provisions of stock corporation law and the Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute – RechKredV). The unneeded items provided for in forms 1 and 2 of the RechKredV were not taken into consideration pursuant to Section 265 (8) HGB.

The annual financial statements were prepared in euros (€) and explained using thousands of euros (€ thousand), which means that rounding differences may occur. All figures used in the notes to the financial statements are in € thousand unless stated otherwise.

**II. Accounting and valuation methods**

The accounting and valuation methods applied in the previous year have been retained with no changes.

**Working capital assets**

Receivables from banks, receivables from customers, working capital assets and other assets due daily were measured at their nominal value or according to the strict lowest-value principle. All identifiable risks were taken into account by means of appropriate reductions in value in the form of specific allowances, especially on the unsecured portion

of receivables at risk of default. For latent risks of default, untaxed general allowances were recognised applying the circular from the Federal Ministry of Finance (BMF) dated 10 January 1994.

**Non-current assets**

Fixed-term receivables from banks, the fixed-interest non-current securities as well as shares and other non-fixed-interest securities were valued using the less strict lowest-value principle. Fixed-interest securities acquired under par value are written up to nominal value using the straight-line method in relation to the relevant periods. Fixed-interest securities acquired above par value are written down to nominal value using the straight-line method in relation to the relevant periods. Negative interest from the investment of funds was disclosed under interest income.

Participating interests and shares in affiliated companies were valued according to the less strict lowest-value principle on the basis of the calculation of income. The accounting treatment of participating interests in partnerships is based on accounting standard IDW AuS HFA 18. Under this standard, repayments of capital are treated as reductions in the carrying amount of the participating interests performed directly in equity and disclosed in the statement of changes in non-current assets as a disposal of a participating interest. Shares of income are only recorded as income from participating interests when the special loss accounts are balanced out.

Intangible assets acquired and property, plant and equipment for monetary consideration were valued pursuant to Section 340e HGB according to the provisions applicable to non-current assets, i.e. at cost less straight-line amortisation and depreciation.

The useful life of intangible assets is between two and five years, that of equipment, furniture and fixtures is between three and 15 years. Installations in third-party buildings are depreciated to the residual term of the respective lease agreements at the time of capitalisation.

Intangible assets as well as property, plant and equipment are written down pro rata temporis. Low-value assets up to €250 are posted as expenses. Low-value assets of between €250.01 and €800.00 were fully written off in the year of acquisition and presented as a disposal.

## Trading portfolio

The trading portfolio was valued at fair value less a risk discount pursuant to Section 340e (3) HGB. Pursuant to Section 255 (4) HGB, the fair value corresponds to the market price. Where there was no active market, the fair value was determined using generally accepted valuation methods. The risk discount is set at the amount of the unrealised valuation result. The criteria for the inclusion of financial instruments in the trading portfolio were not changed in the 2021 financial year.

## Deferred tax assets

In constant exercise of the option pursuant to Section 274 (1) Sentence 2 HGB the excess of deferred tax assets was capitalised. The temporary differences were valued at the combined tax rate for corporate income tax, trade tax and solidarity surcharge applicable for the financial year of 32.17%. Differences relating to partnerships subject to trade tax were taken into account at a combined tax rate for corporate income tax and solidarity surcharge of 15.83%.

## Liabilities

Liabilities were recognised at their settlement amount.

## Lower-ranking liabilities / profit participation rights

These were disclosed at their nominal amounts. The pro rate interest of the financial year is disclosed in other liabilities.

## Provisions

Provisions take account of all identifiable risks and uncertain liabilities and are set at the settlement amount necessary under sound commercial judgement. Other provisions with a residual term of more than one year are discounted in accordance with Section 253 (2) HGB. The burden from deposits with increasing interest was taken into account with provisions.

UmweltBank's banking book was reviewed pursuant to IDW AuS BFA 3 with regard to the necessity for a provision for pending losses. For this, the interest-driven present values were compared with the carrying amounts and the risk and portfolio administrative costs deducted from any positive excess. A provision for pending losses was recognised for any remaining net loss. Correspondingly, no provision had to be recognised at the reporting date.

## Contingent liabilities

Contingent liabilities (liabilities from guarantees and warranty agreements) were disclosed at the nominal values as at the reporting date. The amounts shown do not present the cash flows to be expected from these agreements in future as the vast majority of the contingent liabilities expire without being utilised. The contingent liabilities were valued in line with the valuation of receivables from customers.

## Irrevocable credit commitments

Irrevocable credit commitments comprise the portions of commitments granted but not yet utilised. They are disclosed at the nominal amount. Valuation of the irrevocable credit commitments were valued in line with the valuation of receivables from customers.

## Foreign currency translation

All monetary assets and liabilities denominated in foreign currency are translated into the functional currency (euros) at the reporting date. The effects from foreign currency translation are recorded through profit and loss in the income statement.



III. Notes to and explanations of the balance sheet

Assets side of the balance sheet

Receivables from banks

The other receivables from banks break down by residual term as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
up to three months	-	1,214
more than three months up to one year	-	5,481
more than one year up to five years	12,193	31,661
more than five years	-	17,055
Total	12,193	55,411

Receivables from customers

Receivables from customers break down by residual term as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
up to three months	88,421	64,993
more than three months up to one year	277,823	237,021
more than one year up to five years	977,716	929,144
more than five years	1,725,990	1,558,839
with indefinite term	2,570	2,666
Total	3,072,520	2,792,663

The amounts include receivables with a subordination agreement of €20 thousand (31.12.2020: €20 thousand). Receivables from reduced interest rate promotional loans with a volume of €1,372,270 thousand (31.12.2020: €1,105,484 thousand) have been assigned to the refinancing public development banks.

The receivables from customers contain receivables from companies in which a participating interest is held of €12,630 thousand (31.12.2020: €31,423 thousand) and receivables from affiliated companies of €12,819 thousand (31.12.2020: €13,208 thousand).

Bonds and other fixed-interest securities

This item breaks down as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
marketable fixed-interest securities	1,773,087	1,762,192
thereof listed	1,756,213	1,744,852
thereof not listed	162,175	17,340
non-marketable fixed-interest securities	145,302	162,945

Bonds and other fixed-interest securities of a nominal value of €158,601 thousand (31.12.2020: €149,563 thousand) will mature in the year following the reporting date. The fixed-interest securities in the investment portfolio with a carrying amount (including pro rata interest) of €1,836,723 thousand (31.12.2020: €1,756,182 thousand) were valued according to the less strict lowest-value principle and kept in separate securities accounts. The write-downs avoided as at 31 December 2021 amounted to €8,152 thousand (31.12.2020: €459 thousand). No write-down according to Section 253 (3) Sentence 4 HGB was performed as the securities are paid back at par value and there is no indication that the repayments will be reduced. The hidden reserves in the bonds and other fixed-interest securities amounted to €9,589 thousand as at 31 December 2021 (31.12.2020: €21,887 thousand). All in all, fixed-interest securities of a nominal value of €120,000 thousand (31.12.2020: €116,000 thousand) were provided as collateral to development banks to secure liabilities.

Equities and other non-fixed-interest securities

This item breaks down as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
Marketable shares and other non-fixed-interest securities	10,741	5,950
thereof listed	-	-
thereof not listed	10,741	5,950
Non-marketable shares and other non-fixed-interest securities	-	1,065

The shares and other non-fixed-interest securities in the investment portfolio were valued according to the less strict lowest-value principle and kept in separate securities accounts. The write-downs avoided as at 31 December 2021 amount to €0 thousand (31.12.2020: €12 thousand). The item contains shares in a multi-asset fund (UmweltSpektrum Mix B; ISIN: LU2078716219) with a carrying amount of €10,741 thousand (31.12.2020: €5,950 thousand). The value of the shares in the fund amounted to €10,986 thousand as at 31 December 2021 (31.12.2020: €6,752 thousand), the hidden reserves amount to €245 thousand (31.12.2020: €802 thousand). A distribution of €1.00 per share was made in February 2022 for the 2021 financial year. There were no restrictions on returning the shares in the fund in the 2021 financial year.

Trading portfolio

The trading portfolio is disclosed taking account of a risk discount of €191,026.00 thousand.

Participating interests

There are participating interests in the following companies:

Company, registered office / earnings in € thousand / most recent financial year for which annual financial statements are available	Carrying amounts 31.12.2021 € thousand	Carrying amounts 31.12.2020 € thousand	Bank's share in the company's equity
Opportunity Banka AD, Novi Sad / 2,118 / 2020	7,563	7,563	30.00%
Utopia GmbH, Munich / –1,423 / 2020	5,067	–	26.84%
Visavis Wohnungsbau GmbH & Co. KG, Berlin / 268 / 2021	1,494	1,494	45.00%
Eno Windpark GmbH & Co. Wilmersdorf KG, Ostseebad Rerik / 1,266 / 2020	1,144	1,144	29.31%
ENERTRAG Windpark Neuenfeld GmbH & Co. KG, Schenkenberg / 1,946 / 2020	877	877	28.71%
Umwelt Wind Energie UWE GmbH & Co. Bergen/ Nordenham KG, Cuxhaven / 693 / 2021	305	305	27.42%
WK Windkraft-Kontor GmbH & Co. Körbecke KG, Grebenstein / 402 / 2020	229	234	18.70%
Naturata AG, Marbach / 665 / 2020	212	212	13.44%
KWA Solarkraftwerk Arenborn GmbH & Co. KG, Bietigheim-Bissingen / 303 / 2020	168	244	36.96%
Windpark Fonds Amesdorf-Wellen GmbH & Co. KG, Mettmann / 667 / 2020	137	137	26.72%
Total	17,186	12,259	

None of the participating interests is marketable.

Shares in affiliated companies

The following companies (interest over 50%) are disclosed in the shares in affiliated companies:

Company, registered office / earnings in € thousand / most recent financial year for which annual financial statements are available	Carrying amounts 31.12.2021 € thousand	Carrying amounts 31.12.2020 € thousand	Bank's share in the company's equity
UPG UmweltProjekt GmbH, Nuremberg / 479 / 2020	15,521	15,520	100.00%
Windpark Hoher Berg Dornstedt GmbH & Co. KG, Nuremberg / 1,508 / 2021	2,290	2,290	100.00%
Gisela 36 Wohnungsbau GmbH & Co. KG, Berlin / 121 / 2021	1,823	1,823	90.00%
StadtWerk Berlin KG Beteiligungsgesellschaft für Projekte in der Stadterneuerung, Berlin / –68 / 2021	854	925	77.32%
UmweltBank & Co Emilienstraße 3 KG, Nuremberg / 921 / 2021	385	385	100.00%
UmweltKontakt GmbH, Nuremberg / 3 / 2020	305	305	100.00%
UmweltProjekt Verwaltungs GmbH, Nuremberg / 3 / 2021	25	25	100.00%
Total	21,203	22,567	

The shares in affiliated companies are non-marketable shares.

Statement of changes in non-current assets

The statement of non-current assets summarises the assets of various balance sheet items to be valued according to the principles for non-current assets.

Property, plant and equipment mainly relates to equipment, furniture and fixtures of €1,467 thousand (31.12.2020: €1,559 thousand) and land and buildings used by the Bank of €45,705 thousand.

	Cost				Write-ups		Amortisation and depreciation			Carrying amounts		
	01.01.2021 € thousand	Additions € thousand	Disposals € thousand	Transfers € thousand	Current year € thousand	Disposals € thousand	Cumulated balance of write-ups/-downs, 01.01.2021 € thousand	Disposals (-)/ additions (+) € thousand	Current year € thousand	31.12.2021 cumulated € thousand	31.12.2021 € thousand	31.12.2020 € thousand
Bonds	1,756,181	448,512	367,971	-	-	-	-	-	-	-	1,836,723	1,756,181
Equities and other non-fixed-interest securities	7,015	11,674	7,949	-	-	-	-	-	-	-	10,740	7,016
Participating interests	12,568	5,067	349	-	-	95	309	-314	10	5	17,186	12,258
Shares in affiliated companies	23,354	-	71	-	-	-	787	-	1,294	2,081	21,202	22,567
Property, plant and equipment	42,538	7,926	86	-	-	-	2,701	-86	567	3,182	47,203	39,838
Intangible assets												
Franchises acquired for monetary consideration, industrial rights and similar rights and assets as well as licences in such rights and assets	3,218	353	-	-	-	-	2,412	-	361	2,773	798	807

Other assets

The other assets item contains the following important individual amounts:

	31.12.2021 € thousand	31.12.2020 € thousand
Collateralisation of irrevocable payment obligations towards the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken – EdB) and the Single Resolution Board (SRB)	2,367	2,448
Shares in cooperatives	1,510	1,510
Commission receivables	430	293

Prepaid expenses

Prepaid expenses of €193 thousand (31.12.2020: €356 thousand) primarily consist of advance payments for software leases.

Deferred taxes

	deductible temporary differences 31.12.2021 € thousand	taxable temporary differences 31.12.2021 € thousand	Deferred tax assets € thousand	deferred tax liabilities € thousand
<b>ASSETS</b>				
Receivables from customers	5,700	-	1,834	-
Bonds	-	1,189	-	382
Partnerships				
thereof subject to trade tax	727	-	115	-
thereof not subject to trade tax	-	222	-	72
losses that can be offset pursuant to Sec. 15a Income Tax Act (Einkommensteuergesetz – EStG)	457	-	72	-
<b>LIABILITIES</b>				
Other provisions	646	1	208	0
<b>Total</b>	<b>7,530</b>	<b>1,412</b>	<b>2,229</b>	<b>454</b>
Netting			-454	-454
<b>Balance 31.12.2021</b>			<b>1,775</b>	
as at 01.01.2021			1,161	
<b>Addition to deferred tax assets at 31.12.2021</b>			<b>614</b>	

Assets denominated in foreign currency

As at 31 December 2021, there were assets in foreign currency of RSD 887,930,185 (21.12.2020: RSD 887,937,185).

Equity and liabilities side of the balance sheet

Liabilities to banks

Liabilities to banks with agreed maturity or notice period break down by residual term as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
up to three months	20,328	119,700
more than three months up to one year	66,123	62,298
more than one year up to five years	1,433,813	908,991
more than five years	919,788	712,192
<b>Total</b>	<b>2,440,052</b>	<b>1,803,181</b>

The liabilities to banks with an agreed maturity or notice period are reduced interest rate loans of development banks and funds in connection with targeted longer-term refinancing operations (TLTRO II and TLTRO III) of the Bundesbank of €1,070,000 thousand (31.12.2020: €700,000 thousand). The liabilities to banks are fully collateralised by assigned and pledged receivables with a nominal value totalling €1,372,270 thousand (31.12.2020: €1,105,484 thousand) and pledged fixed-interest securities with a nominal value of €1,322,368 thousand (31.12.2020: €989,363 thousand), of which €1,202,368 thousand (31.12.2020: €873,363 thousand) is deposited at the Bundesbank. These amounts primarily serve as collateral for the TLTRO funds taken out.

Liabilities to customers

Savings deposits with agreed notice periods of more than three months break down by residual term as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
up to three months	242,714	247,975
more than three months up to one year	-	36,276
more than one year up to five years	-	-
more than five years	-	-
<b>Total</b>	<b>242,714</b>	<b>284,251</b>



The other liabilities to customers with agreed maturity or notice period break down by residual term as follows:

	31.12.2021 € thousand	31.12.2020 € thousand
up to three months	73,749	22,034
more than three months up to one year	45,538	58,764
more than one year up to five years	105,996	123,299
more than five years	53,978	50,479
Total	279,261	254,576

The liabilities to customers contain liabilities to companies in which a participating interest is held of €2,652 thousand (31.12.2020: €1,366 thousand) and liabilities to affiliated companies of €8,044 thousand (31.12.2020: €2,572 thousand).

Other liabilities

The other liabilities item contains the following important individual amounts:

	31.12.2021 € thousand	31.12.2020 € thousand
Outstanding taxes	2,200	2,067
Distribution of profit participation rights	836	968
Accrued interest lower-ranking bonds	910	968
Trade payables	474	548

Deferred income

This item contains:

	31.12.2021 € thousand	31.12.2020 € thousand
Accrued interest from receivables	771	505

Tax provisions

The tax provisions include pro rata current income taxes of €1,677 thousand (31.12.2020: €1,228 thousand).

Other provisions

This item contains the following important individual amounts:

	31.12.2021 € thousand	31.12.2020 € thousand
Provisions for rising bonus and interest adjustments relating to the environmental savings plan (Umweltsparvertrag)	9,939	9,146

Lower-ranking liabilities

Value date	Type, securities code, nominal amount in € thousand, expenses incurred in the financial year in € thousand	Number subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
01.12.2016	Lower-ranking contingent convertible bond (CoCo bond), securities code A2BN54, up to 40,000, 681	103,815 units with a nominal value of €250.00	25,954	2.465 until 31.05.2026, then fixing on basis of the swap rate for euro swap transactions with a term of five years plus a constant margin of 2.717 percentage points	Open-ended

The bonds are classified as unsecured, lower-ranking liabilities and according to Regulation (EU) no. 575/2013 (CRR) count as additional tier 1 capital (additional core capital). In the event of insolvency, liabilities from the bonds are subordinate to the claims from instruments of the supplementary capital ("T2"). The CoCo bond is converted into shares in the Bank if the Tier 1 capital ratio falls below 5.125%. An early redemption obligation arises in the event of termination by the issuer.

Value date	Type, securities code, nominal amount in € thousand, expenses incurred in the financial year in € thousand	Units subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
30.6.2018	Bearer bonds with subordination agreement (UmweltBank Green Bond junior), WKN A2LQKU, up to 90,000, 839	41,951,397 units with a nominal value of €1.00 each	41,951	2.00 until 30.06.2024 thereafter fixing at a five-year interval on the basis of the swap rate for euro swap transactions with a term of five years plus a margin of a maximum of 100 basis points	Open-ended
08.11.2018	Registered bonds with subordination agreement UmweltBank NSV 3.85% 2018 (28), 20,000, 770		20,000	3.85 for the whole term	08.11.2028

These are unsecured lower-ranking liabilities that count as tier 2 capital (supplementary capital) according to the CRR. In the event of UmweltBank’s insolvency the claims rank lower than the claims of all non-subordinate creditors (bail-in instrument). With the Green Bond junior, an early redemption obligation arises in the event of termination by the issuer.

Profit participation rights

According to the CRR, €44,307 thousand of the profit participation rights constitutes eligible equity. The profit participation rights holders receive an annual distribution of the stated interest rate in relation to the nominal amount of the profit participation rights that ranks higher than the shareholders’ profit entitlement.

Value date	Type, securities code, nominal amount in € thousand	Units subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
31.12.2011	Profit participation certificate, securities code A2P-MFT, up to 5,539	5,538,500	5,539	4.00 until 31.12.2022, thereafter fixing on basis of six-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2022, thereafter every six years with a notice period to 31.12 of the respective year
30.09.2011	Profit participation certificate, securities code A2PMFS up to 5,539	5,538,500	5,539	4.00 until 31.12.2021, thereafter fixing on basis of the five-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2021, thereafter every five years with a notice period to 31.12 of the respective year
31.12.2010	Profit participation certificate, securities code A2P-MFR up to 5,539	5,538,500	5,539	1.45 until 31.12.2021, thereafter fixing on basis of the four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2017, thereafter every four years with a notice period to 31.12 of the respective year
01.04.2010	Profit participation right, registered profit participation right 000 505, up to 5,539	5,538,500	5,539	1.00 until 31.12.2024, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2016, thereafter every four years with a notice period to 31.12 of the respective year
30.06.2009	Profit participation right, registered profit participation right 000 504, up to 5,539	5,538,500	5,539	1.75 until 31.12.2022, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2014, thereafter every four years with a notice period to 31.12 of the respective year

Value date	Type, securities code, nominal amount in € thousand	Units subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
30.06.2008	Profit participation right, registered profit participation right 000 503, up to 5,538	5,538,240	5,538	0.90 to 31.12. 2021, thereafter fixing on basis of two-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2015, thereafter every two years with a notice period to 31.12 of the respective year
31.12.2007	Profit participation right, registered profit participation right 000 502, up to 5,538	5,538,240	5,538	1.00 until 31.12.2024, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2012, thereafter every four years with a notice period to 31.12 of the respective year
31.03.2007	Profit participation right, registered profit participation right 000 501, up to 5,538	5,538,240	5,538	1.00 until 31.12.2023, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2012 and as at 31.12.2015, thereafter every four years with a notice period of two years to 31.12 of the respective year

Equity

The share capital comprises 35,435,114 no-par-value bearer shares with an imputed nominal value of €1.00 each.

The Management Board is authorised until 28 June 2022 to increase, with the consent of the Supervisory Board, the company’s capital stock by a total of up to €6,292,891.00 (in words: six million, two hundred and ninety-two thousand, eight hundred and ninety-one euros) by issuing on one or more occasions up to 6,292,891.00 no-par-value bearer shares with a pro rata share in the capital stock of €1.00 each in return for cash consideration and/or contribution in kind. The shareholders are generally entitled to the statutory subscription right. In this process, the new shares may also be assumed by one or more banks or companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the Banking Act (Kreditwesengesetz – KWG) specified by the Management Board with the obligation to offer them to the shareholders for subscription.

The Management Board is authorised, with the consent of the Supervisory Board, to determine the further content of the share rights and the further details of implementation of the capital increase(s). The Management Board is further authorised, with the consent of the Supervisory Board, to exclude the shareholders’ subscription right in the following cases:

- for fractional amounts arising from the subscription ratio;
- in the case of capital increases in return for contribution in kind, including but not limited to performance of what is known as a share dividend where the shareholders are offered the option of contributing their dividend entitlement (in full or in part) as a contribution in kind in return for the granting of new shares from the authorised capital pursuant to § 5 (4) of the company’s articles of association;
- where it is necessary to grant the holders of conversion rights or the holders of convertible bonds with a conversion obligation a subscription right to the extent to which they would be entitled after exercise of the conversion rights or fulfilment of the conversion obligations;
- in the case of capital increases in return for cash contributions if the pro rata amount attributable to the new shares for which the subscription right is excluded does not exceed 10% in total of the capital stock and the issue amount does not fall significantly short of the quoted price;

– in order to issue employee shares to the company’s employees or Management Board members and to employees of the company’s affiliated companies.

The Management Board is further authorised until 24 June 2025 to increase, with the consent of the Supervisory Board, the company’s capital stock by a total of up to €4,194,093.00 by issuing on one or more occasions up to 4,194,093 no-par-value bearer shares with a pro rata share in the capital stock of €1.00 each in return for cash consideration and/or contribution in kind (Authorised Capital 2020). The shareholders are generally entitled to the statutory subscription right. In this process, the new shares may also be assumed by one or more banks or companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the Banking Act (Kreditwesengesetz – KWG) specified by the Management Board with the obligation to offer them to the shareholders for subscription.

The Management Board is authorised, with the consent of the Supervisory Board, to determine the further content of the share rights and the further details of implementation of the capital increase(s). The Management Board is further authorised, with the consent of the Supervisory Board, to exclude the shareholders’ subscription right in the following cases:

- for fractional amounts arising from the subscription ratio;
- in the case of capital increases in return for contribution in kind, including but not limited to performance of what is known as a share dividend where the shareholders are offered the option of contributing their dividend entitlement (in full or in part) as a contribution in kind in return for the granting of new shares from the authorised capital pursuant to § 5 (5) of the company’s articles of association;
- where it is necessary to grant the holders of conversion rights or the holders of convertible bonds with a conversion obligation a subscription right to the extent to which they would be entitled after exercise of the conversion rights or fulfilment of the conversion obligations;
- in the case of capital increases in return for cash contributions if the pro rata amount attributable to the new shares for which the subscription right is excluded does not exceed 10% in total of the capital stock and the issue amount does not fall significantly short of the quoted price;

– in order to issue employee shares to the company’s employees and Management Board members and to employees of the company’s affiliated companies.

By resolution of the general meeting of 24 June 2021, €1,866 thousand (previous year: €569 thousand) from the previous year’s distributable profit were added to retained earnings.

Through a capital increase on 29 October 2021, the subscribed capital increased by €4,429 thousand from €31,006 thousand to €35,435 thousand. The capital reserves increased by €68,655 thousand, from €33,315 thousand to €101,970 thousand.

€17 thousand was appropriated to a special reserve (Section 204 (3) German Stock Corporation Act (Aktiengesetz – AktG)) for the issuing of employee shares.

According to Section 58 (2) AktG, the Management Board and Supervisory Board have appropriated €6,500 thousand (previous year: €6,400 thousand to other retained earnings).

Notes under the bottom line of the balance sheet

This item contains:

	31.12.2021 € thousand	31.12.2020 € thousand
Guarantees and warranties	59,996	66,057

Contingent liabilities

The contingent liabilities item does not contain any individual amounts that are of material importance in relation to the overall business activities. The risk of claims being made from the contingent liabilities is deemed to be low overall.



Other obligations

This item contains:

	31.12.2021 € thousand	31.12.2020 € thousand
Irrevocable credit commitments	463,192	382,907

The irrevocable credit commitments item does not contain any individual amounts that are of material importance in relation to the overall business activities. It is not possible to identify any particular credit risks from future lending.

IV. Notes to the income statement

Net commissions

Net commissions as the balance of commission income and expenses essentially breaks down as follows:

	01.01 – 31.12.2021 € thousand	01.01 – 31.12.2020 € thousand
Lending business	2,697	1,724
Securities/insurance business	2,394	1,618
Payment transactions	227	246

The administration and intermediation services rendered for third parties are essentially attributable to the customer securities and insurance intermediary business.

Audit costs

The total fees charged by the independent auditor for the 2021 financial year contained in administrative expenses totals €290 thousand net (previous year: €283 thousand) and breaks down as follows:

	01.01 – 31.12.2021 € thousand	01.01 – 31.12.2020 € thousand
Fees relating to audit of financial statements	224	231
Fees for other assurance services	60	27
Fees for tax advisory services	6	24

Other assurance services contains in particular fees for legally prescribed, contractually agreed or voluntarily performed audit and assurance services.

Fund for general banking risks (reserve pursuant to Section 340g HGB)

In the 2021 annual financial statements, as in the previous years, additions were once again made to the fund for general banking risks pursuant to Section 340g HGB, which resulted in a corresponding decrease in the result for the year.

V. Other financial obligations

The residual payment obligations for as yet uncalled contingent contributions from in-terests in limited partnerships amount to €2,310 thousand (31.12.2020: €2,310 thousand). In addition, there are financial obligations following repayments of limited partnership contributions of €4,083 thousand, of which €2,138 thousand to affiliated companies.

Furthermore, there are financial obligations under lease agreements of €1,056 thousand p.a. and €1,066 thousand p.a. from maintenance, servicing and licence agreements.

The total amount subject to a pay-out block amounted to €1,775 thousand as at the reporting date for the annual financial statements (31.12.2020: €1,161 thousand) and is attributable in full to deferred tax assets.

VI. Information on the company and its governing bodies

Employees

As at the reporting date, the company had a headcount of 299 (previous year: 250) full- and part-time employees, thereof seven (previous year: nine) employees on parental leave, 30 (previous year: 23) student workers, six (previous year: six) interns.

On an annual average (quarterly levels), the company’s headcount converted to full-time equivalents came to 236.1 (previous year: 190.0) employees pursuant to Section 267 (5) HGB. Of this figure, 225.1 (previous year: 181.9) were full-time or part-time employees and 11.0 (previous year: 8.1) part-time student workers.

Remuneration of governing bodies

The total remuneration of the Management Board for the 2021 financial year came to €633 thousand (previous year: €765 thousand). The remuneration paid to members of the Supervisory Board was unchanged on the previous year at €145 thousand.

Management Board

The following persons have been appointed to the Management Board:

Goran Bašić, Nuremberg,

Front-office function for the lending business according to the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk), responsible for the areas of Personnel, Financing Private Customers, Financing Energy and Infrastructure Projects, Financing Real Estate Projects, Treasury & Sustainability, Participating Interests

Jürgen Koppmann, Nuremberg,

Back-office function for the lending business according to MaRisk, responsible for the areas of Customer Care & Account Management Private Customers, Customer Care & Account Management Businesses & Associations, Customer Care & Services, Securities & Pensions, Information Technology & Project Management, Reporting, Risk and Analytics, Accounting, Taxes & Operations, Legal & Compliance, back Office Credit, Marketing & PR, Central Services & Real Estate, Internal Audit, Management Board Support Office

Supervisory Board

The following individuals were members of the Supervisory Board in the 2021 financial year:

Günther Hofmann, Managing Director of PayCenter GmbH, Bad Mergentheim, member of the Supervisory Board until 24 June 2021

Susanne Horn, Managing Director of Brauerei Bischofshof Verwaltungsgesellschaft mbH, Regensburg

Dr Michael Kemmer, member of the supervisory boards and boards of directors of various companies, chair of the Supervisory Board

Heinrich Klotz, notary in Aschaffenburg

Dr Michael Maier, member of the management (Chief Technology Officer) of Habib Bank Ltd., Karachi (Pakistan), member of the Supervisory Board since 24 June 2021

Edda Schröder, managing director of Invest in Visions GmbH, Frankfurt am Main

**Silke Stremlau**, member of the management board of Hannoversche Alterskasse VVaG, Hanover, and further companies of the Hannoversche Kassen corporate group, deputy chair of the Supervisory Board

Loans to Supervisory Board/Management Board

No loans, sureties or guarantees had been made to members of the Management Board or the Supervisory Board as at 31 December 2021.

VII. Proposal for the appropriation of profit

The Management Board will propose to the annual general meeting to use the distributable profit of €12,857,720.41 for a dividend of €0.33 (previous year: €0.33). The remaining distributable profit of €1,164,132.79 is proposed to be added to other retained earnings.

VIII. Report on subsequent events

Russia’s war of aggression against Ukraine began on 24 February 2022 and is still ongoing. The coronavirus pandemic is also continuing to show dynamic developments. To date, neither of the two issues has, however, had a direct impact on the financial position, cash flows and financial performance since the reporting date.

Nuremberg, 06 April 2022

UmweltBank AG, Nuremberg

The Management

  
Goran Bašić

Member of the Management Board



Jürgen Koppmann  
Spokesperson of the Management Board



Heike Schmitz  
Chief Representative

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

AUDIT OPINION OF THE INDEPENDENT AUDITOR OF THE FINANCIAL STATEMENTS

To UmweltBank AG, Nuremberg

OPINION ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit judgement

We audited the annual financial statements of UmweltBank AG, Nuremberg – consisting of the balance sheet as at 31 December 2021, the income statement for the financial year from 1 January 2021 to 31 December 2021 as well as the notes to the financial statements, including the presentation of the accounting and valuation methods. Over and above this, we audited the management report of UmweltBank AG, Nuremberg, for the financial year from 1 January 2021 to 31 December 2021. In our assessment based on the findings obtained during the audit

- the enclosed annual financial statements comply in all material aspects to the provisions of German commercial law applicable to financial institutions and, observing the German generally accepted accounting principles, provide a true and accurate picture of the company’s assets and financial position as at 31 December 2021 as well as its financial performance for the financial year from 1 January 2021 to 31 December 2021 and the
- enclosed management report provides overall an accurate picture of the company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with the provisions of German law and accurately reflects the opportunities and risks of the future development.

According to Section 322 (3) Sentence 1 German Commercial Code (Handelsgesetzbuch – HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the audit judgements

We performed our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Regulation on Specific Requirements Regarding Statutory Audit of Public-interest Entities (No. 537/2014; hereinafter “EU Audit Regulation”) taking account of the German generally accepted audit principles defined by the Institute of Public Auditors in Germany (IDW). Our responsibility under these provisions

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

and principles is explained in more detail in the section “Auditor’s responsibility for the audit of the annual financial statements and the management report” of our Audit Opinion. We are independent from the company in compliance with the provisions of European and German commercial law and professional law, and have fulfilled our other obligations under German professional standards in accordance with these requirements. We further declare in accordance with Art. 10 (2) letter f) EU Audit Regulation that we did not perform any forbidden non-assurance services pursuant to Art. 5 (1) EU Audit Regulation. We are of the opinion that the audit evidence we obtained is sufficient and suitable to serve as the basis for our audit judgements on the annual financial statements and the management report.

**Especially important audit matters in the audit of the annual financial statements**

Especially important audit matters are such matters that in our professional judgement were the most significant in our audit of the annual financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were taken into consideration in the context of our audit of the annual financial statements as a whole and in the formation of our audit judgements on the same; we do not issue any separate audit judgements on these matters.

From our perspective, the following matter was most significant in our audit:

**Lending business: measurement of receivables from customers**

We structured our presentation of these especially important audit matters as follows:

- 1) Matters and issues
- 2) Audit procedure and findings
- 3) Reference to more detailed information

1)  
UmweltBank AG grants loans to commercial customers in the area of project financing (including but not limited to solar plants and wind turbines, as well as real estate) and to private customers (including but not limited to real estate financing), primarily in Germany. At € 3,072.5 million (PY: € 2,792.7 million), receivables from customers was the Bank’s largest single item. Loans are granted according to a specified rating method. The accounting and valuation methods relating to the receivables from customers provide for measurement at nominal value and take account of risks through amortisation and impairment. For this purpose, classes of risk (with intermediate levels) have been formed, which, in summary, can be allocated to the following regulatory classifications: loans without

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

identifiable risks, loans with increased latent risks and loans at risk of default. Specific allowances are recognised for loans at risk of default by an allowance being formed for the full amount of the unsecured portion, i.e. the difference between the amount utilised or higher commitment of a loan and the collateral value. The collateral value is calculated using measurement methods specified by the Bank. The ‘income approach’ is predominant among the measurement methods. With regard in particular to the financed photovoltaic installations or wind turbines, measurement is performed taking account of the respective residual term on the basis of the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG) or an underlying contractual electricity price agreement. In doing so, the Bank discounts the forecast cash flows from the respective project (primarily on the basis of appraisals). The methods for valuing the collateral provide permissible scope for the use of judgement with regard to the underlying matters and measurement parameters. Together with the amount of this balance sheet item, the specific allowances may give rise to significant effects on the Bank’s assets and financial performance which makes it an especially important audit matter.

2)

For our audit of the recoverability of the receivables from customers, we performed the following audit procedures in particular:

- analysis of the development of the credit portfolio and the counterparty default risks of the credit portfolio,
- assessment of the methods and organisational instructions relevant for determining the specific allowances in the lending business,
- assessment of the structure and the effectiveness of the internal control system in relation to determining specific allowances in the lending business, including the relevant IT systems on the basis of the corresponding organisation, inquiries and inspection of the control documentation,
- review of the recoverability of credit exposures on the basis of a selection consciously made according to risk-oriented criteria from the population of receivables from customers, and



**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

- reconciliation of the specific allowances recognised with the information recorded in the accounting system.

The specific allowances recognised by the management are plausible and within the scope of our expectations.

3)

The information on measurement of the receivables provided by the company in the notes to the financial statements are contained in the section entitled Accounting and valuation methods.

#### **Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report**

The legal representatives are responsible for preparing the annual financial statements corresponding to the provisions of German commercial law applicable for financial institutions in all material respects and for ensuring that the annual financial statements provides a true and accurate picture of the financial position, cash flows and financial performance taking account of the German generally accepted accounting principles. Furthermore, the legal representatives are responsible for the internal controls that they have specified as necessary in compliance with German generally accepted accounting principles in order to facilitate the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the annual financial statements the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are further responsible for disclosing any matters in connection with the going concern principle where relevant. Over and above this, they are responsible for preparing accounts on the basis of the going concern principle unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for preparing a management report that overall provides a true and accurate picture of the company's position and is consistent in all material respects with the annual financial statements, complies with the provisions of German law and accurately presents the opportunities and risks of the future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to facilitate the preparation of a management

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

report in compliance with the applicable provisions of German law and to make it possible to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's financial reporting process for preparing the annual financial statements and the management report.

#### **Auditor's responsibility for the audit of the annual financial statements and the management report**

Our objective is to obtain sufficient assurance as to whether the annual financial statements seen as a whole are free from material misstatement – whether due to fraud or error – and whether the management report overall provides a true and accurate picture of the company's position and is consistent in all material respects with the annual financial statements and the findings made during the audit, complies with the provisions of German law and accurately presents the opportunities and risks of the future development and to issue an Audit Opinion that contains our audit judgements on the annual financial statements and the management report.

Sufficient assurance is a high degree of assurance but no guarantee that a due and proper audit of financial statements conducted in compliance with Section 317 HGB and the EU Audit Regulation taking account of the German generally accepted audit principles defined by the Institute of Public Auditors in Germany (IDW) will always reveal a material misstatement. Misstatements may result from infringements or inaccuracies and are deemed material if it can be reasonably expected that, seen individually or as a whole, they influence economic decisions by users made on the basis of these annual financial statements and management report.

During the audit, we apply professional judgement and maintain a critical stance. Over and above this,

- we identify and assess the risks of material misstatement – whether due to fraud or error – in the annual financial statements and the management report, plan and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit judgements. The risk that material misstatements are not uncovered is higher in the case of infringements than in the case of inaccuracies, as infringements may involve fraudulent collusion, forgeries, intentional omissions, misleading representations and the bypassing of internal controls.

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

- We gain an understanding of the internal control system relevant for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances but not with the objective of issuing an audit judgement on the effectiveness of these systems of the company.
- We assess the appropriateness of the financial reporting methods applied by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated information.
- We draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that raise considerable doubt as to the company's ability to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are obliged to draw attention in the Audit Opinion to the relevant information in the annual financial statements and in the management report or, if such information is inappropriate, to modify the respective audit judgement we made. We draw our conclusions on the basis of the audit evidence obtained up until the date of our Audit Opinion. Future events or circumstances may, however, lead to a situation where the company is no longer able to continue as a going concern.
- We assess the overall presentation, the structure and the content of the annual financial statements including information provided and whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and accurate picture of the financial position, cash flows and financial performance of the company observing the German generally accepted accounting principles.
- We assess whether the management report is consistent with the annual financial statements, whether it complies with the pertinent legislation and the picture it conveys of the company's situation.

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

- We perform audit procedures on the forward-looking statements presented by the legal representatives in the management report. In doing so, we employ sufficient suitable audit evidence to examine in particular the significant assumptions used as a basis by the legal representatives for the future-looking statements and assess whether the future-looking statements have been derived appropriately from such assumptions. We do not issue a stand-alone audit judgement on the forward-looking information and on the underlying assumptions. There is a considerable unavoidable risk that future events deviate materially from the forward-looking statements.

We discuss with the persons responsible for monitoring, among other things, the planned scope and scheduling of the audit as well as significant audit findings including any deficiencies in the internal control system we made during our audit.

We make a declaration to the persons responsible for monitoring that we have complied with the relevant requirements on independence and discuss with them all relationships and other matters from which it can be reasonably assumed that they impact our independence and the precautionary measures taken in this context.

Of the matters we discussed with the persons responsible for monitoring, we determine those matters that were most significant in the audit of the annual financial statements for the current period under review and consequently constitute the especially important audit matters. We describe these matters in the Audit Opinion, unless laws or other statutory regulations prohibit disclosure to the public of such matters.

#### ***OTHER STATUTORY AND SUNDRY LEGAL REQUIREMENTS***

##### **Other information pursuant to Article 10 EU Audit Regulation**

We were elected as auditors of the annual financial statements by the annual general meeting held on 24 June 2021. We were engaged by the Supervisory Board on 28 October 2021. We have acted as auditors of UmweltBank AG, Nuremberg, since the 2014 financial year without interruption.

We declare that the audit judgements contained in this Audit Opinion are consistent with the additional report to the Supervisory Board pursuant to Article 11 EU Audit Regulation (Audit Report).

**Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.**

We essentially provided the following services for the audited company that were not stated in the annual financial statements or the management report of the audited company in addition to the audit of the annual financial statements: audit pursuant to Section 89 (1) German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Harald Melchior-Becker

Nuremberg, 20 April 2022

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft

signed	signed
Dr Fischer	Melchior-Becker
Auditor	Auditor

About this report

Together, we are creating a world worth living in for ourselves and future generations. UmweltBank underscores with this vision its commitment to contribute to a better world through its actions. But it also emphasises the potential of banks for solving environmental, social and economic challenges.

UmweltBank has published a Sustainability and Annual Report each year since its foundation in 1997. In it, the Bank informs its stakeholders about the company’s business development and sustainability performance. In addition to the complete annual financial statements, the report contains detailed information, audited in accordance with EMAS, on the Bank’s environmental performance as well as its sustainable personnel policy.

This report has been prepared according to GRI Standards: Core option. It refers to the calendar year 2021. This also corresponds to UmweltBank’s financial year. No significant changes in the organisation or its supply chain occurred during the reporting period. Comparability of the data with the previous Sustainability and Annual Report is thus ensured.

Contacts for questions about the report

<b>Erik Munding</b>	<b>Oliver Patzsch</b>
Sustainability Management Specialist	Manager Investor Relations
erik.munding@umweltbank.de	oliver.patzsch@umweltbank.de

GRI content index

GRI standard	Indicator	Comments	Page number
General Disclosures	102-1 Name of the organization		13
	102-2 Activities, brands, products, and services		18, 22-39
	102-3 Location of headquarters		13
	102-4 Location of operations		13, 26
	102-5 Ownership and legal form		13, 42-43
	102-6 Markets served	UmweltBank operates almost exclusively in Germany. Both the projects financed and the customers are almost all based in Germany.	18-36, 134-135
	102-7 Scale of the organization		13, 18, 115, 140, 144
	102-8 Information on employees and other workers		114-117
	102-9 Supply chain		50, 73-74
	102-10 Significant changes to the organization and its supply chain		42
	102-11 Precautionary Principle or approach		47
	102-12 External initiatives		52-55
	102-13 Membership of associations		52-55
	102-14 Statement from senior decision-maker		6-9
	102-16 Values, principles, standards, and norms of behavior		6-8, 12, 42-50, 56-61, 64-67, 92-97
	102-18 Governance structure		13-14, 102-107, 108-109
	102-40 List of stakeholder groups		56-57, 59
	102-41 Collective bargaining agreements	Not bound by collective agreements	-
	102-42 Identifying and selecting stakeholders		56-57, 59
	102-43 Approach to stakeholder engagement		56-61
	102-44 Key topics and concerns raised		6-8, 18-19, 56-61, 92-96, 114-123
	102-45 Entities included in the consolidated financial statements		139, 175, 180-181
	102-46 Defining report content and topic Boundaries		58-59
	102-47 List of material topics		60
	102-48 Restatements of information		207

GRI standard	Indicator	Comments	Page number
	102-49 Changes in reporting		207
	102-50 Reporting period		207
	102-51 Date of most recent report		207
	102-52 Reporting cycle		207
	102-53 Contact point for questions regarding the report		207
	102-54 Claims of reporting in accordance with the GRI Standards		207
	102-55 GRI content index		208-211
Child Labor	102-56 External assurance	The consumption data, the mode of collection and the calculated CO <sub>2</sub> emissions for UmweltBank have been externally audited by OmniCert Umweltgutachter GmbH since 2016 as part of the environmental management system according to EMAS (Eco-Management and Audit Scheme). There is no external verification of the entire GRI report.	97
Forced or Compulsory Labor	103 Management Approach		47-49
	408-1 Operations and suppliers at significant risk for incidents of child labor		47-49
Anti-corruption	103 Management Approach		47-49
	409- 1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		47-49
Economic Performance	103 Management Approach		47-49
	205- 1 Operations assessed for risks related to corruption	In accordance with the investment and financing principles of UmweltBank, both companies with incidents of corruption as well as states that achieve a Corruption Perception Index of < 50 are excluded from investments and financing.	47-49
	205-2 Communication and training about anti-corruption policies and procedures		47-49
	205- 3 Confirmed incidents of corruption and actions taken		47-49
	103 Management Approach		41, 134-148, 170-171
	201-1 Direct economic value generated and distributed		41, 170, 194-195



GRI standard	Indicator	Comments	Page number
Energy	103 Management Approach		68-69
	301-1 Materials used by weight or volume		69
	103 Management Approach		68-69
	302-1 Energy consumption within the organization		68-69
Water and Effluents	302-2 Energy consumption outside of the organization		68
	302-3 Energy intensity		68
	302-4 Reduction of energy consumption		68
	103 Management Approach		71
Emissions	303-1 Water withdrawal by source		71
	103 Management Approach		76-78
	305-1 Direct (Scope 1) GHG emissions		80
	305-2 Energy indirect (Scope 2) GHG emissions		80
	305-3 Other indirect (Scope 3) GHG emissions		80
	305-4 GHG emissions intensity		80, 85
	305-5 Reduction of GHG emissions		80-84
Effluents and Waste	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		80-81
	103 Management Approach		70
	306-2 Waste by type and disposal method		70
Environmental Compliance	103 Management Approach		49, 64
	307-1 Non-compliance with environmental laws and regulations		49
Supplier Environmental Assessment	103 Management Approach		49, 64
	307-1 Non-compliance with environmental laws and regulations		49
	103 Management Approach		49, 73
Employment	308-1 New suppliers that were screened using environmental criteria		88-90, 73
	103 Management Approach		114-117
	401-1 New employee hires and employee turnover	Total additions in 2021: 90/ Increase after deduction of exits approx. 20%	115

GRI standard	Indicator	Comments	Page number
Training and Education	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		117
	103 Management Approach		110, 117-119
	403-8 Workers covered by an occupational health and safety management system		117-118
	103 Management Approach		114
Diversity and Equal Opportunity	404-1 Average hours of training per year per employee		118
	404-2 Programs for upgrading employee skills and transition assistance programs		118-119
	404-3 Percentage of employees receiving regular performance and career development reviews		118
Human Rights Screening	103 Management Approach		91, 120
	405-1 Diversity of governance bodies and employees		100-113, 115
Supplier Social Assessment	103 Management Approach		49
	412-1 Operations that have been subject to human rights reviews or impact assessments	Due to the business activities of UmweltBank, the risk of human rights violations can be assumed to be very low.	49
	103 Management Approach		73
Political Interference	414-1 New suppliers that were screened using social criteria		73
	414-2 Negative social impacts in the supply chain and actions taken		49
Protection of Customer Data	103 Management Approach		53-57
	415-1 Political contributions		53
Socioeconomic Compliance	103 Management Approach		48
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		48
	103 Management Approach		48-49
	419-1 Non-compliance with laws and regulations in the social and economic area		48-49

Publishing details and contact

***Published by***

**UmweltBank AG**  
Laufertorgraben 6  
90489 Nuremberg

***Image credits***

**UmweltBank AG**  
AdobeStock  
gettyimages  
unsplash  
p. 15 Siemens AG  
p. 15 Luxcara  
p. 15 Spengler–Wiescholek  
p. 17 Spengler–Wiescholek  
p. 20 Spengler–Wiescholek  
p. 29 Siemens AG  
p. 30 NaturEnergie Region Hannover GmbH  
p. 32 Jan Bitter  
p. 35 E. Gassen/Wohnen im Quartier  
p. 36 Villa Viva  
p. 38 Jan Bitter  
p. 39 ASG Engineering GmbH  
p. 52 Bluepingu

***Service for private investors***

Tel. +49 (0)911 5308 2030  
wertpapiere@umweltbank.de

***Service for investors and analysts***

Tel. +49 (0)911 5308 1305  
ir@umweltbank.de

***Service for press and media***

Tel. +49 (0)911 5308 1305  
presse@umweltbank.de



**Note:** This is a convenience translation of the German original. Solely the original text in German language is authoritative.

© 2022  
Reprints, including excerpts, only  
with the permission of UmweltBank AG

Performance figures for  
*UmweltBank AG in 2021*

Economic position		31.12.2020	31.12.2021	Change in %
Volume of business	€ million	5,393	6,451	+ 19.6
Total assets	€ million	4,944	5,928	+ 19.9
Equity, regulatory*	€ million	408	487	+ 19.4
Customer deposits	€ million	2,694	2,954	+ 9.7
Volume of customer securities accounts	€ million	682	949	+ 39.2
Volume in UmweltSpektrum funds	€ million	42	100	+ 138.1
Interest, financial and valuation result	€ thousand	54,345	63,203	+ 16.3
Commission and net trading income	€ thousand	5,148	9,421	+ 83.0
Personnel expenses	€ thousand	13,778	17,154	+ 24.5
Other administrative expenses	€ thousand	13,288	16,512	+ 24.3
thereof bank levy and deposit protection	€ thousand	2,684	4,096	+ 52.6
Other expenses (–) / other income (+)	€ thousand	5,421	–874	
Earnings before taxes	€ thousand	37,848	38,085	+ 0.6
Taxes	€ thousand	11,350	12,710	+ 12.0
Addition to reserve pursuant to Section 340g HGB	€ thousand	8,000	6,000	– 25.0
Net result	€ thousand	18,498	19,375	+ 4.7
Transfers to retained earnings	€ thousand	6,400	6,500	+ 1.6
Distributable profit	€ thousand	12,098	12,858	+ 6.3
Dividend per share**	€	0.33	0.33	
Total equity ratio, regulatory*	%	14.6	16.1	
Common Equity Tier 1 capital ratio, regulatory*	%	9.8	11.7	
Cost–income ratio	%	43.1	47.7	
Environment				
Financed loan projects since 1997	Number	23,881	24,513	+ 2.7
Volume of new credit	€ million	689	845	+ 22.6
Environmental loans (including open commitments)***	€ million	3,247	3,543	+ 9.1
thereof residential	%	35.3	35.0	
thereof solar power	%	32.9	34.0	
thereof wind power	%	21.3	20.6	
thereof social and commercial real estate	%	8.0	8.3	
thereof biomass and heating concepts	%	1.8	1.1	
thereof other financing	%	0.7	1.0	
CO <sub>2</sub> avoidance achieved	tCO <sub>2</sub> e	1,098,161	1,203,270	+ 9.6
People				
Customers	Number	121,166	132,087	+ 9.0
Employees	Number	250	299	+ 19.6
thereof women	Number	132	170	+ 29.1
thereof part–time employees	Number	82	94	+ 14.6
thereof student workers	Number	18	27	+ 50.0
thereof trainees	Number	12	11	– 8.3
Employee performance (converted to full–time equivalents)	Positions	191.4	239.5	+ 25.4

\* For €73 million from the 2021 capital increase, recognition by the BaFin is still pending  
\*\* Proposal for the annual general meeting on 23.06.2022  
\*\*\* Calculation method updated; total of loans committed for sustainable projects



[www.umweltbank.de](http://www.umweltbank.de)