Buy

EUR 8.40

Price	EUR 5.10
Upside	**64.7 %**

Value Indicators:	EUR
Residual income model	8.40

Warburg Risk Score:	**0.5**
Balance Sheet Score:	1.0
Market Liquidity Score:	0.0

Description:

Direct bank focussing on sustainable business with private and corporate customers

Market Snapshot:	EUR m
Market cap:	184
No. of shares (m):	36
Freefloat MC:	157
Ø Trad. Vol. (30d):	17.87 th

Shareholders:	
Freefloat	85.00 %
GLS Bank	15.00 %

Key Figures (WRe):	2025e
Price / Book:	0.7 x
Equity Ratio:	4 %

Focused, sustainable direct bank with attractive growth potential

- **Quality:** Following its strategic repositioning in the Retail Banking business, UmweltBank will appeal strongly to customers who value a sustainable bank with an attractive range of products and services at a good price-performance ratio. In addition to the expanded product range, this is supported by the bank's high credibility in terms of its compliance with sustainability criteria and its specialised expertise in sustainable financing for commercial corporate customers in the renewable energy and real estate sectors. Targeted marketing campaigns, including television commercials, should help to increase brand awareness.
- The implementation of the new core banking system, which was completed in 2024, will enable lean processes in customer service and customer contact, as well as a targeted, optimised expansion of the product and service range. This should ensure a gradual decline in the cost-income ratio (WRe 2027 67%).
- UmweltBank is demonstrating dynamic development of its strategy by management with relevant experience in implementing growth strategies, which also promises greater efficiency in investment and marketing expenditure.
- **Growth:** The core driver of growth will be the acquisition of new customers, as the recent introduction of the current account and more intensive marketing measures are expected to significantly raise awareness of the UmweltBank brand among German retail customers. We expect a customer-growth CAGR (2023-2027e) of 27% to 340k in the **Retail Banking** segment, which can be achieved primarily by a) the introduction of the current account as the anchor product, b) the possible opening and expansion of the securities business, and c) the implementation of investment advice.
- In the **Corporate Banking** segment, credit volume growth is currently limited by regulatory requirements for the capital ratio, so that the guidance for credit volume (~EUR 4bn) in 2028 assumes a CAGR (2023-28e) of only around 2%. However, the potential for new business is likely to be significantly higher, as the bank has a deep understanding of, and expertise in, sustainable financing of renewable energies and real estate for its generally long-standing customers. The elimination of regulatory capital surcharges and the issuance of Tier 1 and supplementary capital could significantly strengthen growth and flexibility in lending and have positive effects on the CIR and ROE.
- Rising customer deposits in Retail Banking (guidance CAGR 2024-2028 14%) to EUR 5.9bn should enable solid financing of lending business while interest income grows. Recurring revenues (net interest income & net commission income) could at least double by 2027 as the expected customer growth significantly reduces dependence on financial results and improves earnings visibility.
- **Valuation:** The expected increase in profitability resulting from the measures introduced, with a target ROE of over 12% before taxes in 2028, should lead to a revaluation of the share. Given the bank's successful repositioning and realignment, optimisation of business processes and expected customer growth, the share represents an attractive investment in the German specialist banking market. We are initiating coverage with a Buy recommendation and a price target of EUR 8.40 based on our estimates for 2027 and a residual income model, which represents attractive upside of over 60%.

Rel. Performance vs Scale All Share	
1 month:	-0.7 %
6 months:	-26.2 %
Year to date:	-34.6 %
Trailing 12 months:	-27.2 %

Company events:	
27.08.25	AGM
30.10.25	Q3

FY End: 31.12. in EUR m	CAGR (24-27e)	2021	2022	2023	2024	2025e	2026e	2027e
Total revenues	22.5 %	75.7	90.9	47.6	62.6	88.3	94.3	115.0
Revenue growth		13.3 %	20.2 %	-47.7 %	31.7 %	40.9 %	6.8 %	22.0 %
Admin. Expenses	4.5 %	34.6	42.2	57.8	67.5	68.0	72.0	77.1
LLPs		-3.0	-9.6	4.7	-3.6	-12.8	-5.0	-5.3
EBT	-	38.1	39.2	-5.6	-8.5	7.5	17.3	32.6
Net income	214.3 %	19.4	19.5	0.7	0.7	7.5	17.3	22.8
EPS	214.3 %	0.55	0.55	0.02	0.02	0.21	0.48	0.63
DPS	-	0.33	0.33	0.00	0.00	0.10	0.15	0.15
Dividend Yield		1.8 %	2.1 %	n.a.	n.a.	2.0 %	2.9 %	2.9 %
Book Value / Share		6.92	7.19	6.99	6.92	7.11	7.66	8.34
Price / Book		2.6 x	2.1 x	1.5 x	0.9 x	0.7 x	0.7 x	0.6 x
PTB (UBK)		0.5 x	0.5 x	0.5 x	0.5 x	0.5 x	0.5 x	0.4 x
P / E		32.8 x	28.1 x	538.9 x	315.3 x	24.7 x	10.7 x	8.1 x
ROE pre-tax (Ø TE)		11.3 %	10.0 %	-1.4 %	-2.2 %	2.0 %	4.4 %	7.8 %
ROE (Ø TE)		5.8 %	5.0 %	0.2 %	0.2 %	2.0 %	4.4 %	5.4 %
RoRWA		0.7 %	0.6 %	0.0 %	0.0 %	0.2 %	0.5 %	0.7 %
CIR		45.7 %	46.4 %	121.6 %	107.8 %	77.0 %	76.4 %	67.1 %
CIR (UBK)		47.6 %	51.8 %	110.7 %	114.4 %	90.1 %	80.6 %	70.3 %
CET I Ratio		9.5 %	11.5 %	11.6 %	12.3 %	12.0 %	12.2 %	12.4 %
Tier One Ratio		10.4 %	12.3 %	12.4 %	13.1 %	12.8 %	12.9 %	13.2 %
Total capital ratio		14.0 %	15.7 %	15.6 %	16.4 %	16.0 %	16.0 %	16.1 %
Guidance:	2025: EBT of EUR 5-10m; 2028: ROE pre-tax of >12%							

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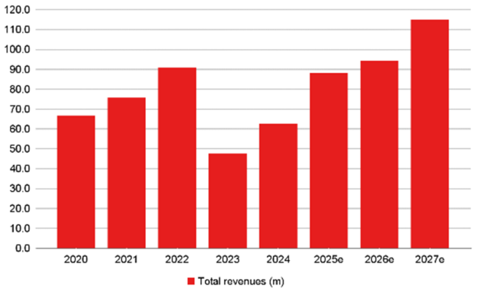
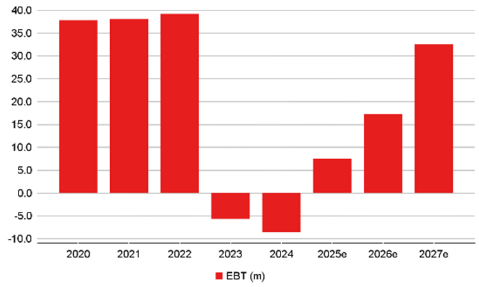
Operating Revenues development
in EUR m



Source: Warburg Research

EBT development
in EUR m



Source: Warburg Research

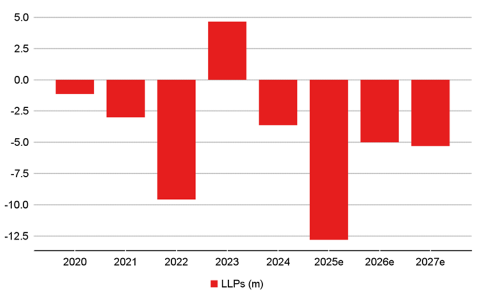
Company Background

- UmweltBank has positioned itself as a focused direct bank with a clear commitment to sustainability and has been offering sustainable products and services since its foundation in 1997. The IPO took place in 2001.
- The bank divides its operations into the segments of Retail Banking, Corporate Banking, and Investments. The Retail banking business is set to grow significantly in the coming years.
- In the Retail Banking segment, the bank offers its more than 150,000 customers traditional products such as call money and term deposit accounts and, since June 2025, current accounts.
- The financing of ecological and sustainable projects in the areas of renewable energies and social and sustainable real estate is the focus of UmweltBank's Corporate Banking business and is the bank's core competence.
- The investment portfolio built up during the low-interest phase, which generally also includes financed projects (renewable energies and real est.), is to be gradually sold off by 2026 in order to release equity capital.

Competitive Quality

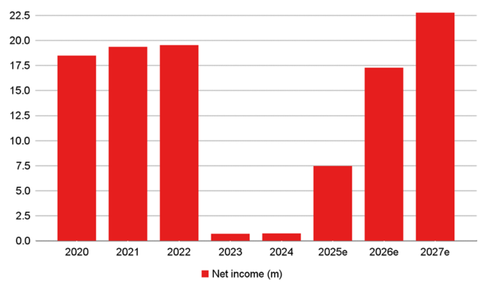
- The name UmweltBank stands for sustainable banking products and services. The bank's high credibility is a USP compared to other banks.
- The bank's low complexity allows for greater management flexibility in decision-making processes, enabling a faster response to market changes and customer demands.
- Long-standing customer relationships and factors such as a high level of technical expertise, flexibility and security in the granting of sustainable financing enable high customer demand.
- The targeted introduction of new products, high cross-selling potential and expected dynamic customer growth should significantly improve UmweltBank's profitability in the coming years.
- Product pricing is focused on competitiveness and profitability in order to achieve the attractive ROE target of over 12% before taxes after a strong growth phase.

LLP development
in EUR m



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Summary of Investment Case

Investment triggers

- The bank's repositioning and plans for focused marketing expenditure should lead to a significant increase in UmweltBank's brand awareness.
- The business model enables the rapid introduction of new products based on a new core banking system. In addition, the resulting lean and efficient processes are likely to lead to visible economies of scale in terms of profitability.
- The current account offer should appeal to new customers who value UmweltBank's sustainability credentials and strengthen relationships with existing customers.
- The expansion of the securities offering is likely to be very attractive to new customers in connection with the bank's sustainability standards and should enable the bank to grow its customer base.
- A reduction in the additional capital-ratio requirements imposed by the supervisory authority, potentially higher profit generation and the issuance of additional equity instruments could boost flexibility in business volume growth and product offerings.
- Visible dynamic customer growth combined with rising profitability should restore investor confidence in the sustainable business model.

Valuation

- The share is currently valued at a PTB of 0.5 based on equity including reserves in the fund for general banking risks (HGB § 340g). Achieving the target ROE of over 12% before taxes (WRe: ROE after taxes ~8.4%) would justify a significantly higher multiple.
- The share valuation is significantly below its historical multiples as a result of regulatory intervention by the supervisory authority in 2023. Once the points of criticism have been addressed, the profitable business model, which is now more focused on recurring revenues (NII & commission), should enable a significant upturn in the share price.
- We believe a return to dividend payments is conceivable as early as in 2025, although the planned growth may offer additional opportunities and, as a result, additional equity should be invested in growth.

Growth

- The launch of the current account and the offering of other scalable products and services provide opportunities for significant customer growth. A CAGR of 30-35% in customer growth is achievable by 2028.
- The bank’s focus on sustainability should not only attract strong new customer growth but could also motivate existing customers to expand their business relationship with UmweltBank. As the product and service offering is gradually and selectively expanded, cross-selling should further strengthen the bank's profitability.
- Cost discipline plays an important role in the growth strategy. Given the management's experience, the optimised use of marketing expenses is likely to be pursued.

Competitive quality

- As signalled by its name alone, UmweltBank enjoys greater credibility than potential competitors when it comes to pursuing sustainable criteria for products and services.
- With its new IT infrastructure, the UmweltBank has the necessary competitive flexibility to respond quickly to market opportunities.
- The direct bank's lean business processes could, through achievable economies of scale, ensure an attractive pricing model for the products offered and generate further customer growth.

Warburg versus consensus

- Our estimates are above consensus expectations, but remain below guidance as the visibility of growth momentum is still low. However, this could change significantly over the next 12 months.

Company Overview

UmweltBank's core KPIs

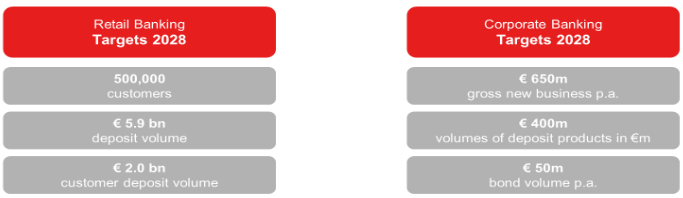
Balance sheet Business	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Business volume	5,393	6,451	6,602	6,119	5,853	6,175	6,504	6,554	6,492
Total assets	4,944	5,928	5,981	5,688	5,505	5,879	6,186	6,262	6,247
Total customer deposits (RB&CB)	2,694	2,954	3,176	2,854	3,120	3,444	3,824	3,928	3,926
Environmental loans (incl. open commitments)	3,247	3,543	3,703	3,722	3,722	3,504	3,421	3,347	3,218
New loan volume	689	845	623	459	25	49	250	30	40

Securities Business	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Customer securities volume in EUR m	682	949	791	687	675	632	620	554	579
Volume of UmweltBank-Funds in EUR m	42	100	131	151	135	131	152	164	176

Core-KPIs	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Customers	121,166	132,087	132,157	131,678	139,767	145,207	154,878	159,475	160,77
New customers (net)	n.a.	10,921	70	-479	8,089	13,529	23,200	4,597	5,893
Employees (FTE)	250	240	276	312	n.a.	307	336	336	357
Cost-Income-Ratio in %	41.6%	45.7%	46.4%	121.6%	103.5%	77.5%	107.8%	63.5%	76.9%
Cost-Income-Ratio in % (UBK)	42.3%	47.6%	51.8%	110.7%	101.1%	77.3%	90.1%	62.9%	84.2%
Own funds (regulatory) in EUR m	408	427	504	524	n.a.	523	505	503	503
Risk-weighted Assets (RWA) in EUR m	n.a.	3,043	3,206	3,351	n.a.	3,163	3,080	n.a.	3,157
CET1-Ratio in %	9.8%	9.5%	11.5%	11.6%	n.a.	12.3%	12.3%	11.7%	12.0%
Tier 1-ratio in %	n.a.	10.4%	12.3%	12.4%	n.a.	13.1%	13.1%	n.a.	12.8%
Total capital ratio in %	14.6%	14.0%	15.7%	15.6%	16.4%	16.6%	16.4%	15.6%	15.9%

Source: UmweltBank; Warburg Research

Guidance 2028



UmweltBank
Mein Geld macht grün.

Source: UmweltBank, Warburg Research

Strategy & Competitive Quality

- UmweltBank enjoys a high level of credibility and expertise in the area of sustainability in banking.
- Its positioning as a direct bank with a focus on sustainable banking products and services will be further expanded.
- The improved attractiveness of its product and service offering, combined with growing brand awareness, should enable dynamic customer growth.
- The successful implementation of a new core banking system will enable significant economies of scale in the growth scenario.
- A straightforward business model and lean business processes allow for a competitive pricing model with a significantly increasing ROE.

Business model & strategy

UmweltBank was founded in Germany in 1997 as a direct bank. The company went public in 2001. UmweltBank shares are currently listed on the Munich Stock Exchange's m.access market segment.

Direct bank with a focus on sustainability

The company focuses on the sustainability of the products and services it offers. To date, the bank has concentrated on traditional lending and deposit business with customers in Germany under the aforementioned premise of sustainability. In the deposit business, the focus is on private customers, and in the lending business, on corporate customers.

Deposit business with private retail customers

In the **Retail Banking business**, the focus to date has been on deposit business with overnight and term deposits. Around two-thirds of customer deposits in the private customer business, amounting to EUR 3.6bn, are currently held in overnight deposits. The bank currently offers terms that are around 100 basis points below the ECB's deposit rate, thus securing an attractive risk-free interest margin. In the financial years prior to 2024, the bank adopted a significantly stronger interest-rate positioning, which led to significant burdens on net interest income in the course of the rapid rise in interest rates and also to a review by Germany's financial supervisory authority, BaFin.

Financing sustainable projects and real estate for commercial customers

In its **Corporate Banking business**, UmweltBank has focused exclusively on lending to commercial corporate customers since 2024. Finance is only provided for ecological and sustainable projects in renewable energy and real estate.

The company has extensive experience in this business and has financed more than 25,000 individual projects since its foundation. New business has had a cumulative volume of around EUR 3bn since 2020, with a current loan volume of EUR 3.2bn (H1/25).

UmweltBank has already financed more than 13,000 individual projects in the renewable energy sector, making this business area a core competence of UmweltBank.

The share of financing in renewable energy sector of the total loan volume (including open commitments) was recently over 58%. The area of financed sustainable and social real estate accounted for around 38% in 2024.

Large-volume project financing with an attractive return profile

In its lending business, UmweltBank generally finances large-volume projects with longer loan terms. However, the financing range is somewhat broader, from EUR 1m to a maximum of 70m, whereby the loans must also meet UmweltBank's strict financing criteria with regard to collateral. UmweltBank prefers loans in the range of EUR ~10m or more in order to maintain an attractive cost/benefit ratio and achieve a 10% return (after costs and funding) on the necessary equity capital. The current average loan volume is likely to be around EUR 3-4m per loan. In new business, this figure is correspondingly higher at EUR 8-12m.

Refinancing by development banks and customer deposits

Refinancing of lending activities in the renewable energy sector is largely (~50%) by development banks such as KfW and Landwirtschaftliche Rentenbank. Otherwise, lending activities are refinanced by customer deposits.

In addition to its significant lending business, the bank also conducts a small amount of deposit business with these customers. The volume is approximately EUR 0.3-0.4bn.

Strategic development

Reorganisation of the bank

The business model underwent few changes for several years, with the number of customers stagnating at around 132,000 from 2021 to 2023. Following the announcement of a review by BaFin in 2023, the position of CEO was filled in January 2024 by Dietmar von Blücher, who has extensive experience in the banking sector and in the management of a direct bank.

Successful implementation and migration of a new core banking

At the same time, a new core banking system was implemented and migrated in 2023 in order to adequately reflect the strategic changes in the business model with lean business processes. The introduction of the core banking system was completed in 2024, so that the focus is now entirely on the further development and optimisation of the business model.

In future, the bank will focus on a dedicated growth strategy in the two segments of Retail Banking and Corporate Banking. The aim is to increase awareness and strengthen the UmweltBank brand. In doing so, the bank will continue to leverage its strengths, such as generating customer deposits and focusing on the attractive growth market of sustainable financing.

Targeted growth strategy to strengthen profitability

In Retail Banking, the cross-selling potential should be significantly increased by the further targeted adaptation of the product range with the introduction of the current account and an improved offering in the securities sector (investment advice, open custody account). The potential growth should lead to additional economies of scale, resulting in a significant improvement in profitability by 2028. This would enable the further expansion of the sustainable business model, which would not be possible without additionally generated equity capital.

The clear restructuring since the beginning of 2024 is also reflected in the division of the business areas into the segments of Retail Banking, Corporate Banking, and Investments and Treasury.

Segments

Retail Banking

Limited product range to date

UmweltBank's Retail Banking business has been dominated by deposit business. The bank's core products to date have been the call money account (UmweltFlexkonto), which currently accounts for two-thirds (EUR ~2.3bn) of retail customer deposits, and term deposits (UmweltFestzins) with fixed terms ranging from 6 months to 10 years.

Retail Banking: development of core figures

	FY2020	FY2021	2(	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Number of customers	121,166	132,087	#	131,678	139,767	145,207	154,878	159,475	160,771
New customers (net)	n.a.	10,921	#	-479	8,089	13,529	23,200	4,597	5,893
Total customer deposits (RB&CB) in EUR m	2,694	2,954	#	2,854	2,854	3,444	3,824	3,928	3,926
Ø deposit volume per customer in EUR k (WRe)	22.2	22.4	#	21.7	20.4	23.7	24.7	24.6	24.4
Customer securities volume in EUR m	682	949	#	687	675	632	620	554	579
Ø customer securities volume per customer in EUR k (WRe)	5.6	7.2	#	5.2	4.8	4.4	4.0	3.5	3.6
Volume of UmweltBank-Funds in EUR m	42	100	#	151	135	131	152	164	176

Source: UmweltBank, Warburg Research

After two years of stagnation in customer numbers and customer deposits in the Retail Banking business from 2021 to 2023, the trend has been clearly positive again since the beginning of 2024. In our opinion, the bank is benefiting from an authentic brand, the increasing customer focus on environmental credentials in the banking sector and, last but not least, the attractive terms and conditions of its call money account (UmweltFlexkonto).

Attractive call money account …

In the area of call money accounts, UmweltBank offers interest rates that are around ~100bps below the ECB deposit rate. In our opinion, the bank is thus offering its customers an attractive deal that is not just intended to be paid for a limited period of time.

... enables strong customer and deposit growth

Since the end of 2023, customer growth has gained significant momentum due to the growth initiative for call money accounts, with the number of customers increasing by 22% or 29k to 161k customers most recently. The total deposit volume increased by an impressive 38% or EUR 1.1bn to EUR 3.9bn. The average deposit volume per customer increased to over 24k, which is 8% above the average for the years 2020-2023 (see table).

Focus on sustainable customer loyalty ensures more stable deposit growth

UmweltBank does not offer top rates for its call money accounts, but it does offer terms that are attractive to customers who want a good long-term return on their instant access savings accounts. In our opinion, UmweltBank thus generates additional deposits and avoids higher deposit volatility which is usually caused by so-called interest-rate hoppers, who are guided by the top rates offered by banks and are very flexible in their investment behaviour. These customers cause a high churn rate and are generally only profitable to a limited extent considering, for example, the costs of onboarding the customer.

=> We assume that deposit growth for UmweltBank's call money and term deposits will remain relatively constant. Additional marketing campaigns can be used to selectively optimise deposit volumes.

Current account as a new anchor product

However, we believe that customer growth based on an attractive call money account is limited, meaning that the strategic realignment also necessitated a broadening of the product range. With the introduction of the current account for customers in July 2025, UmweltBank also wants to act as the customer's principal bank in future. In our opinion, this is also in line with the concept of sustainability, as the aim is to establish long-term customer relationships.

In this context, the bank does not offer a free current account but aims to attract customers who are willing to pay a fair price for good service. The current account costs around EUR 60 per annum and is only free of charge for new customers in the first year on the basis of a loyalty bonus, provided that number of transactions (five per month or 60 per annum) show that the account is the customer's main bank account.

Positive effects expected for net interest income, commission income and deposit volume

With a growing number of current accounts, commission income should also improve noticeably over time. In addition, customer deposits should also benefit from this, as corresponding customer deposits are also necessary for payment transactions. With an interest-free current account, NII should also benefit from the growth in current accounts.

We assume that the estimated costs of acquiring a new customer should be between EUR 100 and EUR 130, so that these should amortise after 1-1.5 years at most.

Securities business:

Limited selection of investable securities to date

UmweltBank's securities offering has been relatively modest to date. In 2020, the bank launched its own fund business with the issue of the UmweltBank Funds Sustainable Future mixed fund. In 2022, the UmweltBank Green Future and UmweltBank Social Future equity funds were added. In the area of product innovation, an UmweltBank ETF on equities was also launched for the first time under the new CEO in Q2/2024. A green bond ETF (Article 9 fund) with a volume of EUR 100m will follow in the second half of 2025.

... but product innovation could trigger positive growth effects

The fund volume grew relatively rapidly in the first two years, rising to EUR 131m (2021), part of which was seed money from UmweltBank. A remaining fund balance of approximately EUR 21m held by UmweltBank was then sold at the beginning of 2024 to free up equity capital.

Stable fund business and positive momentum from ETFs

Since the end of 2022, growth momentum has already slowed and, in our opinion, the fund volume is currently only stable at around EUR 130m, partly due to the sale of the bank's own shares. On the other hand, the growth of the ETF is extremely encouraging, with a volume of ~EUR 55m already achieved approximately one year after its launch.

The fund management of the bank's own products is carried out by external partners. UmweltBank therefore generally concentrates on the design of the fund and its distribution.

In addition to the volume of its own product range, which currently amounts to approximately EUR 180m, UmweltBank's customer deposits also include a fund volume of approximately EUR 230m from other actively managed funds with a focus on sustainability. Furthermore, around 60% of outstanding UmweltBank shares are held in UmweltBank customer deposits, which currently have a deposit value of approximately EUR 110m.

In addition to the products mentioned above, customers can currently only invest in a range of approximately 30 securities in their UmweltDepot, all of which must meet UmweltBank's sustainability criteria. In addition to a range of UmweltBank bonds and profit participation rights, these include project and corporate bonds (from corporate customers) as well as the other actively managed funds already mentioned. These securities accounted for an estimated 50% (WRe) of the deposit volume of customers at the end of H1/2025.

Limited potential for customer growth and sales of sustainable products

In our opinion, the limited selection of investable securities represents a significant limiting factor for customer and commission growth. We believe that the strict requirements could also deter potential new customers who would like to invest in sustainable products but prefer to maintain their usual freedom of choice when it comes to financial investments.

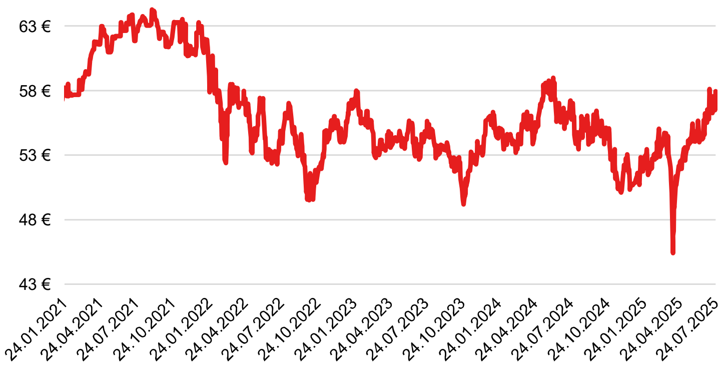
As German customers are increasingly tending towards one-stop shopping with a wide range of products, we believe that a significant expansion of investable securities could also significantly boost the sale of sustainable financial products. We assume that fees alone would not deter interested and flexible potential new customers from opening a securities account. Even though its terms and conditions are competitive, it does not offer transaction and custody costs that are as favourable as those offered by neobrokers, for example. Rather, the issue of sustainability and the bank's image are likely to play an important role in the customer's decision to choose UmweltBank, provided that the range and quality of the banking products offered are right.

Below, we have presented the performance of UmweltBank's four core products in the fund business:

UmweltBank Fund Sustainable Europe

The largest fund in UmweltBank's product range is the Sustainable Europe mixed fund. The fund was launched in February 2020 and the volume is currently estimated at approximately EUR ~100m.

UmweltBank Fund – Sustainable Europe

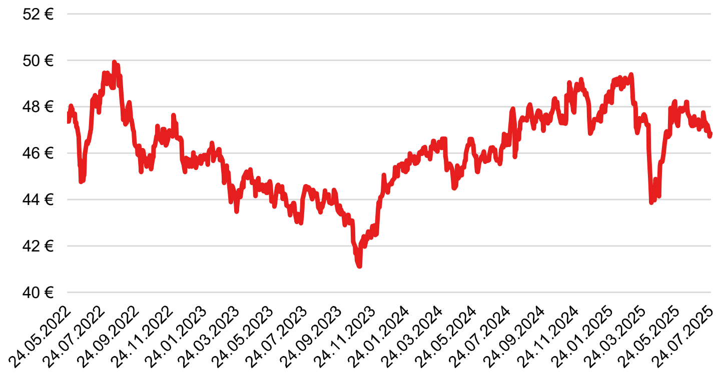


Source: FactSet, Warburg Research

UmweltBank Fund Social Future

The UmweltBank Fund Social Future equity fund was launched in April 2022. Its current volume is approximately EUR 8m.

UmweltBank Fund – Social Future A



Source: FactSet, Warburg Research

UmweltBank Fund Green Future

The UmweltBank Green Future A fund was launched at the same time as the Social Future fund in 2022. However, its volume remained relatively small and currently stands at around EUR 19m.

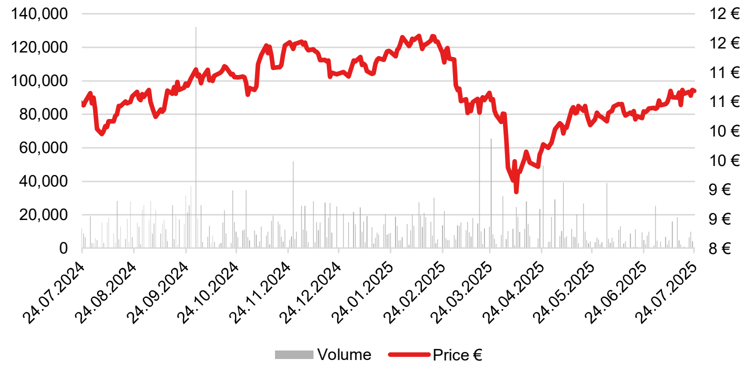
UmweltBank Fund – Green Future A

Source: FactSet, Warburg Research

UmweltBank ETF

UmweltBank's first equity ETF was launched in 2024. Since then, its volume has developed very well and most recently stood at around EUR 55m.

UmweltBank UCITS-ETF Global SDG Focus



Source: FactSet, Warburg Research

Planned investment advice in H2/25

In addition to the potential securities business described above, management also intends to offer investment advice to private customers in the future, which is to be launched later in 2025. Initially, customers will be advised on investment decisions by a small team of approximately five to eight employees. However, potential income from investment advice is not included in the long-term guidance until 2028.

As we understand it, the advice will initially be based on the limited range of approximately 30 securities that have been available to customers for their own investment decisions to date.

If this limitation is lifted, we could imagine the advisory services being expanded to include other sustainable products. This should also benefit the growth of the company's own products (3 actively managed funds & 1 equity ETF) already sold to date, as described above. A bond ETF will be launched in H2.

Strengthening the securities business makes sense

Conclusion: Given the potential customer growth resulting from the implementation of the current account as the anchor product, attractive cross-selling opportunities should also arise in the securities business. Given UmweltBank's clear positioning with its focus on sustainability, we assume UmweltBank customers have above-average incomes and assets. This gives the bank the opportunity to significantly increase its commission income by optimising its securities business offering and further improving its focused growth in sustainable financing.

Corporate Banking

Focus on sustainable financing

In Corporate Banking, the bank focuses on low-risk lending (including through high collateralisation) exclusively in the areas of a) renewable energies (onshore wind and solar power) and b) commercial financing of sustainable real estate (usually residential properties). In the latter area – the financing of sustainable and social rental or commercial real estate – UmweltBank claims to be Germany's leading bank. Loan customers also benefit from the bank's focus on sustainability, for example, by receiving better interest rates if they meet a high level of environmental criteria.

In this business segment of sustainable financing, UmweltBank has extensive experience and has financed more than 25,000 individual projects. These include, in particular, over 13,000 projects in the field of renewable energies, the financing of which can certainly be seen as a core competence of UmweltBank.

Corporate Banking: development of core figures

in EUR m	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Business volume	5,393	6,451	6,602	6,119	5,853	6,175	6,508	6,554	6,492
Total assets	4,944	5,928	5,981	5,688	5,505	5,879	6,186	6,262	6,247
Environmental loans (incl. commitments)	3,247	3,543	3,703	3,722	3,722	3,504	3,457	3,347	3,218
New loan volume	689	845	623	459	25	49	250	30	40

Source: UmweltBank, Warburg Research

Financing focus on photovoltaic and wind power

The main areas of financing **for renewable energies** are photovoltaic and wind power. In the field of photovoltaic, for example, rooftop and ground-mounted systems are financed on the basis of EEG tenders from the Federal Network Agency, which generally have lower default costs. From 2025, the bank also intends to finance battery energy storage systems, which will further complement its product range in the field of sustainable financing.

In the wind power sector, wind turbines are financed, from individual projects to large wind farms, community wind farms, and the purchase of existing wind farms with remaining EEG terms.

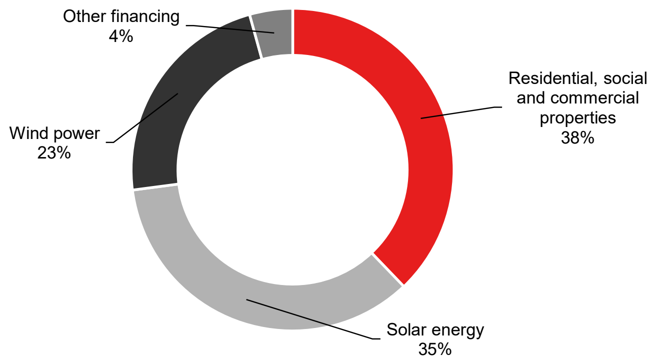
Financing focus on ecological residential real estate & sustainable or social rental and commercial real estate

In the area of **real estate financing**, UmweltBank specialises in the financing of sustainable residential properties as well as social rental and commercial properties.

The following two charts show the current and historical development of the structure of UmweltBank's loan portfolio. In 2024, the largest share of the loan portfolio will continue to be in the renewable energies sector, accounting for approximately 58% or around EUR 2bn. Residential, social and commercial real estate account for around 38% of the loan volume, including outstanding commitments.

Structure of the lending business by sector and volume

Mix financed projects



Source: UmweltBank, Warburg Research

Share of real estate financing has fallen since 2023

Since the end of 2022, the share of financed sustainable properties has fallen by 7 percentage points from 45% to 38%, which we believe is certainly also due to the higher interest-rate level and increased construction costs. Nevertheless, we believe that demand for sustainable properties is likely to remain healthy.

Development of financing volume by sector and volume

		31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Promoted loan projects since 1997	Quantity	23,881	24,513	24,949	25,122	n.a.
New loan volume	EUR m	689	845	623	459	250
Environmental loans (incl. open commitments)	EUR m	3,247	3,543	3,703	3,722	3,457
of which residential, social and commercial properties	%	43.3	43.3	44.6	38.3	37.9%
of which solar energy	%	32.9	34.0	33.5	34.6	35.1%
of which wind power	%	21.3	20.6	20.2	21.6	22.7%
of which other financing	%	2.5	2.1	1.7	5.5	4.3%
CO_2 avoidance achieved	tCO_2e	1,098,161	1,203,270	1,163,974	1,340,493	1,304,000

Source: UmweltBank, Warburg Research

Stable lending volume in the renewable energies sector

The absolute volume of financing in the area of renewable energies is almost stable compared to the 2021 volume. In our opinion, the slight decline in 2024 is rather explained by the bank's restraint based on its capital resources. According to the company, the potential for new loans that meet UmweltBank's credit criteria is currently many times higher than the number of contracts actually concluded.

We therefore assume that the average new business volume of over EUR 600m in the years 2020 to 2022 can be achieved again in the future, provided there is greater flexibility on the capital side. After a cautious guidance of EUR 250-350m for 2025, a new business volume of ~650m is planned for 2028.

Better utilisation of potential in new business planned

In addition, the planned promotion of syndicated business could result in greater flexibility in lending and further earnings potential. With the help of suitable cooperation partners, the existing potential in new business is to be exploited to a greater extent, whereby this can be done in a more equity- and RWA-friendly manner by passing on risks.

Development of the financing volume

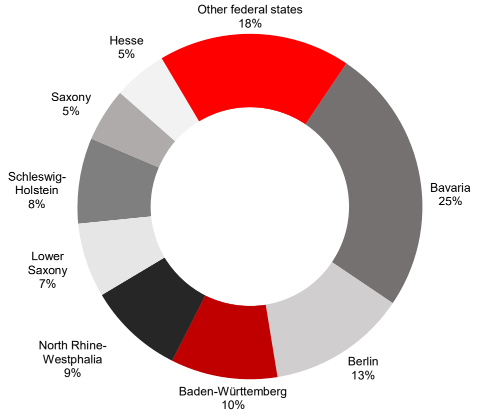
		31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Environmental loans (incl. open commitments)	EUR m	3,247	3,543	3,703	3,722	3,457
of which residential, social and commercial properties	EUR m	1,406	1,534	1,652	1,426	1,310
Growth	%		9%	8%	-14%	-8%
of which solar energy	EUR m	1,068	1,205	1,241	1,288	1,213
Growth	%		13%	3%	4%	-6%
of which wind power	EUR m	692	730	748	804	785
Growth	%		6%	2%	7%	-2%
of which other financing	EUR m	81	74	63	205	149

Source: UmweltBank, Warburg Research

Very low loan defaults in the past

Although loan defaults in the financing segment have been volatile in recent years, ranging from 4 to 25bps with a resolution in 2023, they are manageable in absolute and relative terms. In addition to the deep understanding of this area of financing, the stringent lending criteria and the transfer of loans to development banks (WRe: ~50% of loans granted) for refinancing are likely to have ensured a very attractive chance risk profile. In new business, the aim is to achieve an attractive return of at least 10% after refinancing and costs on the required equity.

Regional split of loan portfolio



Source: UmweltBank, Warburg Research

Higher burden expected in 2025

For 2025, the bank has announced a higher charge from risk provisioning ranging from EUR 10m to EUR 15m, which corresponds to a ratio of ~37bps (midpoint). According to Fitch, the share of non-performing loans in the loan volume had already increased significantly to 3.4% in 2024, which corresponds to a volume of ~EUR 120m according to our calculation. According to the company, however, the bank is well on the way to selling the properties taken on its own books in this financing and substantially reducing the NPL volume again. The previous NPL ratio in recent years was not published but, according to the company, it was in the range of only 0.3% to 0.4%.

Development of loan loss provisions and loan volume

in EUR m	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Loan loss provisions	-1.4	-3.3	-9.3	4.5	0.3	0.1	-3.8	0.0	-4.0
Environmental loans (incl. commitments)	3,247	3,543	3,703	3,722	3,722	3,504	3,457	3,347	3,218
Loan loss provisions/Loan volume	0.04%	0.09%	0.25%	-0.12%	-0.03%	-0.01%	0.11%	0.00%	0.25%

Source: UmweltBank, Warburg Research

Bond issuance business to become a permanent source of income

A very interesting business area for UmweltBank is the bond issuing business for customers who finance their projects with the inflowing funds. This enables the bank to generate additional commission income, reduce a possible RWA burden and also offer its own private customers an attractive investment opportunity in sustainable bonds. Here, of course, it is important to ensure that the default risk is minimised in order to prevent reputational damage in the retail banking business.

The placement of the SAB bond with an interest rate of 5.85% for private customers, which began in Q2, has already been completed, and a volume of EUR 20m was successfully placed. Looking ahead, UmweltBank plans to increase its annual issuance volume to EUR 50m by 2028, which we estimate could generate additional commission income of approximately EUR ~2.5m per annum.

Additional growth potential in Corporate Banking business

Conclusion: The demand for sustainable financing in the sectors of renewable energy and residential real estate offers further significant growth potential, which should be consistently exploited with improved capital resources and reduced regulatory requirements. In H1, for example, new lending volume amounted to only EUR 40m, even though demand for loans was ~five to six times higher, and borrowers met the bank's lending criteria. In conjunction with a stronger syndicated business and additional Tier 1 and Tier 2 capital, this offers an attractive growth opportunity, which we believe has only been cautiously factored into the long-term guidance. A strengthening of the deposit business (currently EUR 300-400m) as well as a continuous bond issuance business with a higher volume could additionally improve the revenue dynamics in the corporate client business.

Investments

Systematic reduction in investments

UmweltBank's equity investments and shares in affiliated companies will be further reduced for strategic reasons. In addition to the focus on the two aforementioned segments of Retail Banking and Corporate Banking, this decision is based on the significantly increased risk weighting of participations/shares and the resulting capital requirements. This reduces profitability in relation to the required capital. Most shareholdings are to be sold by the end of 2026.

The planned reduction was already significantly accelerated in 2024. A total of five direct or indirect investments in the area of renewable energies and three property companies were sold as part of an asset deal.

Significant contribution from the sale to the financial result in 2024

In addition, UmweltBank acquired four real-estate investments (Volksbau Tübingen, Volksbau Nürnberg, Volksbau Freiburg, Volksbau 2018) from UmweltProjekt GmbH as part of the further planned reduction of investments and shares. A substantial profit was generated in 2024. There was an improvement in the financial result of around EUR 33m due to the current income posted. These four holdings are scheduled to be sold in 2025.

The contribution to the financial result in 2024 from the gain on the sale of the three property companies in the renewable energies segment amounted to around EUR 3.5m.

Sale of remaining investments in renewable energies planned for 2025

The last investments in the renewable energies segment are also to be sold in 2025.

Participations

Corporation	Registered Office	Shareholdings (%)	Book Value at 31.12.2024 (TEUR)	Book Value at 31.12.2023 (TEUR)
3 BANKA AKCIONARSKO DRUSTVO NOVI SAD	Novi Sad	29.85%	7,555	7,578
Klimaprojekt Sonnenkraft 1 GmbH & Co. KG	Köthen	50.00%	2,543	0
Utopia GmbH	München	26.84%	1,972	4,620
Windpark Altenbruch-Ost GmbH & Co. KG	Cuxhaven	24.99%	1,827	0
Visavis Wohnungsbau GmbH & Co. KG	Berlin	45.00%	1,494	1,494
eno Windpark GmbH & Co. Wilmersdorf KG	Ostseebad Rerik	29.37%	967	967
Naturata AG	Marbach	13.44%	212	121
KWA Solarkraftwerk Arenborn GmbH & Co. KG	Stuttgart	36.96%	168	168
Windpark Fonds Amesdorf-Wellen GmbH & Co. KG	Mettmann	26.72%	137	137
Umwelt Wind Energie UWE GmbH & Co. Bergen/Nordenham KG	Cuxhaven	-	-	305
Enertrag Windpark Neuenfeld GmbH & Co. KG	Schenkenberg	-	-	877
Others			0	91
Total	–	–	16,875	16,267

Source: UmweltBank, Warburg Research

UmweltBank holds a 30% stake in the Serbian credit institution 3 Banka a.d. Novi Sad, which focuses on the business areas of private customers, business customers, agricultural loans/agriculture and private real-estate loans. Like UmweltBank, the bank has positioned itself as a sustainable bank. The investment value remained stable in 2024 at around EUR 7.5m, which corresponds to 44% of the total published investment value.

Investment values stable in 2024

In the past financial year 2024, the reported investment value on the balance sheet was still stable at around EUR 17m. A substantial reduction is expected in 2025 due to the disposal of the renewable energy portfolio in particular.

Shares in affiliated companies temporarily more than tripled

The value of shares in affiliated companies more than tripled to over EUR 65m in 2024. The reason for this development was the planned acquisition of four companies (see above) from the Group subsidiary UPG UmweltProjekt GmbH, where income was already realised before the final sale. This compensated for the losses from the sale of securities in the bank's own treasury portfolio. The final sale of the four companies is to be completed by the end of 2025.

In May 2025, UmweltBank announced the sale of three residential and commercial properties in Tübingen and Nuremberg, which were built in 2018 and 2020. A total of 293

Sale of the acquired companies already completed

apartments and 16 commercial units with a total rental area of over 28k sqm were sold. The properties in UmweltBank's own portfolio meet high ESG standards and high requirements for affordable and sustainable living space, as is usual for UmweltBank. We estimate the undisclosed price at around EUR 150m. The sale represents a further consistent step by UmweltBank to gradually divest its holdings.

Share in affiliated companies

Corporation	Registered Office	Shareholdings (%)	Book Value at 31.12.2024 (TEUR)	Book Value at 31.12.2023 (TEUR)
Volksbau Tübingen II GmbH & Co. KG	Nürnberg	89.50%	21,829	524
UPG UmweltProjekt GmbH	Nürnberg	100.00%	15,520	26,682*
Volksbau Nürnberg GmbH & Co. KG	Berlin	89.47%	10,855	285
Volksbau 2018 GmbH & Co. KG	Berlin	85.50%	9,208	267
Volksbau Freiburg GmbH & Co. KG	Berlin	89.50%	5,187	225
Gisela 36 Wohnungsbau GmbH & Co. KG	Berlin	90.00%	1,822	1,823
StadtWerk Berlin KG Beteiligungsgesellschaft für Projekte in der Stadterneuerung	Berlin	77.32%	783	783
UmweltKontakt GmbH	Berlin	100.00%	36	190
Emilienstraße 3 GmbH & Co. KG	Berlin	-	0	385
Others			0	
Total	–	–	65,240	18,701**

*according to AR 2023

** according to AR 2024

Source: UmweltBank, Warburg Research

Further reduction in participations and shares planned by 2026

The introduction of new regulatory guidelines with the CRR3 (Capital Requirements Regulation) for the capital backing of balance sheet items will reduce the achievable profitability to the equity capital employed. In many cases, capital requirements have been increased by up to 50 percentage points and could rise further.

Allocation of equity to more profitable growth

In view of the clear growth prospects in the Retail Banking and Corporate Banking segments, it therefore makes strategic sense to gradually dispose of its investment portfolio and shares in affiliated companies.

The sale of further investments could release equity of EUR 7-10m in 2025 (WRe). We assume that the entire participations and shares in affiliated companies will have to be backed by equity of EUR 40-50m (WRe). Once released, this could be used in the capital-intensive but more profitable sustainable financing business.

Growth / Financials

- Selective expansion of the product and service offering enables dynamic growth
- Target to triple the number of customers to 500k by 2028
- Significant economies of scale achievable, based on a new core banking system and lean business processes, and visible in a falling CIR
- Significant improvement in ROE before taxes with an ambitious target of 12% in 2028
- High level of transparency in the individual corporate goals reflects high level of conviction on the part of management

Financials

Initial successes thanks to consistent transformation in 2024

Good operating momentum already achieved in the transformation year

In our opinion, the targets set for 2024 (see table below) show the desired momentum, already set in motion with the new CEO in the transformation year 2024.

2024 goals and their achievement

	Target 2024	Achievement
New private customers (net)	27,000	~23.000
Volume of overnight money (in EUR bn)	2	~2.4
New securities accounts opened (gross)	5,400	~4.500
Securities account volume (in EUR m)	700	~620
Bond issue (in EUR m)	>20	0
New lending (gross in EUR m)	250	~245
Return on new business (corporate customers) in %	>10	>10

Source: Warburg Research

Impressive customer growth in 2024

Retail Banking: The core focus in 2024 was on acquiring new customers in order to achieve significantly higher economies of scale in the medium term. After the number of customers stagnated at ~132k in the previous three years, over 20% or 23k new customers were acquired in 2024. This impressive development was driven by the attractive interest rate offers in the call money segment, which still enabled the bank to achieve a margin of ~100 bps. At around EUR 2.4bn, the volume of call money deposits clearly exceeded the target of EUR 2bn. Retail deposit volumes increased by around 40% to EUR 3.5bn.

Growth driver: attractive call money account

As the aforementioned growth in new customers of +23k fell short of the target of +27k, the growth in deposit volumes (overnight deposits) per customer is likely to have been better than expected which indicates, in our view, that the product is highly attractive. The estimated acquisition costs are likely to have been in the range of EUR 100-130 per new customer.

Estimated growth of securities accounts of around 10% (WRe) in 2024

Growth in the securities business was somewhat slower than expected in 2024. At 4.5k, the number of new securities accounts opened was below the gross target of 5.4k. The total number of securities accounts has not yet been published by UmweltBank. However, this could change in the future if the postponed expansion of the brokerage is completed after all. If we assume that the ratio of the number of customers to securities accounts is in the range of 4-5 (assumption DKB), then the number of securities accounts would be between 31k and 37k. This results in an estimated growth in custody accounts of approx. 10% in 2024 with an increase in custody accounts of 4.5k (gross).

In contrast, the custody account volume fell by 10% to EUR ~620m in 2024 and fell short of the target of a slight increase to EUR 700m. In our opinion, the reason for this development may have been the weakness of the Umweltbank share price (-20%). According to the company, around 60% of the issued UmweltBank shares are held in the bank's customer securities accounts. With an arithmetical price decline of EUR 1 per share, this means a negative effect of approximately EUR ~20m on the reported securities account volume. In 2024, the price decline amounted to 21% or EUR 1.64 per share. On the other hand, trading opportunities at UmweltBank have so far been very limited. In addition to its own fund products, ETFs and bonds, it has only been possible to buy up to ~30 other securities.

Limited growth potential for custody volumes

Small selection of investable securities

The placement of a customer bond (SAB Wind Team) was postponed to 2025 and was successfully completed in Q2/25 with a volume of EUR 20m.

Corporate Banking: The target of EUR 250m in gross new lending was achieved with EUR 245m. A positive highlight in new business is the return on equity of over 10%, which was also in line with internal targets. In our opinion, the good profitability reflects the bank's high level of expertise in its focused financing.

Good performance in the transformation year 2024

Summary 2024: In our opinion, UmweltBank was also able to largely meet its strategic objectives in its transformation year. The development trends together with other measures, either already implemented (offering current accounts) or planned (investment advice, offering an open custody account) show the clear business potential, which should then also be reflected in future data.

The high level of transparency with regard to their objectives enables a good assessment of the extent to which the business potential can be used to significantly increase profitability.

Good start to H1/2025

Substantial improvement in NII and financial result

UmweltBank's positive development continued in H1. On the revenue side, net interest income improved substantially by 61% from EUR 17.9m to EUR 28.8m, which is attributable to the acquisition of customer deposits over the last 12 months and the gradual repositioning of the treasury portfolio. In addition, the positive financial result contributed ~EUR 13.9m to the increase in total revenues to EUR 46.4m (H1/24: EUR 38.3m) due to a profit distribution from a subsidiary still held and real estate transaction.

H1/2025 result

in EUR m	H1/25e	H1/24	*yoy*
Net interest income (NII)	28.8	17.9	61%
Financial result	13.9	18.0	-23%
Valuation result	0.0	0.0	
Net commission and trading income	3.7	2.3	57%
Other expenses and income	0.0	0.2	
Total revenues	**46.4**	**38.3**	**21%**
Risk result	-4.0	0.1	n.a.
Administrative expenses	-35.7	-29.7	20%
Cost-Income Ratio	77%	77%	
Earnings before taxes (EBT)	**6.7**	**8.7**	-23%
Net profit	**6.7**	**5.8**	**15%**

Source: UmweltBank, Warburg Research

At EUR 35.7m, costs in H1 were 20% higher than in the previous year, mainly due to the run-up to the introduction of the current account. However, costs are expected to fall in the second half of the year compared with the previous year (lower consulting costs, for example) so that total costs in 2025 should be almost at the same level as in 2024.

H1 as profit driver for the full year

In H1, part of the FY guidance of EUR 10-15m was already booked with risk provisions of EUR 4m. As no risk provisions were incurred in H1/24, EBT was EUR 6.7m below the previous year. Nevertheless, the bank is well on track to achieve its planned target of EUR 5-10m for the full year.

In terms of after-tax earnings, the bank benefited from existing loss carry forwards of EUR 37m for corporate income tax and EUR 51m for trade tax.

Solid performance in H1 in the Retail Banking segment

In the Retail Banking segment, the bank gained around 6,000 new customers in H1, representing growth of 3.8% with a customer base now standing at 160,700.

In view of the launch of the current account in June, which should be of interest to potential new customers, we expect marketing investment to be correspondingly higher in the second half of the year, which should then also result in more dynamic customer development.

Stronger momentum possible in H2

The family & friends phase took place from April 2025 until the launch in June during which the functionalities were extensively and successfully tested, meaning that sales could pick up speed as soon as the offer was launched. We believe that the introduction of the current account and the resulting customer growth will have a positive impact on scaling and therefore on earnings growth.

Retail Banking core KPIs

	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Number of customers	131,678	139,767	145,207	154,878	159,475	160,771
New customers (net)	-479	8,089	13,529	23,200	4,597	5,893
Total customer deposits (RB&CB) in EUR m	2,854	2,854	3,444	3,824	3,928	3,926
Ø deposit volume per customer in EUR k (WRe)	21.7	20.4	23.7	24.7	24.6	24.4
Customer securities volume in EUR m	687	675	632	620	554	579
Ø customer securities volume per customer in EUR k (WRe)	5.2	4.8	4.4	4.0	3.5	3.6
Volume of UmweltBank-Funds in EUR m	151	135	131	152	164	176

Source: UmweltBank, Warburg Research

Promising development in UmweltBank ETF volume

The securities business developed positively. The UmweltBank ETF, which was launched in Q2/2024, recorded a rapid increase in volume with a current volume of EUR 55m. We believe that the introduction of this product is another good instrument to provide the customer base with sustainable products and to attract the attention of potential new customers to UmweltBank.

Solid securities business but declining custody volumes

Deposit volume declined by 6% to EUR 579m in H1, but improved again in Q2. More than half of this decline was due to the fall in the UmweltBank share price (H1: ~-10%). Given the focus on the launch of the current account and a postponement of the planned investment advisory service, there was no driver for an increase in deposit volume with the current possible composition of a deposit. Sales of the SAB bond did not start until Q2 and are likely to be having a positive impact on volume in Q3.

Restraint in lending due to capital ratios

In the **Corporate Banking** business, the bank's growth and the granting of new loans was limited in H1 by its equity base and the increased regulatory requirements. Therefore, in view of the introduction of the new regulatory requirements based on CRR3, a total loan volume of only EUR 40m (H1/24: EUR 49m) was granted in H1 for selective new business. This is understandable from a management perspective, as the final effects of CRR3 on the capital ratio in H1 first had to be clearly quantifiable.

Despite the slow start, the target volume of new loans of EUR 250-350m was confirmed. UmweltBank will continue to base the granting of new business on the development of the existing volume. Higher repayments will then also enable higher new business. On the

Revitalisation possible in H2

other hand, the bank could strengthen its overall regulatory capital ratio by issuing Tier 1 and Tier 2 capital.

Corporate Banking core KPIs

in EUR m	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Business volume	6,119	5,853	6,175	6,508	6,554	6,492
Total assets	5,688	5,505	5,879	6,186	6,262	6,247
Environmental loans (incl. commitments)	3,722	3,722	3,504	3,457	3,347	3,218
New loan volume	459	25	49	250	30	40

in EUR m	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Loan loss provisions	4.5	0.3	0.1	-3.8	0.0	-4.0
Environmental loans (incl. commitments)	3,722	3,722	3,504	3,457	3,347	3,218
Loan loss provisions/Loan volume	-0.12%	-0.03%	-0.01%	0.11%	0.00%	0.25%

Source: UmweltBank, Warburg Research

Expected decline in the total capital ratio due to implementation of CRR3

On the capital side, the total capital ratio fell by around 0.5 percentage points to 15.9% as a result of the implementation of CRR III (Capital Requirements Regulation 3). Management already pointed to this development during the Capital Market Day in January 2025.

Guidance 2025

UmweltBank has also provided guidance for 2025 for a large number of core KPIs as well as for the positions in the P&L. We welcome this transparency, as we believe it strengthens credibility if management is setting ambitious targets.

Below, we have presented the bank's core KPIs, the figures for 2024 and our estimates in two tables. A second table shows the guidance for the individual items in the P&L.

Guidance 2025: overview core KPIs

	2024	Target 2025	WRe
New customers (net)	23	55	35
Number of customers	155	210	190
Retail customer deposits	3.5	4.3	3.9
New securities accounts opened (gross)	4,500	n.a.	3,500
Securities account volume (in EUR m)	620	880	760
Bond placement (in EUR m)	0	>20	20
Loan volume in EUR bn	3.5	3.5	3.5
New lending (gross in EUR m)	250	250-350	250
Return on new business (corporate customers) in %	>10	>10	>10

Source: UmweltBank, Warburg Research

Growth expected to pick up in H2

With the launch of the current account offer in June, the foundation was laid for a significant acceleration of growth in private customers and deposit growth. We assume that a significant increase in marketing expenses will lead to dynamic development of the figures in H2/25. We take a somewhat more cautious stance because the visibility of the UmweltBank name is still low but momentum should become more visible in H1 2026. Nonetheless, we expect client growth of over 20% and an increase in client deposits of nearly ~11%.

Guidance 2025: overview P&L lines

P&L in EUR m	2024	Target 2025	WRe
NII	44.9	60-65	60.3
Financial result	13.0	18-20	18.5
Commission & Trading income	5.5	7-11	8.5
Risk result	-3.6	- 10-15	-12.8
Personel expenses	26.1	29	29.0
Total other expenses	40.6	38	38.2
thereof IT-expenses	9.1	9	9.3
thereof marketing-expenses	8.7	9	9.1
thereof other expenses	22.8	20	19.7
EBT	-8.5	5-10	7.5

Source: UmweltBank, Warburg Research

2025 EBT guidance within reach

Based on the estimated development of customer and volume growth, we assume that UmweltBank could achieve the middle of its expected EBT-guidance range. This is based on the following considerations:

We expect net interest income to be at the lower end of the range based on slightly slower growth momentum in deposit volume, offset by the positive effects of an attractive interest margin in the lending business and an improvement in the treasury portfolio. In contrast, the target for the financial result was raised significantly after Q2 from the previous EUR 14-16m to EUR 18-20m, which also suggests further positive effects on total income in H2.

With regard to the combined commission and trading result, we expect a figure at the lower end of the guidance range. Successful placements in the issuance business should have a positive effect, while the securities business is likely to contribute less to net commission income due to a later start in investment consulting and only a slight increase in custody volumes.

In terms of the risk result, we expect risk provisioning to be in the middle of the guidance range.

Positive momentum in recurring revenues should become visible

Our estimate for total costs is EUR 67m, which is in line with the guidance for the full year. With the H1 figures, the guidance for personnel costs was raised by EUR 1m to EUR 29m and for other administrative costs by EUR 2m to EUR 38m, mainly due to investments in transformation and digitalisation.

Conclusion: We expect the first clearly positive effects of the expansion of the product range and the optimisation of the business model as early as in 2025. Due to the many innovations and changes in UmweltBank's business model, however, there may be delays in revenue generation. Nonetheless, 2025 should already provide an initial indication of how realistic the 2028 target for profitability improvement is.

Strong growth potential reflected in an ambitious guidance

Guidance 2028 of core KPIs

The new strategic orientation with a focus on customer and business-volume growth together with the unchanged goal of sustainability in products and services can significantly strengthen UmweltBank's positioning in the coming years.

Focus on growth to strengthen the sustainable business volume

UmweltBank has set out the targeted return to the necessary higher profitability based on growing recurring revenues and a competitive cost-income ratio in transparent guidance for the core KPIs and P&L figures up to 2028. These targets are certainly ambitious, even given the growth potential already shown in 2024, although the CEO already has sufficient experience with a growth model in a previous position as CFO of another direct bank.

Guidance of core targets 2028

Core targets 2028

Target: 500k customers
Retail deposit volume: EUR 5.9bn
Gross new loan volume EUR 650m
Cost-Income-Ratio ≤ 60%
ROE before tax ≥ 12%

Source: UmweltBank, Warburg Research

Retail Banking:

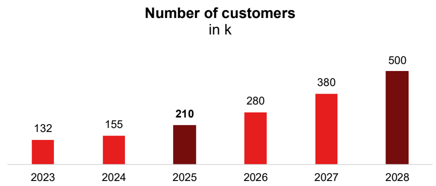
Ambitious customer target in 2028...

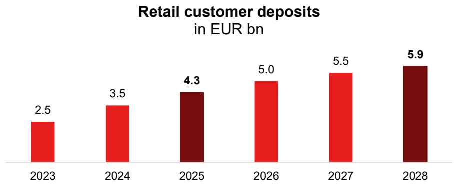
The target figure of 500k customers by the end of 2028 is to be achieved with the successful launch of the current account, the planned investment advisory service and optimisation of the securities offering. The focus is on strengthening the UmweltBank brand and targeted product-focused marketing initiatives in order to achieve this ambitious target of a CAGR of 35% by 2028.

... but plausible by strengthening the core product range

In 2024, the number of customers already increased by 17% to 153k, simply by offering a profitable call money account. The new customer potential for products that appeal to a larger number of customers should be correspondingly greater, making this dynamic target plausible.

Guidance: Targeted development of customer numbers and deposits





Source: Warburg Research

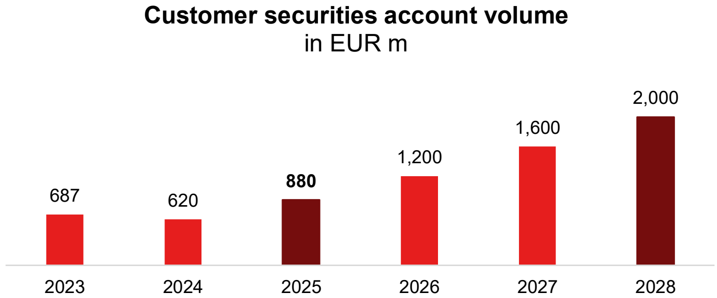
In 2024, the focus was on deposit growth in the call money account with the introduction of a constantly attractive interest rate which, at the same time, still enabled a positive margin of ~100bps. As of this year, the introduction of the current account for the first time should also contribute to deposit growth through non-interest-bearing sight deposits, which could have a positive impact on the interest margin. Deposit growth in current accounts will be all the stronger if new customers actively use UmweltBank's current account as their preferred main bank account.

Further gradual increase expected in customer deposits

However, the volume of overnight deposits and fixed-term deposits should continue to develop positively with an increasing number of customers. The growth rate for deposits and the deposit volume per customer should decline, however, based on the changing product mix among new customers.

… in the event of a change in the product mix

Guidance: development of custody account volume



Source: UmweltBank, Warburg Research

With regard to the securities account volume, UmweltBank expects a growth rate of 25% to 42% by 2028 with an absolute increase in the securities account volume of EUR 400m annually. In addition to growing cross-selling opportunities in the securities business with the sale of own funds/ETFs, positive effects from an increase in UmweltBank's share price, the expansion of investment advisory services and the planned increase in the issue volume of bonds should contribute to this. In our view, however, the effects of opening up the portfolio by broadening the investment options, which we believe could be a strong driver of volume and commission development, have not yet been taken into account.

Stronger sales performance necessary for planned portfolio volume growth

Retail Banking: overview guidance core figures

Retail Customers	2023	2024	2025	2026	2027	2028
Customers (in k)	**132**	**155**	**210**	**280**	**380**	**500**
Growth in %		17%	35%	33%	36%	32%
Customer growth in k		*23*	*55*	*80*	*100*	*120*
Retail customer deposits (in EUR bn)	**2.5**	**3.5**	**4.3**	**5.0**	**5.5**	**5.9**
Growth in %		40%	23%	16%	10%	7%
Deposit volume per customer in EUR k*	18.9	22.6	20.5	17.9	14.5	11.8
Growth in %		19%	-9%	-13%	-19%	-18%
Customer securities volume (in EUR m)	**687**	**620**	**880**	**1,200**	**1,600**	**2,000**
Growth in %		-10%	42%	36%	33%	25%
Account volume per customer in EUR k*	5.2	4.0	4.2	4.3	4.2	4.0
Growth in %		-23%	5%	2%	-2%	-5%

*calculated

Source: Warburg Research

Corporate Banking:

UmweltBank has many years of experience in sustainable financing with corporate clients and has a good track record. However, the volume in this core competence has not expanded recently despite the demand for loans and even though the strict UmweltBank financing criteria would have been met. The reason for this development is a total capital ratio which, due to regulatory surcharges (2023: ~370bps), only allowed limited flexibility in building up the portfolio. The company is therefore cautious in its further planning of the loan volume and assumes a stable loan portfolio of EUR 3.5bn until 2026. The bank is therefore foregoing profitable growth, as it states that the pre-tax return on new business is over 10% (after funding and costs).

Limited growth currently expected in the lending business

In our view, additional growth potential is offered by the release of regulatory capital tied up in the reduction of participations and shares in affiliated companies, the issue of Tier 1 or Tier 2 capital and a strengthening of results in the Retail Banking segment. The bank has already announced the expansion of the syndicated loan business, which should enable greater gross new business.

… but there is potential for more dynamic growth

We therefore believe that the targets presented here are intentionally cautious due to the current lack of flexibility with regard to managing the total funds ratio.

Capital-light business to improve ROE

It should also be possible to strengthen profitability in the Corporate Banking business with less capital-intensive business such as bond issuing (target 2028: EUR 50m p.a.) and an expansion of the deposit business on the corporate client side as well.

Guidance loan volume & new business 2025-2028

Corporate Customers	2023	2024	2025	2026	2027	2028
Loan volume (in EUR bn)	**3.7**	**3.5**	**3.5**	**3.5**	**3.7**	**4.0**
Growth in %		-5%	0%	0%	6%	8%
New lending business (in EUR m)	**459**	**250**	**250-350**	**400**	**510**	**650**
Growth in %		-46%	20%	33%	28%	27%

Source: Warburg Research

Guidance 2028 - P&L development

Guidance for P&L components

UmweltBank has also provided guidance for numerous components in the P&L account. In order to improve visibility, management has provided precise data-points for costs up to 2028. This guidance is certainly not rigid and can be adjusted to changing market conditions or the success of marketing measures.

During the 2025 CMD, the guidance for revenue and EBT before reserves was given up to 2028 in a range. We have tried to narrow down the range from the core KPIs available to us and the charts and have shown them in colour (red) in the following table.

Guidance of the P&L framework data 2025-2028

P&L in EUR m	2023	2024	2025	2026	2027	2028
Net interest income	41.1	44.9	60-65	70-80	80-100	100-125
Financial result	-2.6	13.0	18-20	6	5	2
Commision and trading result	9.1	5.5	7-11	10-15	19-25	30-38
Personel expenses	-25.6	-26.1	29	32	32	32
Employees (FTE)	312	336	350	350	340	340
Other admin expenses	-31.5	-40.6	38	38	44	48
thereof IT-expenses	-11.1	-9.1	*9*	*11*	*14*	*15*
thereof marketing expenses	-2.5	-8.7	*9*	*11*	*14*	*16*
thereof other admin expenses	-17.9	-22.8	*18*	*16*	*16*	*17*
EBT before additions to §340	-5.6	-8.5	5-10	12-21	23-36	45-64

*WRe based on CMD presentation

Source: UmweltBank, Warburg Research

Stabilisation of personnel costs from 2026

Gradually increasing IT and marketing costs

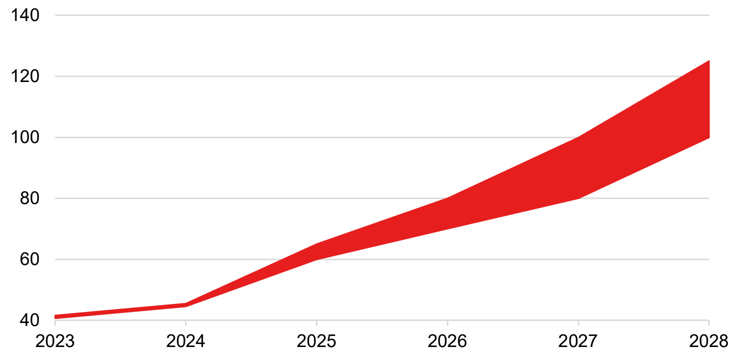
Following an expected increase, personnel costs are expected to remain stable until 2026, as no further increase in the number of employees is necessary based on the business plans for economies of scale and the flexible use of employees.

The expected increase in other total costs is primarily due to steadily rising IT expenses and marketing costs and considers the planned customer growth. Other costs will decrease slightly from 2026 as consultancy costs decrease.

Dynamic growth of NII

The chart below on the development of net interest income roughly corresponds to the chart presented by UmweltBank at the CMD 2025. This chart illustrates the expected positive effects of the planned increase in deposits. In another table, we illustrate the development of the positioning of the treasury portfolio (this was also presented in a chart at the CMD) assuming growing volumes and margin optimisation until 2028. We have included this estimate in our planning for net interest income.

Expected NII-development 2025-2028



Source: UmweltBank, Warburg Research

Assumptions for the model:

Rise in net interest income due to increase in customer deposits and margin improvement

a) We have assumed a slightly increasing margin for the increase in own investments in the new portfolio resulting from the inflow of customer deposits.

b) Following the reduction in the old portfolio of own investments and the new investments, it should be possible to achieve an increasing interest margin with a reduced volume.

c) For loans with own refinancing, we assume a slight increase in volume and a slightly improved interest margin.

d) The interest contribution from stable equity investments should remain almost unchanged with a stable margin.

Calculated expected net commission & trading income 2025-2028

NII development	Ø 2024	Scenario 2025e	2026e	2027e	2028e
Own investments new portfolio 2024	1,200	2,400	3,100	3,650	4,050
Investment with matching maturities	100-130bps	100-120bps	1.05%	1.10%	1.20%
Own investments old portfolio 2024	1,100	600	600	600	600
Open interest rate positioning	~30 bps	~10 bps	0.50%	0.80%	1.10%
Receivables/liabilities	1,400	1,400	1,400	1,500	1,650
Own refinancing with agreed maturities	100-130 bps	100-130 bps	1.15%	1.25%	1.35%
Receivables/liabilities	1,800	1,800	1,850	1,950	2,100
Refinancing with matching maturities through promotional loans	~100bps	~100bps	1.00%	1.00%	1.00%
Equity investments and non-interest-bearing assets/liabilities	500	500	440	449	458
	~50bps	~50bps	0.50%	0.50%	0.50%
Total assets, margin and net interest income	6,000	6,700	7,390	8,149	8,858
Margin in bps	75	90	98	105	114
Calculated NII in EUR m	44.9	60.3	72.4	85.4	100.8
UmweltBank NII guidance*		60-65	70-80	80-100	100-125

*based on CMD assumptions

Source: UmweltBank, Warburg Research

Net commission income driver

The expected dynamic growth in net commission income should result from the following four developments:

(a) Recurring fees from payment transactions and current account fees

b) Commission income from the securities business including investment advice

c) Steady fees in the bond issuing business and stable commission from the lending business

d) Increase in commission income from the fund business

A net commission income of EUR 30-38m is therefore plausible.

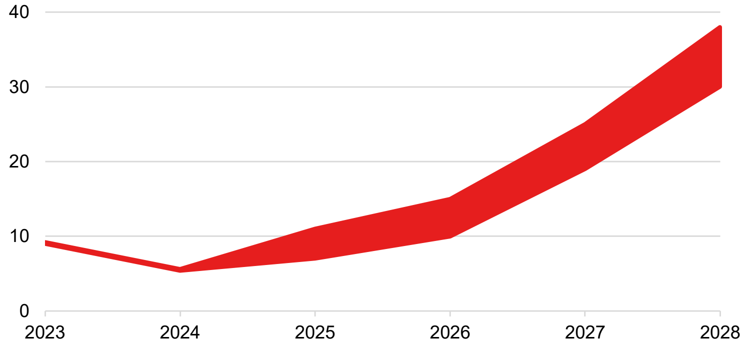
Commission income split

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023	FY 2024
Securities business	*1.7*	*2.4*	*3.6*	*4.6*	*3.1*	*2.6*
Lending business	*1.6*	*2.7*	*3.1*	*3.0*	*4.6*	*2.1*
Payment transactions	*0.2*	*0.2*	*0.2*	*0.3*	*0.3*	*0.3*
Others					*0.4*	*0.5*
Total	**3.6**	**5.3**	**7.0**	**7.9**	**8.5**	**5.5**

Source: UmweltBank, Warburg Research

Tripling of net commission income by 2028

Expected net commission & trading income 2025-2028



Source: UmweltBank, Warburg Research

High share of recurring revenues expected

The revenue contribution from the financial result should be significantly lower due to the reduction in equity investments and, like the trading result and other result, should not be substantial.

We expect risk provisioning to normalise to a value of EUR 6-7m in 2025, which corresponds to a ratio of 14-15bps to the credit volume, following an already announced burden of EUR 10-15m.

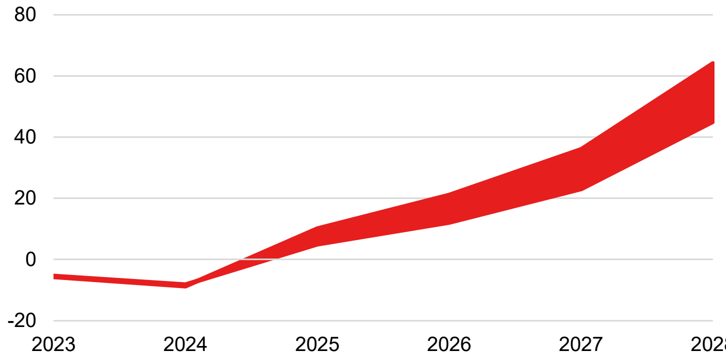
Normalisation of risk provisioning from 2026

EBT guidance achievable in 2028

Conclusion: Based on the above considerations, a pre-tax result in the range expected by the company (~EUR 45-64m in 2028) seems achievable to us. We are currently assuming a figure at the lower end of the range, as the potential momentum is, of course, not yet clearly visible so soon after the launch of the new current account anchor product.

Nevertheless, already based on this estimate, the pre-tax return is ~11.2%, which roughly corresponds to the profitability of 2021 and 2022 with a worse risk profile and lower recurring revenues.

Possible development of EBT before changes of reserves



Source: UmweltBank, Warburg Research

Capital ratios

Regulatory own funds of just over EUR 500m

The bank's total regulatory own funds decreased by around EUR 20m to EUR 505m in 2024 due to the release of EUR 12m from the fund for general banking risks and reduced supplementary capital. Of this, EUR 378.1m is attributable to common equity tier 1 capital. Additional equity remained unchanged at EUR 26m, while supplementary capital decreased by EUR ~9m to EUR 101m.

However, the reported capital ratios increased by 70bps due to an 8% reduction in risk-weighted assets to around EUR 3.1bn. The reduction was mainly due to the sale of bonds and other fixed-income securities as well as investment funds held as fixed assets.

Overview of capital development

in EUR m	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 Q1	2025 H1
Common Equity Tier 1 capital (CET1)	275.2	289.6	367.3	388.9	378.1	n.a.	n.a.
Tier 1 capital	304.0	316.7	392.8	414.8	404.1	n.a.	n.a.
Total capital	408.4	426.5	504.2	525.2	505.2	n.a.	n.a.
RWA	2,805	3,043	3,206	3,356	3,080	n.a.	3,157
Common Equity Tier 1 (CET) Ratio	9.8%	9.5%	11.4%	11.6%	12.3%	n.a.	12.0%
Tier 1 ratio	10.8%	10.4%	12.2%	12.4%	13.1%	n.a.	12.8%
Total capital ratio	14.6%	14.0%	15.7%	15.6%	16.4%	15.6%	15.9%

Source: UmweltBank, Warburg Research

Sufficient CET1 ratio of 12.3%

The CET1 ratio was 12.3% and therefore 270bps above the regulatory minimum requirement of 9.6% which, in our view, represents a sufficient buffer.

Only low additional Tier 1 capital

At 13.1**%, the Tier 1 ratio** was only 80bps higher than the CET1 ratio with a buffer to the regulatory requirement of ~140bps. In our view, an increase in Tier 1 capital would be helpful to support the planned growth. In addition, the criticism of the rating agency Fitch regarding "thin buffers above regulatory requirements" could possibly be refuted.

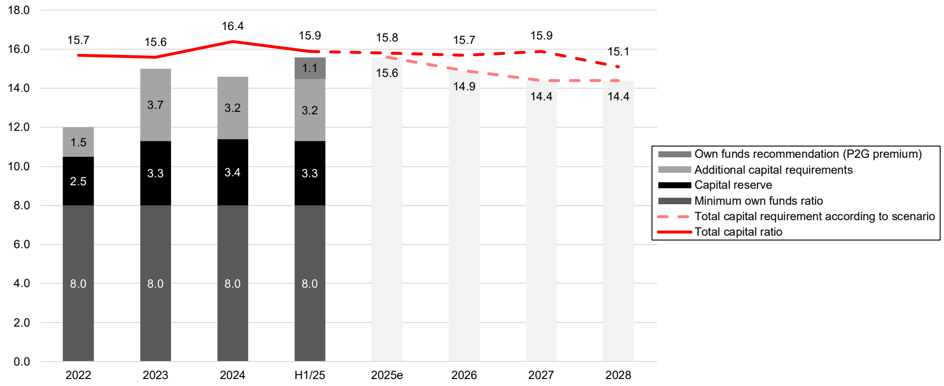
At 16.4%, the **total capital ratio** was a solid 190bps above the regulatory requirement. The minimum figure of 14.5% defined at the end of 2024 includes a total additional capital requirement of 3.2 percentage points for UmweltBank. This is made up of a surcharge of 1% due to interest-rate risks, a capital surcharge of 1.5% due to other material risks and the bank-specific individual capital surcharge of 0.7%. This surcharge is likely to have been set to reflect possible deficiencies in risk management or compliance with regulations.

In this context, UmweltBank recently reported that the activities of the special representative (appointed in accordance with Section 45c KWG) of BaFin ended on July 14. According to the company, the regulatory capital requirement has not been withdrawn, but, in our opinion, a relaxation of the capital requirements seems likely after a further period of time.

In H1 2025, capital ratios were reduced, as expected, following the implementation of CRR 3 (Capital Requirements Regulation). This was primarily due to a change in the calculation of capital requirements for credit risks, operational risks, and market risks. In addition, the mitigating effect of internal models was limited by the introduction of so-called output floors. This led to an increase in risk-weighted assets of 2.5% to EUR 3.157bn. The total capital ratio was 15.9%, which was 30 basis points above the regulatory requirement including the P2G capital recommendation (1.1 percentage points).

Outlook: Prospectively, the additional regulatory capital requirements of 3.2pp for UmweltBank should be reduced by the end of 2026. The successful introduction of the core banking system, the new strategic focus on growth in the lower-risk deposit-taking business and in the securities business with private clients as well as the processing of regulatory requirements could, in our opinion, lead to a reduction in the additional requirement.

Guidance capital ratios & requirements



Source: UmweltBank, Warburg Research

Nevertheless, the management feels much more comfortable with a total capital ratio of ~16% in order to be able to react more flexibly to market developments in the future. However, the composition of total capital should change, in our opinion, as the share of Tier 1 capital in total capital (~5%) is very low compared to other listed banks. In addition, the issuance of Tier 1 capital could enable the utilisation of growth opportunities.

We have listed the existing instruments for core capital and supplementary capital in the following overview

Overview: subordinated capital

Subordinated capital	Valuation Date	Type, WKN, nominal amount in EUR k, expenses incurred in the financial year in EUR k	Number of units subscribed	Nominal amount TEUR	Interest rate in % p.a.	Duration
Tier 1 capital	01.12.2016	Contingent subordinated mandatory convertible bond (CoCo bond), WKN A2BN54, up to 40,000; 635	103,815 shares with a nominal value of EUR 250.00	25,954	2.465 until 31 May 2026, thereafter fixed on the basis of the swap rate for euro swap transactions with a term of 5 years plus a constant margin of 2.717 percentage points	open-ended
Tier 2 capital	30.06.2018	Bearer bond with subordination clause (UmweltBank Green Bond junior), WKN A2LQKU, up to 90,000; 1,223	41,951,397 shares with a nominal value of EUR 1.00 each	41,951	3.86 until 30 June 2029 thereafter fixed at 5-year intervals on the basis of the swap rate for euro swap transactions with a term of 5 years plus a maximum margin of 100 basis points	open-ended
Tier 2 capital	08.11.2018	Registered bond with subordination agreement,	UmweltBank NSV 3.85 % 2018 (28), 20,000; 765	20,000	3.85 for the entire term	08.11.2028

Source: UmweltBank, Warburg Research

Overview: Profit participation rights

Profit participation rights	Valuation Date	Type, WKN, nominal amount in kEUR	Number of units subscribed	Nominal amount TEUR	Interest rate in % p.a.	Duration
Tier 2 capital	31.12.2011	Profit participation certificate, WKN A2PMFT, up to 5,539	5,538,500	5,539	3.50 until 31 December 2028, thereafter fixed on the basis of the six-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2028, thereafter every six years with a notice period of twelve months to 31 December of the respective year
Tier 2 capital	30.09.2011	Profit participation certificate, WKN A2PMFS, up to 5,539	5,538,500	5,539	1.00 until 31 December 2026, thereafter fixed on the basis of the five-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2026, thereafter every five years with a notice period of twelve months to 31 December of the respective year
Tier 2 capital	31.12.2010	Profit participation certificate, WKN A2PMFR, up to 5,539	5,538,500	5,539	0.90 until 31 December 2025, thereafter fixed on the basis of the four-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2025, thereafter every four years with a notice period of two years to 31 December of the respective year
Tier 2 capital	01.04.2010	Profit participation right, Namens-GR 000 505, up to 5,539	5,481,000	5,481	1.00 until 31 December 2024, thereafter fixed on the basis of the four-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2024, thereafter every four years with a notice period of two years to 31 December of the respective year
Tier 2 capital	30.06.2009	Profit participation right, Namens-GR 000 504, up to 5,539	5,538,500	5,539	3.50 until 31 December 2026, thereafter fixed on the basis of the four-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2026, thereafter every four years with a notice period of two years to 31 December of the respective year
Tier 2 capital	30.06.2008	Profit participation right, Namens-GR 000 503, up to 5,538	5,519,240	5,519	3.42 until 31 December 2025 thereafter fixed on the basis of the two-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2025, thereafter every two years with a notice period of two years to 31 December of the respective year
Tier 2 capital	31.12.2007	Profit participation right, Namens-GR 000 502, up to 5,538	5,491,240	5,491	1.00 until 31 December 2024, thereafter fixed on the basis of the four-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2024, thereafter every four years with a notice period of two years to 31 December of the respective year
Tier 2 capital	31.03.2007	Profit participation right, Namens-GR 000 501, up to 5,538	5,486,640	5,487	3.02 until 31 December 2025, thereafter fixed on the basis of the four-year Federal bond plus 1.00 percentage points	Perpetual, issuer can terminate on 31 December 2025, thereafter every four years with a notice period of two years to 31 December of the respective year

Source: UmweltBank, Warburg Research

Rating

At the beginning of July 2025, UmweltBank received an investment grade rating of BBB- with a stable outlook from the rating agency Fitch.

Fitch considers the currently just sufficient capital ratio based on the total capital ratio and the recent weaker profitability. The stable refinancing base, the good liquidity position and the refinancing of the development loans with matching maturities were positively highlighted in the commentary.

According to Fitch, a rating upgrade would be possible with growth and greater diversification of the revenue base and customers. In addition, the operating profit/RWA ratio should be more than >1.5%. On the risk side, the NPL ratio should fall again to below 2%, which is also realistic, in our view, given values <0.5% in the years before 2024.

Solid rating with potential for improvement in the medium term

In our view, the strategic measures initiated by management will create the conditions for an improvement in the rating in the medium term. As the company currently refinances itself with customer deposits and also uses project-linked corporate bonds for financing, we believe that the first-time publication of a rating should also be viewed more strategically in order to create the basis for diversification in refinancing and capital optimisation. This could be done, for example, by using the rating when issuing regulatory eligible equity.

Market Overview

- Current account is UmweltBank's anchor product for a profitable customer relationship
- Savings banks and cooperative banks still dominate the private customer market
- Clear market-share gains by direct banks in market for current accounts
- Surprisingly, customers are highly willing to switch their primary bank account
- Good conditions for UmweltBank's targeted customer growth
- Steady growth of sustainable financing

UmweltBank's focused markets

Retail banking - Focus on current accounts

Current account is an anchor product

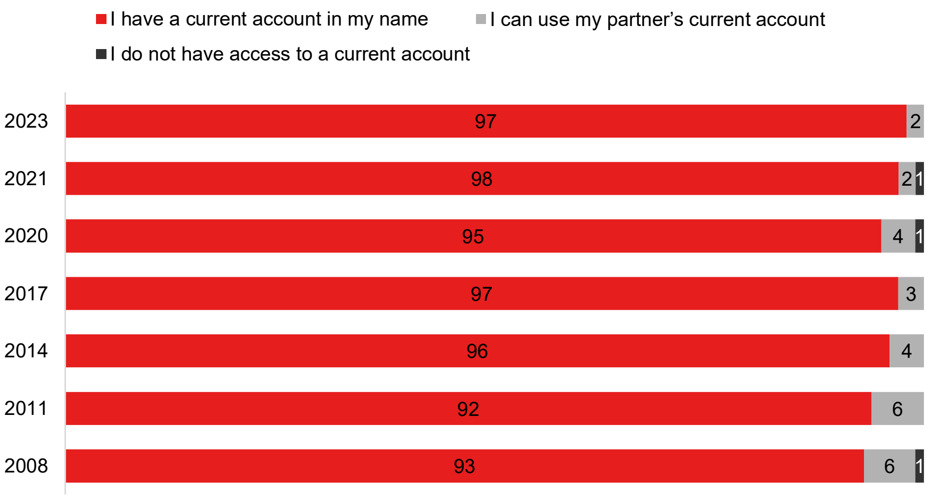
UmweltBank's core product in its growth strategy until 2028 is the current account for private customers. By building a customer relationship with holders of a current account, the bank aims to fulfil the role of principal bank for the customer. In this position, UmweltBank intends to steadily expand the customer relationship it has gained. This is to be achieved by attractive cross-selling of products, e.g. in the securities business and investment advice or additional products and services in payment transactions such as credit cards.

For this reason, it makes sense for us to examine UmweltBank's potential to significantly increase the number of customers with the help of the new core current account product.

Possession of current accounts and online banking

According to a survey conducted by the Deutsche Bundesbank in 2023 (see chart below), almost every adult in Germany has at least one current account. Penetration is around 97%. At first glance, one could therefore describe the market as saturated, provided there are no major differences between the products on offer and the business models of the banks behind them.

Current account ownership in % according to self-disclosure

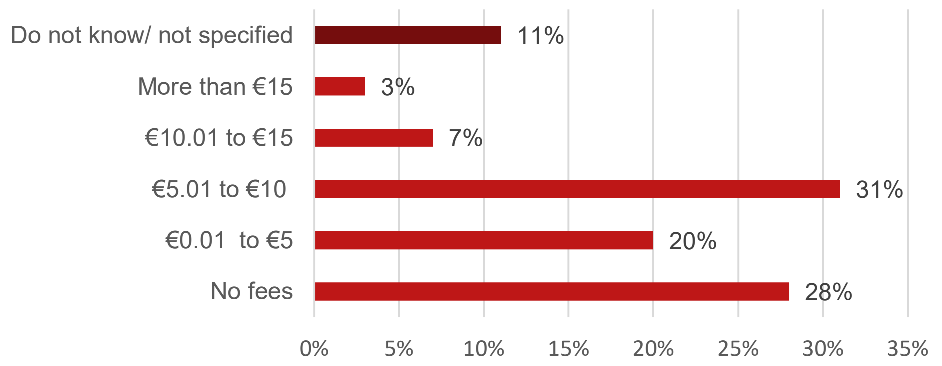


Source: Deutsche Bundesbank, Warburg Research

Moderate account management costs of the UmweltGiro

In order to assess the price competitiveness of UmweltBank's new current account (UmweltGiro), we use a survey published in 2024 on the subject of monthly account management fees. The comparability of this price data is of course somewhat difficult given the range of services included and, of course, the scope of the survey (n= 2030). Nevertheless, in our opinion it shows that UmweltBank's conditions for its current account in Germany are competitive. In our opinion, it also makes sense not to present an offer that is completely free of charge considering the targeted customer base, which we infer to have above-average income based on the assumption of high affinity with direct banking and the focus on sustainable banking products and services. With monthly account management fees of EUR 4.90 per month, UmweltBank presents a competitive product and also takes the issue of sustainability into account by avoiding an offer that is completely free of charge.

Survey of monthly account fees in Germany in 2024



Source: YouGov, Check24, Warburg Research

The number of customers is planned to triple to 500k by 2028, mainly by the acquisition of new customers opening a current account.

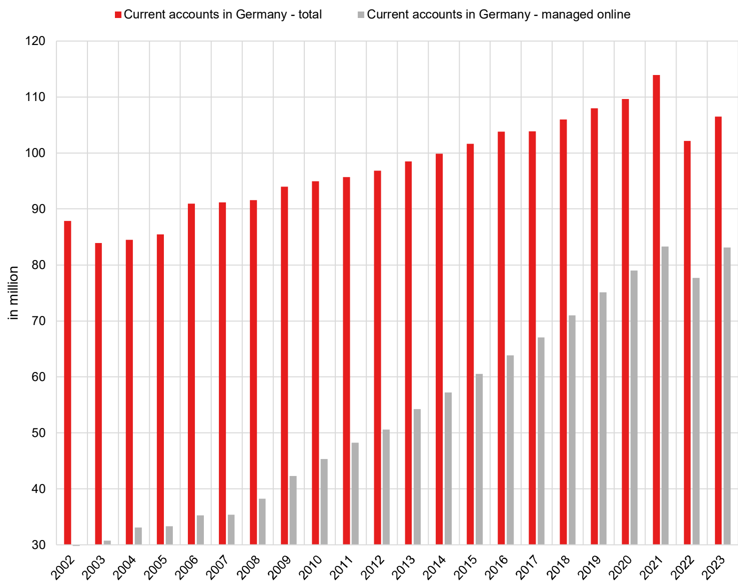
Continuous growth to over 100m current accounts in Germany

According to the German Bundesbank, the number of current accounts in Germany has grown continuously from ~85m to around 114m between 2004 and 2021, which corresponds to an increase of 35%.

The reason for a figure that surpasses the number of German citizens of legal age is that many citizens hold more than one bank account because customers often want to be more flexible in their banking transactions, particularly when it comes to financing issues, despite their preference for a one-stop-shop approach to banking products and services.

The trend towards second accounts is therefore not an unusual development, especially as the issue of flexibility in the free supply of cash could also play a role.

Number of current accounts in Germany



Source: Deutsche Bundesbank bis 2021, Kostenloses-konto.net 2022-23, Warburg Research

Savings banks losing market share in current accounts

According to the latest survey conducted by the Deutsche Bundesbank in 2023 (see chart below), the savings banks, together with the public-sector and cooperative banks (Landesbanken and the Volksbanken and Raiffeisenbanken), still account for the largest share of all current accounts. Together, the two groups of institutions account for around 71%, with the savings banks accounting for around 44 percentage points. The trend has been declining since 2008, with an estimated loss in market share of around 7-8%, although the Volksbanken and Raiffeisenbanken have even been able to increase their share. Nevertheless, these institutions still have the largest share of current accounts. The market share of the Cash Group alliance of commercial banks (which includes Deutsche Bank, Commerzbank, Postbank and HVB) was relatively stable at 18%. The alliance enables account holders to withdraw cash from the ATM machines of alliance banks free of charge.

In contrast, there was growth in the market share of the CashPool alliance from ~4-5% to 8%. Several banks (including numerous Sparda banks, Santander Consumer Bank, OLB, Targobank) joined forces to create the CashPool alliance, which similarly enables its customers to withdraw cash free of charge from the ATM machines of their member banks.

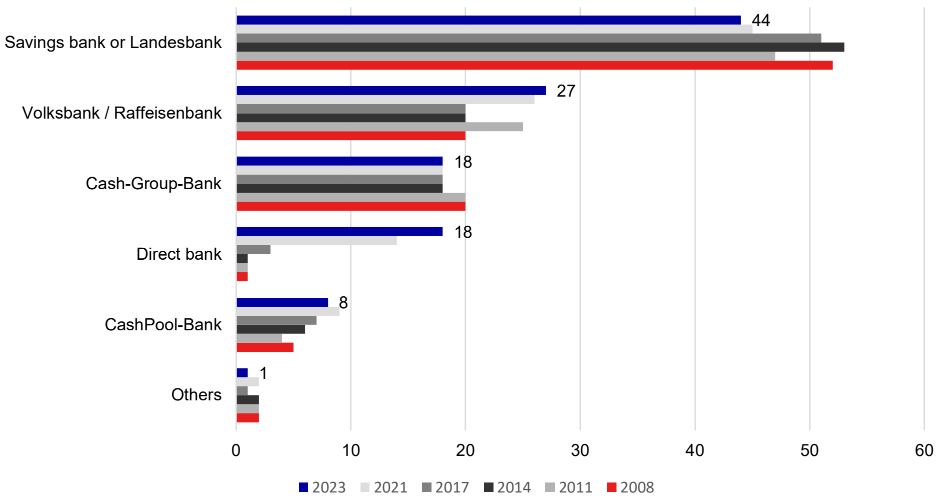
Dynamic market-share growth for direct banks

The most dynamic market-share growth in current accounts was, of course, recorded by direct banks. Their market share improved significantly from around 2% in 2008 to 18% in 2023. In our opinion, this shows the momentum in these banks and the trend towards a completely online account and customer relationship.

UmweltBank should benefit from this trend

This trend should also ensure a further influx of customers for UmweltBank as a direct bank with a competitive app and a moderate price level. In addition to the two factors mentioned above, the focus on sustainability should of course be attractive to customers.

Distribution of current accounts by institution group



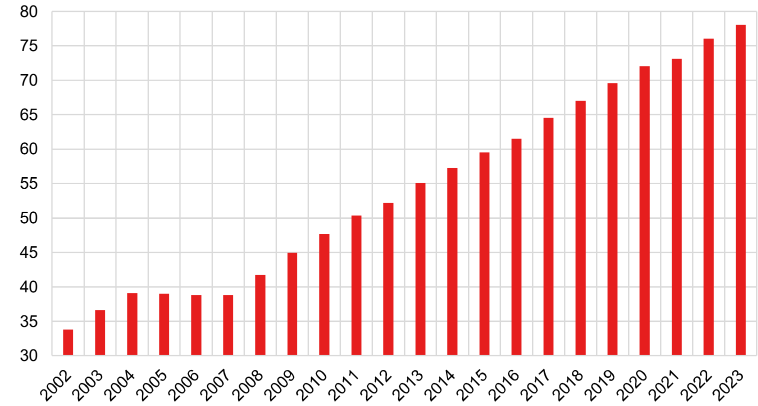
Source: Deutsche Bundesbank, Warburg Research

The proportion of current accounts managed online has almost doubled between 2003 and 2021, from just under 36.6% to more than 73.1%. In our view, this trend will continue, as a) the affinity for an online account will also increase as younger age groups enter the market, b) the number of branches continue to decrease structurally and c) the costs of an online account are generally lower.

Online banking is used most by German citizens in the 18 to 24 age group, with a share of 94%. Even in the over-65 age group, the proportion of online banking users was still 66%, which corresponds to an increase of 8 percentage points compared to 2021.

Doubling the proportion of current accounts managed online

Proportion of current accounts managed online



Source: Deutsche Bundesbank, Warburg Research

In the following overview, the online current accounts have been allocated to the respective groups of institutions. It is noticeable here that the market share of online current accounts with savings banks remained stable from 2013 to 2024, with fluctuations, at ~34%. The cooperative banks had to cope with a decline in share of 5 percentage points to around 23%. The other banks were able to increase their market share by around 5% to 43% during this period.

Declining share of savings banks in online current accounts

Number of online banking accounts in Germany by institution type

in m	2013	2014	2015	2016	2017	2018	2019	2020	2021
Credit banks	20.5	21.0	23.1	24.8	26.6	29.4	31.5	33.7	35.0
Landesbanken and saving banks	18.5	19.0	24.8	21.4	22.6	23.9	25.7	27.0	28.0
Co-operative banks	14.9	16.5	16.4	16.7	16.8	17.3	17.6	17.9	18.5
Total	53.9	56.6	64.4	62.9	66.0	70.6	74.8	78.6	81.5
Share									
Credit banks	38.0%	37.1%	35.9%	39.5%	40.2%	41.6%	42.1%	42.9%	42.9%
Landesbanken and saving banks	34.3%	33.6%	38.6%	34.0%	34.3%	33.9%	34.3%	34.4%	34.4%
Co-operative banks	27.7%	29.2%	25.5%	26.5%	25.5%	24.5%	23.6%	22.8%	22.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Statista, Warburg Research

Overall, it is noticeable that the market shares of online current accounts held at the savings banks and the cooperative banks are below the market shares of total current accounts. This leads to the conclusion that the share of online current accounts at these two groups of institutions is well below average.

Lower online share of current accounts at savings banks and cooperative banks

A further survey by the Deutsche Bundesbank on the use of online banking also shows that a smaller proportion of customers of savings banks and cooperative banks use the online functions than in all other bank groups. While 77% and 80% of customers at the savings banks/Landesbanken and Volksbanken/Raiffeisenbanken respectively use the bank's products and services online, the average across all groups of institutions was 81% in 2023, a further increase of 6 percentage points compared to 2021.

Use of online banking by institution group

	Savings bank or Landesbank	Volksbank / Raffeisenbank	Cash-Group-Bank	Direct bank	CashPool-Bank	Others
Yes	77	80	85	99	81	95
No	23	20	15	1	19	5

Source: Deutsche Bundesbank, Warburg Research

Conclusion: We therefore assume that, in the medium term, savings banks and cooperative banks could continue to lose customers to direct banks, which could compensate for the branch factor with a professional product and, increasingly, advisory offerings too.

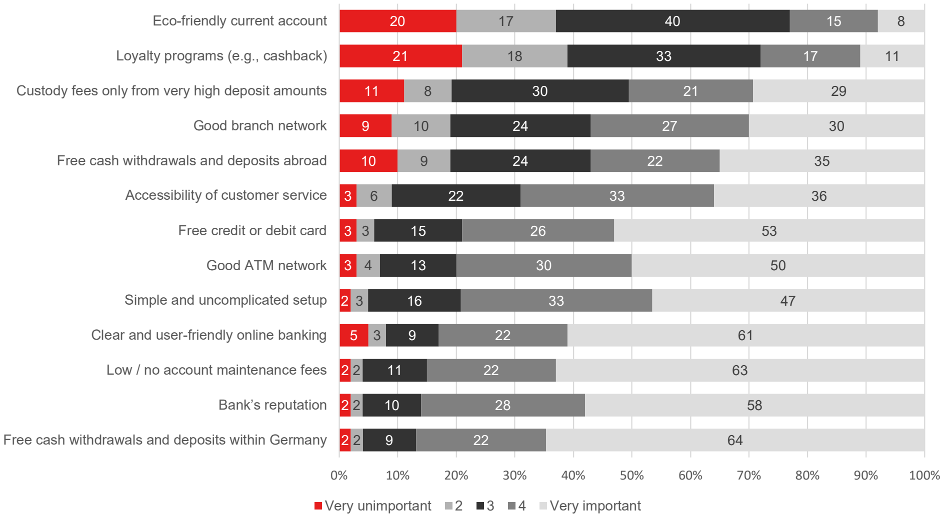
Positioning of UmweltBank with the anchor product current account

In UmweltBank's growth strategy, the introduction of the current account as a core product in the product range plays an important role in the bank's plan to significantly increase profitability.

UmweltBank current account should meet competition-critical requirements

Since June 23, customers have also been able to open a checking account. Based on our market assessment and research using the account comparison tool of the financial regulator, BaFin, UmweltBank's checking account offering is competitive. The checking account costs EUR 4.90 per month (~EUR 60 p.a.), which we believe is significantly lower than the offerings of cooperative banks, savings banks, and other branch banks. Features such as free cash withdrawals in brick-and-mortar retail stores and at ATMs using a credit card (12 times per year), as well as contactless payments using smartphones, are customer requirements that are being met (see chart).

Importance of aspects when choosing a current account in %



Source: Psyma Survey 2021, Warburg Research

Service quality as a differentiating feature

The target of high service quality should be positive for the growth plan. As a direct bank, UmweltBank is trying to score points with customers on the service side. For example, the bank's internal target of 85% for telephone availability was exceeded with 90% for the last customer enquiries. In our opinion, this target is also in line with the bank's commitment to sustainability in its products and services in order to retain customers in the long term. In this way, a high churn rate of dissatisfied customers should be avoided and the marketing budget used more efficiently.

High usage of the app by new customers

The UmweltBank app has also been very well received by new customers. According to the company, 80-90% of new customers use the app for their banking transactions which, in our opinion also illustrates the scalability of the business model. In principle, however, the app does not represent major differentiation to competitors. A good banking app is now taken for granted by customers, so there is really only downside for a bank's image if there are usage problems.

In our opinion, the issue of improved service quality is also reflected in the improvement in ratings on the online rating platform Trustpilot. Here, UmweltBank has managed to improve its rating from 2.2 to 4.0 in the last 18 months.

In our opinion, this has now created the initial conditions for an attractive product and positive customer feedback.

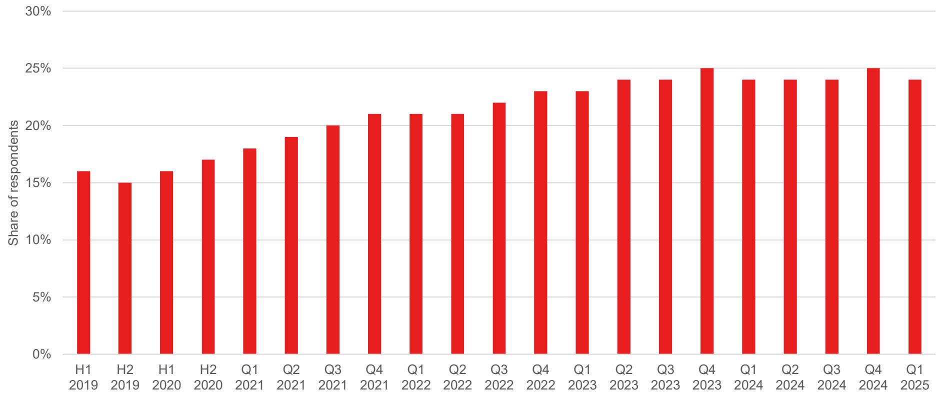
Good prerequisite for high customer acceptance of the current account product

What does customer behaviour look like in the highly competitive market for checking accounts?

High willingness to switch is advantageous for UmweltBank's planned growth

According to the statistics and data portal, Statista, surveys of customers' willingness to switch their primary bank account indicate that customers remain highly dissatisfied with their bank accounts. In Q1/25, around a quarter of customers were willing to change their primary bank if offered a suitable alternative. Since 2019, this figure has risen steadily from 16% to the most recently recorded level of 24%. In our opinion, this presents UmweltBank with a good opportunity to use targeted marketing of its current account to significantly increase its customer base.

Willingness to change primary bank in Germany 2019-2025, by quarter



Source: Statista Consumer Insights,Warburg Research

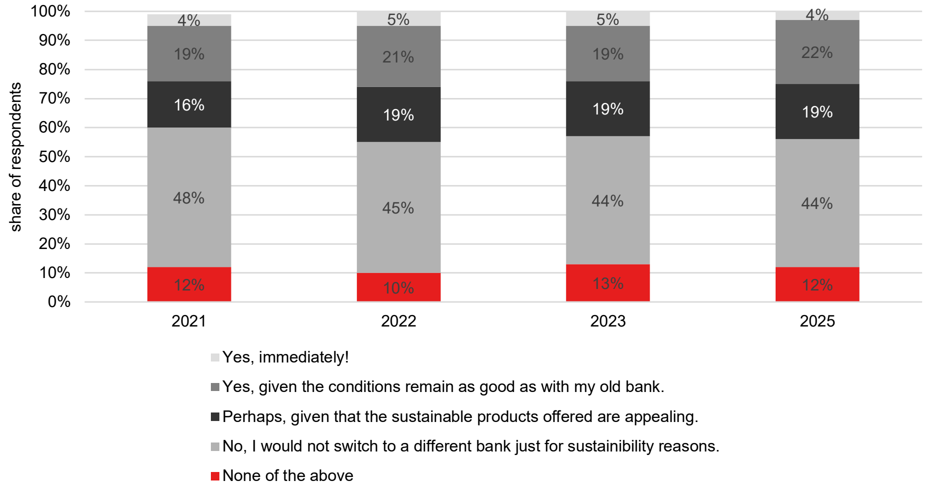
The bank's reputation is important for the customer's choice of account

In addition, the study shown above listed the most important factors for opening a current account. The second most important factor on the list is the reputation of the bank, which plays an immensely important role. In this respect, the name "UmweltBank" alone creates a positive association and highlights its focus on sustainability. Furthermore, the bank has not been associated with any financial scandal. The reputation factor can be reinforced by targeted marketing.

Sustainability combined with attractive products

In a survey, also published by Statista, around 2,000 people were asked directly to what extent sustainability is a suitable reason to change their bank account. For the majority of respondents (56%), sustainability would not be sufficient grounds to change their bank account, even in the 2025 survey. Nevertheless, this proportion has fallen by around 4 percentage points since 2021. The proportion of customers who would consider sustainability in their decision, provided that the conditions are not worse than at their current bank and the range of sustainable products is attractive, now stands at 45%. In this respect, UmweltBank's approach of focusing on an attractive product and supplementing its range of products and services with products that are in demand is a sensible way to achieve stronger growth. A pure focus on sustainability would not lead to dynamic development that would also secure the bank's long-term existence in a competitive environment.

Sustainability as a reason for switching banks



Source: Statista Bearing Point, Warburg Research

Corporate Banking - Growth potential & competitors in sustainable financing

Steady credit portfolio growth (2020-2023) with a CAGR of ~5%

UmweltBank's original core business is the provision of sustainable financing in the field of renewable energies and sustainable and social real estate. Between 2020 and 2023, the bank achieved good portfolio growth with a CAGR of around 5% to EUR 3.7bn. Since the end of 2023, the volume of loans granted has declined to EUR 3.2bn (H1/25), as the bank has reduced new lending due to regulatory surcharges on the capital ratio, a rating migration of loans, e.g., due to higher NPLs, and the introduction of increasing risk weightings for investments with the introduction of CRR3, among other things.

Temporary decline in lending volume driven by capital ratios

However, this decline is not explained by any drop in demand in UmweltBank's attractive financing segments, but merely reflects the management's active conservative management of capital ratios in order to adequately comply with all regulatory requirements.

Corporate Banking core KPIs

in EUR m	FY2020	FY2021	FY 2022	FY 2023	Q1/24	H1/24	FY 2024	Q1/25	H1/25
Business volume	5,393	6,451	6,602	6,119	5,853	6,175	6,508	6,554	6,492
Total assets	4,944	5,928	5,981	5,688	5,505	5,879	6,186	6,262	6,247
Environmental loans (incl. commitments)	3,247	3,543	3,703	3,722	3,722	3,504	3,457	3,347	3,218
New loan volume	689	845	623	459	25	49	250	30	40

Source: Warburg Research

Potential and demand for sustainable financing remain high

The financing provided by UmweltBank in the renewable energy sector is largely refinanced by KfW. In our opinion, its development in the area of sustainable financing continues to be positive. Of KfW's new loan commitments of EUR 112.8bn in 2024, EUR 34.7bn was allocated to financing with a focus on climate protection and the environment. The reported environmental quota of 44% exceeds its minimum target (38%) and, in our opinion, demonstrates the prevailing high demand for sustainable financing.

New business KfW 2024

Business sector	Total new commitments	thereof climate change/environment	Environmental quota
	EUR bn	EUR bn	%
SME Bank & Private Clients	35.8	20.7	58
Customised Finance & Public Clinets	41.6	1.8	21
KfW Capital	1.6	0.1	4
Export and project finANCE	23.9	6.6	28
KfW Development Bank	7.8	4.7	60
DEG	2.5	1.2	48
Total	**112.8**	**34.7**	**44**

Source: KfW, Warburg Research

Despite the change of government in Germany, sustainability financing for renewable energy projects remains a growth market with a view to further reducing dependence on fossil fuels and other countries. In this market, UmweltBank is predestined to continue growing thanks to its experience and credible focus on sustainability. The announced expansion of financing to include, for example, battery energy storage systems, potential financing opportunities in the area of grid infrastructure, and the energy-efficient renovation/modernisation of older properties, means that further improvement in regulatory capital is expected to lead to additional credit volume growth.

Below, we have compared UmweltBank figures with some key figures from GLS Bank and the Dutch Triodos Bank, which are also active in sustainability financing.

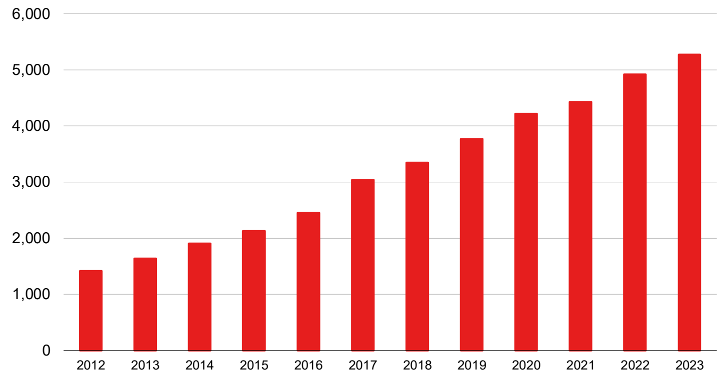
Overview of key figures from other sustainability banks

		UmweltBank	GLS Bank	Triodos Bank
Number of customers in k	2023	132	366	746
	2024	155	378	748
Growth in %		17.4%	3.2%	0.2%
Balance sheet in EUR bn	2023	5.7	9.9	16.2
	2024	6.2	10.7	17.0
Growth in %		8.8%	8.3%	4.9%
Loan volume in EUR bn	2023	3.8	5.3	11.08
	2024	3.5	5.7	11.4
Growth in %		-8.7%	8.1%	2.9%
CIR in %	2023	121.6%	54.5%	73.0%
	2024	107.8%	65.9%	76.0%
ROE pre-tax	2023	0.3%	6.1%	8.2%
	2024	0.3%	6.0%	0.0%

Source: GLS, Triodos, UmweltBank, Warburg Research

GLS Bank was founded in Bochum in 1974 and operates exclusively in Germany with seven branches. It also has a consistent focus on financing sustainable projects. It is active in six areas: a) renewable energies, b) sustainable living, c) social affairs and health, d) sustainable economy, f) nutrition/organic farming, and g) education and culture. Given its longer history, GLS Bank's total assets and lending volume are around 60% higher at EUR 10.7bn and EUR 5.7bn, respectively. Its cost-income ratio and profitability are currently better than those of UmweltBank. In our opinion, this is due to the expansion of the deposit business that has already taken place and the transformation process at UmweltBank in 2023 and 2024.

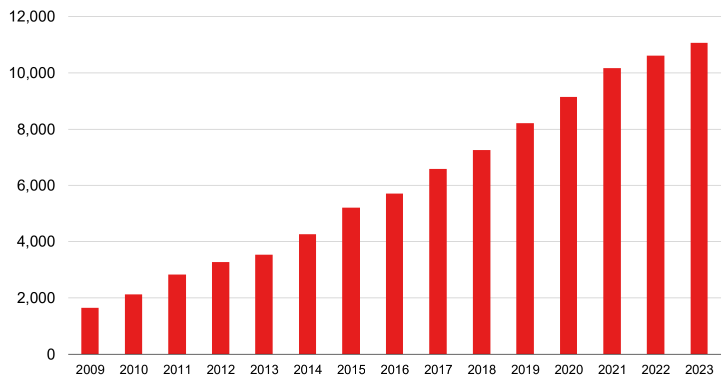
GLS Bank customer loans 2012-2023 (in EUR m)



Source: Warburg Research

Triodos Bank N.V. is another bank focused on sustainability, founded in the Netherlands in 1980. Today, it operates in five European countries: the Netherlands, Belgium, Germany, Spain, and the UK. It exclusively finances companies, institutions, and projects that create social added value, e.g., in the areas of renewable energy, organic farming, education, and elderly care. In addition to business loans, it also offers traditional banking services such as call money and savings accounts. It is significantly larger than UmweltBank with around 750,000 customers and a balance sheet total that is approximately three times higher. Its lending volume is also three times as large. Considering the economies of scale already achieved, we believe that its CIR and profitability are better.

Volume of loans granted by Triodos 2009-2023 (in EUR m)



Source: Warburg Research

Valuation

- Our price target of EUR 8.40 is based on a residual income model, which we believe is well suited to taking long-term growth into account in the investment case.
- We have factored a cost of equity of ~9.7% into our model, but this could decrease if growth targets are achieved and visibility improves.
- The price target represents very attractive upside of more than 60%.

Residual income model

The derivation of the fair valuation using the residual income model takes the long-term nature of the business model into account with a focus on recurring revenues and the sustainability of the products and services offered by UmweltBank. Shorter-term valuation approaches such as a peer-group comparison and our ROE hurdle model do not adequately reflect the planned growth.

Recurring revenues better reflected in residual income model

Our detailed earnings estimates through 2028 and a declining growth rate in net income through 2037 form the basis for our estimates of return on equity. In our model, equity is calculated as the sum of shareholders' equity and the fund for general banking risks.

Residual income is then calculated as the difference between the determined ROE and the cost of equity multiplied by net income. The discounted amounts are then accumulated.

Residual income model

	Detailed forecast period			Transitional period										TV
Figures in EUR m	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	
Equity beginning of period	380	386	406	431	458	486	509	534	561	584	609	635	663	
Equity end of period	386	406	431	458	486	509	534	561	584	609	635	663	691	
Net income	7	17	23	35	39	43	46	50	54	57	60	63	66	
yoy		*132%*	*32%*	*54%*	*11%*	*10%*	*9%*	*8%*	*7%*	*6%*	*6%*	*5%*	*5%*	*1.5%*
Dividends paid	4	5	5	8	12	19	21	23	30	32	34	36	38	*66*
Payout ratio	492%	73%	31%	33%	33%	50%	50%	50%	60%	60%	60%	60%	60%	*100.0%*
Return on equity	1.9%	4.4%	5.4%	7.9%	8.2%	8.6%	8.9%	9.2%	9.4%	9.6%	9.7%	9.8%	9.8%	
Cost of Equity	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	
Excess return	-29	-21	-17	-8	-7	-5	-4	-3	-2	-1	0	1	1	
Discount factor	0.97	0.88	0.81	0.73	0.67	0.61	0.56	0.51	0.46	0.42	0.38	0.35	0.32	
Present value	-28	-18	-14	-6	-4	-3	-2	-1	-1	0	0	0	0	2
Share of PVs	79%			23%										-2%

Model parameter

Derivation of Cost of equity:		Derivation of Beta:	
		Financial Strength	1.50
		Liquidity	1.40
		Cyclicality	1.10
Market return	8.3%	Transparency	1.30
Risk free rate	2.8%	Others	1.00
Cost of Equity	**9.68%**	**Beta**	**1.26**

Valuation (m)

PV terminal value	2		
Sum PVs until 2037e	-78		
Current book value	380	No. Of shares (m)	36.12
Equity value	**303**	Value per share	**8.40**

Sensitivity Value per share (EUR)

		LTG						
Beta	CoE	0.0%	0.5%	1.0%	**1.5%**	2.0%	2.5%	3.0%
1.40	10.4%	8.33	8.36	8.39	8.42	8.46	8.50	8.55
1.35	10.2%	8.32	8.35	8.38	8.42	8.45	8.50	8.55
1.31	9.9%	8.31	8.34	8.37	8.41	8.45	8.49	8.55
1.26	9.7%	8.30	8.33	8.36	**8.40**	8.44	8.49	8.54
1.21	9.4%	8.29	8.32	8.35	8.39	8.44	8.48	8.54
1.17	9.2%	8.28	8.31	8.35	8.38	8.43	8.48	8.54
1.12	8.9%	8.27	8.30	8.34	8.38	8.42	8.48	8.54

Source: Warburg Research

Cost of equity of ~9.7%

To calculate the cost of equity, we use a risk-free interest rate of 2.8% and a risk premium of 5.5%. With a beta of 1.26, which takes the factors of financial strength, liquidity, cyclicality, and transparency into account (see table), the cost of equity is around 9.7%.

Price target of EUR 8.40

Based on the residual income model, the fair value per UmweltBank share is EUR 8.40.

Weaknesses and risks

Weaknesses:

- Total capital ratio limits growth in lending business
- Rising risk provisions and growing NPL volumes in 2025
- Product range offered in the securities sector may not yet be sufficient to achieve the targeted stronger commission growth
- Low profitability limits existing growth potential

Risks:

- Growth in deposit volumes may depend on interest-rate developments and the resulting changes in customer investment behaviour
- Intense competition for new customers in Germany could weigh on profitability
- Significant increase in profitability heavily dependent on customer growth
- Reputational risk associated with bond issues

Company Background

Business model

Since its IPO in 1997, UmweltBank has focused on traditional deposit business with private customers in the form of overnight and time deposits, as well as lending business, generally with corporate customers in the renewable energy sectors (onshore wind and solar power) and in the area of sustainable real estate. In the past, the financing business also resulted in individual cases of participation in financed projects, which then generally made continuous distributions to the bank.

In the years 2020-2022, UmweltBank achieved good growth rates in terms of customers and business volume, generating attractive double-digit returns on equity.

BaFin-audit

During a special audit by Germany's financial regulator, BaFin in 2022, several deficiencies in UmweltBank's business organisation (credit business processes, internal auditing) were identified. In order to monitor the regulatory deficits and ensure proper business organisation, a special representative of BaFin was appointed in February 2024. After significant progress had already been made in addressing the deficits, the activities of the special representative (PWC) ended in July 2025.

Pressure from the interest-rate turnaround …

In 2023, earnings were further impacted by the interest-rate turnaround, which was reflected in a significant decline in net interest income (-31%) from lending and deposit business as well as the bond portfolio due to the bank's interest-rate positioning.

Long-term loan receivables, which were granted at low interest rates in a low interest-rate environment, were offset in some cases by significantly faster interest-rate increases on shorter-term deposits in refinancing. In addition, the financial result was negative (due to treasury transactions) and did not contribute substantially to revenues as it did in previous years.

… introduction of the new core banking system, and compliance with regulatory requirements in 2023

On the cost side, the migration to the new core banking system in 2023, at a cost of approximately EUR 10m, and the significant increase in headcount, mainly in areas relevant to regulatory requirements, had a substantial impact on earnings, as total costs rose by EUR 16m.

The risks arising from the bank's interest-rate positioning were further reduced to a manageable level by the end of 2024 (see charts below), and the negative impact on earnings absorbed in 2024. The bank has also made very good progress in remedying deficiencies in its business organisation, which we believe is also reflected in the end of the special representative's work.

Significant reduction in interest-rate risks I

Present value interest rate risk according to IRRB guidelines	Present value change in €m 2024	Change in present value in relation to core capital in % 2024
Steepening of the yield curve	-5.9	-1.5
Flattening of the yield curve	4.6	1.1
short-term shock upward	1.1	0.3
short-term shock downward	-0.7	-0.2

Source: Warburg Research

Significant reduction in interest-rate risks II

Present value interest rate risk according to IRRB guidelines	Present value change in €m 2024	Change in present value in relation to core capital in % 2024
Steepening of the yield curve	-5.9	-1.5
Flattening of the yield curve	4.6	1.1
short-term shock upward	1.1	0.3
short-term shock downward	-0.7	-0.2

Source: Warburg Research

Successful elimination of critical issues

Following the successful resolution of the problems in the transformation year 2024 and the strategic realignment that has already taken place, the bank should return to its path of success. The business model will be adjusted with a focus on Retail Banking and sustainable financing.

Focus on transformation of the business model with retail banking and sustainable financing

This also includes the gradual sale of investments as a result of higher capital requirements. This will release regulatory capital, which can be used to drive growth in the two core areas of a) Retail Banking and b) Corporate Lending.

Company history & shareholder structure

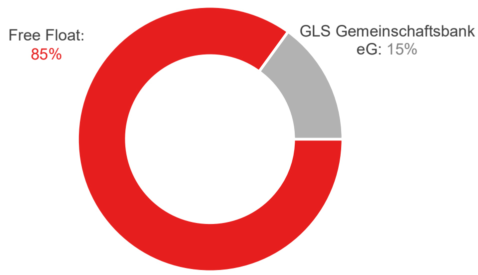
The current shareholder structure is relatively transparent. GLS Gemeinschaftsbank holds a strategic stake of 15% in UmweltBank. In 2018, it acquired a 15.6% stake from the founding Popp family, held since 2008. Founder Horst P. Popp retired from operational management in 2015.

Free-Float of 85%

The free float is therefore around 85%. According to the company, around ~60% of UmweltBank shares are held in the custody accounts of private customers at UmweltBank. Private investors particularly appreciate the stable dividend.

In our opinion, the institutional share of shareholders is therefore likely to be rather low at present. However, the restructuring of the bank and the planned growth programme are likely to make the stock more interesting for this group of investors in the future.

Overview shareholder structure



Source: Warburg Research

Management Board

Dietmar von Blücher has been Spokesman of the Board of Management of UmweltBank since January 15, 2024. In this role, he is responsible for the bank's strategic direction, drives its innovation and digitalisation initiatives, and ensures compliance with banking regulations. Specifically, he is responsible for customer care and service, securities business, marketing & PR, human resources, IT & project management, and the executive board staff.

New board spokesperson in 2024...

Prior to his current position, he worked as a member of the board at Baader Bank and comdirect Bank, as well as a division manager at Commerzbank and Dresdner Bank.

...with proven experience in direct banking

UmweltBank's management board

Source: Warburg Research

Heike Schmitz has been a member of the Executive Board since 2022 and is responsible for the core areas of finance and controlling as well as back office operations in the lending business. In her role as Chief Financial Officer (CFO), she is responsible for the bank's budget, reporting, and financial management, among other things.

Her responsibilities include operational monitoring and processing of loans granted in accordance with MaRisk. Specifically, she is responsible for reporting, risk and analytics, accounting, taxes and operations, legal and compliance, credit management, analysis and management of the credit portfolio, organisational management, and internal auditing at UmweltBank. She is scheduled to leave the Board of Management on January 31, 2026.

Prior to her position at UmweltBank, she worked in corporate strategy and private customer business at Commerzbank. She then held various management positions at comdirect Bank, Sparkassen Finanzgruppe, and Commerzbank.

Management Board consists of three members

Goran Bašic has been a member of the Management Board since July 2014. He is responsible for the market function for lending in accordance with MaRisk and is also responsible for the business area of renewable energy and real estate financing, the area of investments, and treasury & sustainability. Bašic has many years of experience at UmweltBank, where he has been working since 1999. Previously, he was involved in setting up a bank in Sarajevo, Bosnia-Herzegovina.

Dr. Nicole Handschuher will join the Management Board on February 1, 2026. From August 1, 2025, she will initially be responsible for credit market monitoring and risk management at UmweltBank AG as General Representative. She will take over the position of Heike Schmitz on the Management Board.

Dr. Handschuher began her career in 2001 at Bayerische Landesbank before continuing her career in several management positions at NORD/LB, Kreissparkasse München Starnberg Ebersberg, and Sparkasse KölnBonn. Most recently, she was managing director of LHI Leasing GmbH in Pullach.

Management remuneration

The total remuneration of the UmweltBank Management Board for the 2024 financial year amounted to EUR 1.064m (previous year: EUR 986k).

In addition to their fixed remuneration, individual members of the Management Board receive a variable bonus of up to 40% of their fixed salary and 10% of their fixed salary in addition to their pension provision. A distinction is made between short-term and long-term variable remuneration. The short-term bonus is based on performance over one year and has a maximum limit. The long-term variable remuneration is based on performance over several years (at least three years).

For the members of the Supervisory Board, total remuneration in 2024 was EUR 152k (previous year: EUR 145k).

The individual salaries of the members of the Executive Board and Supervisory Board have not yet been disclosed.

Supervisory Board

The Supervisory Board of UmweltBank currently consists of six members. **Georg Schürmann** joined the Supervisory Board on July 1, 2025, and also serves as its Chairman. After his training and a successful career at Deutsche Bank, he moved into the sustainable finance sector in 2009 and became managing director of the German branch of Triodos Bank N.V., a Dutch bank specializing in project financing. He headed up the business there until 2024. We believe that he will be able to give the bank additional impetus in building up sustainable business volume.

Dr. Michael Kemmer has been on the Supervisory Board since 2019 and held the position of Chairman of the Supervisory Board from 2020 until June 30, 2025. After training as a banker, studying business administration, obtaining his doctorate from Ludwig Maximilians University in Munich, and passing the tax advisor examination, Dr. Michael Kemmer worked in the banking industry for over 20 years. From 2010 to 2017, he was Chief Executive Officer and member of the Board of Managing Directors of the Association of German Banks.

Supervisory Board with 6 members

Silke Stremlau has been a member of the Supervisory Board since 2019. She studied political science and sociology with a focus on environmental policy. She then went on to establish the sustainable investment division at imug, a consulting firm for socio-ecological innovations. Silke Stremlau was also chair of the German government's Sustainable Finance Advisory Council during the 20th legislative period.

Susanne Horn has also been a member of the Supervisory Board since 2019. After completing her studies and training as a bank clerk, she initially worked in the financial sector and then in various positions in the real estate industry. In 2008, she joined Neumarkter Lammsbräu Geb. Ehrnsperger KG as general representative.

Heinrich Klotz has been a member of the Supervisory Board since 2010. He was a notary in Aschaffenburg from 1991 to early 2023. He was involved in the preparations for the founding of UmweltBank as early as 1993 and was one of its founding shareholders.

Finja Carolin Kütz has been a member of the Supervisory Board of UmweltBank since 2022. She studied mathematics and the fundamentals of computer science/mathematical logic at the Universities of Münster and Oxford, UK. She spent over 20 years at Oliver Wyman advising banks and supervisory authorities on strategy, risk, governance, and transformation, most recently as head of consulting for Germany/Austria. Finja Kütz then worked at UniCredit in Milan as Group Chief Transformation Officer and Deputy Group COO. Since 2022, she has been working as an independent senior advisor.

In addition, UmweltBank has implemented an Environmental Council, which is the ecological counterpart to the Supervisory Board with a focus on sustainability and the environment. The Environmental Council has an advisory function on sustainability and environmental issues for the Management Board and is appointed by the latter with the approval of the Supervisory Board.

Additional expertise in the Environment Council

The Environmental Council has the following functions: a) ecological supervisory board, b) advice and control of the so-called “environmental guarantee,” c) construction projects & lending, and d) project initiation. The Environmental Council consists of Prof. Dr. Harald J. Bolsinger (Chair), Claudia Müller (Deputy Chair), Stefan Klinkenberg, Dr. Meike Gebhard, and Heribert Sterr-Kölln.

Residual income model

Figures in EUR m	Detailed forecast period 2025e	2026e	2027e	Transitional period 2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	TV
Equity beginning of period	380	386	406	431	458	486	509	534	561	584	609	635	663	
Equity end of period	386	406	431	458	486	509	534	561	584	609	635	663	691	
Net income	7	17	23	35	39	43	46	50	54	57	60	63	66	
yoy		*132%*	*32%*	*54%*	*11%*	*10%*	*9%*	*8%*	*7%*	*6%*	*6%*	*5%*	*5%*	*1.5%*
Dividends paid	4	5	5	8	12	19	21	23	30	32	34	36	38	*66*
Payout ratio	492%	73%	31%	33%	33%	50%	50%	50%	60%	60%	60%	60%	60%	*100.0%*
Return on equity	1.9%	4.4%	5.4%	7.9%	8.2%	8.6%	8.9%	9.2%	9.4%	9.6%	9.7%	9.8%	9.8%	
Cost of Equity	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	
Excess return	-29	-21	-17	-8	-7	-5	-4	-3	-2	-1	0	1	1	
Discount factor	0.97	0.88	0.81	0.73	0.67	0.61	0.56	0.51	0.46	0.42	0.38	0.35	0.32	
Present value	-28	-18	-14	-6	-4	-3	-2	-1	-1	0	0	0	0	2
Share of PVs	79%			23%										-2%

Model parameter

Derivation of Cost of equity:		Derivation of Beta:	
		Financial Strength	1.50
		Liquidity	1.40
		Cyclicality	1.10
Market return	8.3%	Transparency	1.30
Risk free rate	2.8%	Others	1.00
Cost of Equity	**9.68%**	**Beta**	**1.26**

Valuation (m)

PV terminal value	2		
Sum PVs until 2037e	-78		
Current book value	380	No. Of shares (m)	36.12
Equity value	**303**	Value per share	**8.40**

Sensitivity Value per share (EUR)

Beta	CoE	LTG 0.0%	0.5%	1.0%	**1.5%**	2.0%	2.5%	3.0%
1.40	10.4%	8.33	8.36	8.39	8.42	8.46	8.50	8.55
1.35	10.2%	8.32	8.35	8.38	8.42	8.45	8.50	8.55
1.31	9.9%	8.31	8.34	8.37	8.41	8.45	8.49	8.55
1.26	9.7%	8.30	8.33	8.36	**8.40**	8.44	8.49	8.54
1.21	9.4%	8.29	8.32	8.35	8.39	8.44	8.48	8.54
1.17	9.2%	8.28	8.31	8.35	8.38	8.43	8.48	8.54
1.12	8.9%	8.27	8.30	8.34	8.38	8.42	8.48	8.54

Peer Group

Company Prices in local currency	Price	P / E 25e	P / E 26e	P / B 25e	P / B 26e	EPS CAGR (24-27e)
Banco Bilbao Vizcaya Argentaria	15.50	8.6	8.2	1.4	1.3	4.1 %
Banco Santander	7.78	8.7	8.2	1.1	1.0	10.4 %
Commerzbank	33.33	13.3	10.9	1.2	1.1	17.7 %
Credit Agricole	16.40	7.6	7.2	0.7	0.7	3.4 %
Danske Bank	35.31	9.7	9.4	1.2	1.2	1.7 %
Deutsche Bank	30.57	10.0	9.0	0.9	0.8	13.4 %
ING Groep NV	20.22	10.5	8.9	1.2	1.1	10.6 %
Intesa Sanpaolo	5.26	9.9	9.3	1.5	1.5	7.7 %
Nordea Bank Abp	66.05	-	-	-	-	-
Svenska Handelsbanken	10.90	10.4	10.7	1.2	1.2	-3.6 %
UniCredit	66.18	10.0	9.2	1.5	1.5	10.7 %
Average		9.9	9.1	1.2	1.1	7.6 %
Median		9.9	9.1	1.2	1.2	
UmweltBank	**5.10**	**24.7**	**10.7**	**0.7**	**0.7**	
Delta to median		148.2 %	17.6 %	-40.0 %	-42.7 %	

- …

Valuation

	2021	2022	2023	2024	2025e	2026e	2027e
Operating profit per share	1.05	1.09	-0.16	-0.24	0.21	0.48	0.90
Book Value / Share	6.92	7.19	6.99	6.92	7.11	7.66	8.34
Dividend	0.33	0.33	0.00	0.00	0.10	0.15	0.15
Dividend Payout Ratio	60.4 %	60.2 %	0.0 %	0.0 %	48.4 %	31.3 %	23.8 %
P / E	32.8 x	28.1 x	538.9 x	315.3 x	24.7 x	10.7 x	8.1 x
Price / Book	2.6 x	2.1 x	1.5 x	0.9 x	0.7 x	0.7 x	0.6 x
P / NAVPS	1.7 x	1.4 x	1.0 x	0.6 x	0.5 x	0.5 x	0.4 x

*Adjustments made for:

Company Specific Items

	2021	2022	2023	2024	2025e	2026e	2027e
Valuation result	0	0	0	0	1	1	1
Net commission and trading income	9	9	9	6	8	12	21
Allocation to reserves in accordance with section §340g HGB	-6	-11	5	12	0	0	0
Fund for general banking risks (§340g HGB)	135	146	142	130	130	130	130
ROE pre-tax (Ø TE)	11.3 %	10.0 %	-1.4 %	-2.2 %	2.0 %	4.4 %	7.8 %
ROE (Ø TE)	5.8 %	5.0 %	0.2 %	0.2 %	2.0 %	4.4 %	5.4 %
Total capital	427	504	525	505	513	530	553
New loan volume (gross)	845	623	459	250	250	313	406
CIR (UBK)	47.6 %	51.8 %	110.7 %	114.4 %	90.1 %	80.6 %	70.3 %
PTB (UBK)	0.5	0.5	0.5	0.5	0.5	0.5	0.4

Consolidated profit and loss

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Net interest income (NII)	63.2	58.8	41.1	44.9	60.3	76.2	88.8
Valuation result	0.3	-0.3	0.1	0.1	1.2	1.0	1.0
Commission and fee income	5.4	7.1	8.5	5.5	8.5	12.1	21.2
Trading income	4.0	2.3	0.6	0.0	0.0	0.0	0.0
Financial result	3.0	24.8	-2.6	13.0	18.5	6.0	5.0
Other operating income	0.1	-2.0	0.1	-0.8	1.0	0.0	0.0
Total revenues	**75.7**	**90.9**	**47.6**	**62.6**	**88.3**	**94.3**	**115.0**
Admin. Expenses	34.6	42.2	57.8	67.5	68.0	72.0	77.1
thereof personnel expenses	17.2	19.9	25.6	26.1	29.0	31.9	32.7
LLPs	-3.0	-9.6	4.7	-3.6	-12.8	-5.0	-5.3
Operating profit	**38.1**	**39.2**	**-5.6**	**-8.5**	**7.5**	**17.3**	**32.6**
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**38.1**	**39.2**	**-5.6**	**-8.5**	**7.5**	**17.3**	**32.6**
Total taxes	-12.7	-8.7	1.8	-2.8	0.0	0.0	-9.8
Allocation to reserves in accordance with section §340g HGB	-6.0	-11.0	4.5	12.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**19.4**	**19.5**	**0.7**	**0.7**	**7.5**	**17.3**	**22.8**
Number of Shares	35.4	35.7	35.7	36.1	36.1	36.1	36.1
EPS	**0.55**	**0.55**	**0.02**	**0.02**	**0.21**	**0.48**	**0.63**

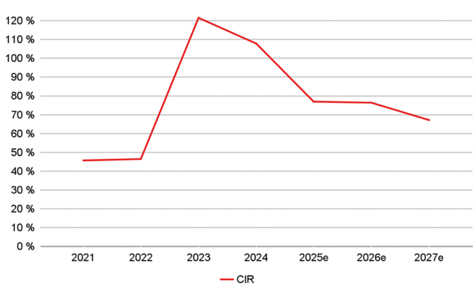
*Adjustments made for:

Guidance: 2025: EBT of EUR 5-10m; 2028: ROE pre-tax of >12%

Financial Ratios

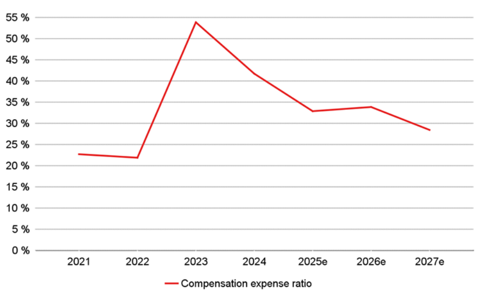
	2021	2022	2023	2024	2025e	2026e	2027e
Operating Efficiency							
Total op. Revenues per Employee	253.1	273.9	134.4	166.6	223.6	238.8	297.2
Administrative expenses per Employee	57.4	59.9	72.4	69.5	73.5	80.8	84.5
Operating profit per Employee	127.4	118.1	-15.8	-22.7	19.0	43.8	84.1
Customers	130,000	132,000	132,000	155,000	190,000	250,000	340,000
Profitability							
CIR	45.7 %	46.4 %	121.6 %	107.8 %	77.0 %	76.4 %	67.1 %
Compensation expense ratio	22.7 %	21.9 %	53.9 %	41.7 %	32.9 %	33.9 %	28.4 %
Net interest margin (as % of average loan volume)	1.9 %	1.6 %	1.1 %	1.3 %	1.7 %	2.2 %	2.5 %
Net interest margin (as % of average RWAs)	2.2 %	1.9 %	1.3 %	1.4 %	1.9 %	2.3 %	2.6 %
Oper. profit / Oper. Revenues	50.3 %	43.1 %	-11.8 %	-13.6 %	8.5 %	18.3 %	28.3 %
Oper. profit / Total assets	0.6 %	0.7 %	-0.1 %	-0.1 %	0.1 %	0.2 %	0.4 %
Net income / Oper. Revenues	25.6 %	21.5 %	1.5 %	1.2 %	8.5 %	18.3 %	19.8 %
Pre-tax profit / Total assets	0.6 %	0.7 %	-0.1 %	-0.1 %	0.1 %	0.2 %	0.4 %
Momentum							
Revenue growth	13.3 %	20.2 %	-47.7 %	31.7 %	40.9 %	6.8 %	22.0 %
Operating profit growth	0.6 %	3.0 %	-114.3 %	52.0 %	-188.0 %	130.4 %	88.5 %
Net profit growth	4.7 %	0.9 %	-96.4 %	5.4 %	917.1 %	131.5 %	31.8 %

CIR
in %



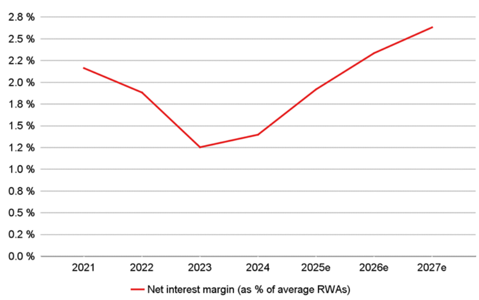
Source: Warburg Research

Compensation expense ratio
in %



Source: Warburg Research

Net interest margin
in % of avg. RWA



Source: Warburg Research

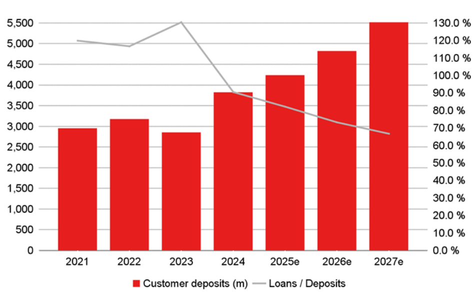
Consolidated balance sheet

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Assets							
Cash reserve	814	333	116	39	243	276	293
Financial investments	1,972	2,433	2,085	828	836	844	853
Claims on banks	13	3	11	2,025	2,127	2,403	2,703
Claims on customers	3,073	3,139	3,357	3,149	3,243	3,406	3,661
Provisions for possible loan losses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Property, plant and equipment	47	58	86	108	109	93	95
Goodwill and other intangible assets	1	1	1	1	1	1	1
Tax assets	2	4	12	21	21	21	21
Other assets	8	10	21	16	16	17	18
Total Assets	**5,928**	**5,981**	**5,688**	**6,186**	**6,597**	**7,060**	**7,644**
Liabilities and shareholders' equity							
Subscribed capital	35	36	36	36	36	36	36
Capital reserve	102	105	109	109	109	109	109
Retained earnings	95	103	104	105	105	114	134
Other equity components	13	13	1	1	7	17	23
Shareholders' equity	**245**	**257**	**249**	**250**	**257**	**276**	**301**
Fund for general banking risks (§340g HGB)	135	146	142	130	130	130	130
Minority interest	0	0	0	0	0	0	0
Total equity	**380**	**403**	**391**	**380**	**386**	**406**	**431**
Hybrid and Subordinated Capital	132	132	134	134	137	140	143
Liabilities to banks	2,441	2,248	2,279	1,808	1,826	1,844	1,937
Liabilities to customers	2,954	3,176	2,854	3,824	4,207	4,628	5,090
Provisions	15	16	18	17	17	18	18
Other liabilities	6	6	13	22	23	24	25
Total liabilities	**5,683**	**5,725**	**5,439**	**5,936**	**6,340**	**6,784**	**7,343**
Total liabilities and shareholders' equity	**5,928**	**5,981**	**5,688**	**6,186**	**6,597**	**7,060**	**7,644**

Financial Ratios

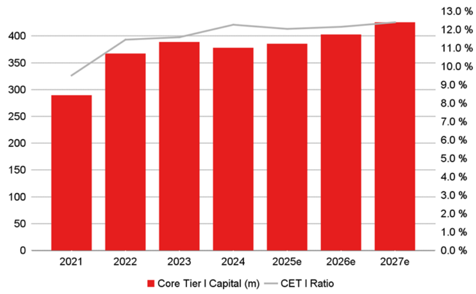
	2021	2022	2023	2024	2025e	2026e	2027e
Balance sheet structure							
Loans / Total assets	59.8 %	61.9 %	65.4 %	55.9 %	52.8 %	50.0 %	48.1 %
Deposits / Total assets	49.8 %	53.1 %	50.2 %	61.8 %	64.2 %	68.3 %	72.2 %
Loans / Deposits	119.9 %	116.6 %	130.4 %	90.4 %	82.1 %	73.3 %	66.6 %
Assets quality							
Total Loans	3,543	3,703	3,722	3,457	3,481	3,533	3,674
NPLs / Loan volumes	0.4 %	0.4 %	0.4 %	3.5 %	3.1 %	2.4 %	1.9 %
Net addition ratio	0.1 %	0.3 %	-0.1 %	0.1 %	0.4 %	0.1 %	0.1 %
Risk & capital							
Total risk weighted assets	3,043	3,206	3,356	3,080	3,203	3,315	3,431
CET I Ratio	9.5 %	11.5 %	11.6 %	12.3 %	12.0 %	12.2 %	12.4 %
Tier One Ratio	10.4 %	12.3 %	12.4 %	13.1 %	12.8 %	12.9 %	13.2 %
Total capital ratio	14.0 %	15.7 %	15.6 %	16.4 %	16.0 %	16.0 %	16.1 %
Profitability							
RoE before tax	18.7 %	15.6 %	-2.2 %	-3.4 %	3.0 %	6.5 %	11.3 %
RoE (net)	9.5 %	7.8 %	0.3 %	0.3 %	2.9 %	6.5 %	7.9 %
RoRWA	0.7 %	0.6 %	0.0 %	0.0 %	0.2 %	0.5 %	0.7 %

Deposits & Loans/Deposits
in EUR m; in %



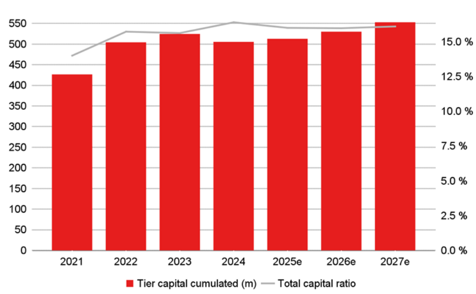
Source: Warburg Research

Core Tier I Capital
in EUR m



Source: Warburg Research

Total capital
in EUR m



Source: Warburg Research

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The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Value Potential, NAV, Peer Group Comparison or Sum of the Parts Model (see also http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation). The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
UmweltBank	5	https://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005570808.htm

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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

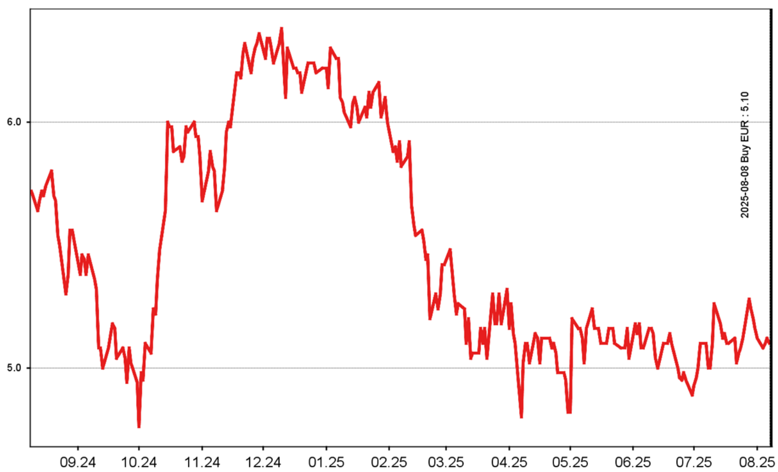
Rating	Number of stocks	% of Universe
Buy	141	71
Hold	50	25
Sell	5	3
Rating suspended	4	2
Total	**200**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	38	75
Hold	10	20
Sell	1	2
Rating suspended	2	4
Total	**51**	**100**

PRICE AND RATING HISTORY UMWELTBANK AS OF 08.08.2025



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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