

GBC Research (Initial Coverage)*

UmweltBank AG



*Initial Coverage was created to fulfil the follow-up obligation for scale companies.

IMPORTANT NOTE:

Please note the disclaimer/risk warning and the disclosure of possible conflicts of interest in accordance with Section 85 of the German Securities Trading Act (WpHG) and Article 20 of the Market Abuse Regulation (MAR) starting on page 32

Note in accordance with MiFID II regulation for research "Minor non-monetary benefits": This research meets the requirements for classification as a "minor non-monetary benefit". For more information, please refer to the disclosure under "I. Research under MiFID II".

UmweltBank AG*1,4,5a,6a,7,11

Capital increase significantly improves equity base, laying the foundation for higher earnings and improved results

Sector: financial services
Focus: financial investments, financing environmentally-friendly projects
Foundation: 1997

Employees: 357 (30.06.2025)
Headquarters: Nuremberg
Management Board: Goran Bašić, Dietmar von Blücher, Heike Schmitz

UmweltBank AG stands for banking transactions with ecological and social responsibility. It offers investors transparent ecological investments and supports commercial customers throughout Germany by financing environmentally-friendly projects. By exclusively offering a green product range, UmweltBank AG consistently implements its ecological orientation. In addition to the traditional savings account, the company also offers green fund products and finances green projects. UmweltBank AG operates as a direct bank without the traditional branch business. Over 25,000 loan projects have been supported since the bank was founded in 1997. By the end of 2024, environmental loans (including open commitments) totalled EUR 3.5 billion.

in € million	FY 23	FY 24	FY 25e	FY 26e	FY 27e
Net interest income	41.11	44.95	60.32	73.73	85.34
Financial result	-2.64	12.98	18.20	5.72	5.80
Net commission and trading income	9.05	5.54	9.45	10.86	11.24
Earnings before taxes	-5.61	-8.52	9.37	16.11	24.18
Earnings after taxes	0.73	0.73	6.37	10.96	16.44
Earnings per share	0.02	0.02	0.14	0.24	0.36
Dividend per share	0.00	0.00	0.05	0.12	0.18
Total capital	525.2	505.2	530.27	536.27	545.28
Return on capital (before taxes)	-1.1%	-1.7%	1.8%	3.0%	4.5%
Cost-income ratio	111.2%	109.3%	86.1%	79.7%	74.5%

Investment case

- With the capital increase completed, UmweltBank AG has generated gross issue proceeds of €20.66 million. The total capital ratio is likely to have risen to 16.6%, which is significantly above the capital requirement (15.6%).
- UmweltBank AG's strategy envisages a reduction in risk and thus only a below-average development of risk-weighted assets (RWA). Customer deposits are to be increased and invested with the ECB on a maturity-matched basis.
- The investment business is to be largely sold off by 2026, thereby further improving the risk profile. The funds released will strengthen equity and improve the starting position for the lending business.
- A significant improvement in net interest income is forecast. Financial income is likely to benefit from the sale of investments in the meantime. Net commission income should benefit from the expansion of the securities business, the issuance of funds and ETFs, and investment advice.
- Significant improvement in earnings expected. Cost-income ratio should improve and return on capital should move towards double digits.
- Post-money price target of €9.50 determined. Rating: BUY

Rating: BUY
Target price: €9.50 (old: €10.40)

Share and key data



Closing price (26/09/25)	€4,12
Stock exchange	XETRA
ISIN	DE0005570808
WKN	557080
Number of shares (in millions)	41.28
MCap (in million EUR)	169.95

Transparency level	Open market
Market segment	m:access
End of financial year	31.12.
Accounting	HGB

Shareholder structure*

GLS Bank	15%
Free float	85%

*before capital increase

Financial dates

30.10.25	Q3 figures 2025
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Analysts

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Latest GBC Research

Date: Publication / Target price in EUR / Rating
12.08.2025: RS / 10.40 / BUY
06.05.2025: RS / 10.40 / BUY
07.04.2025: RS / 10.40 / BUY
27.01.2025: RS / 10.00 / BUY
15.11.2024: RS / 10.00 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de

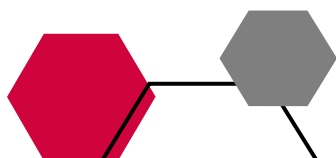
Completion: 29.09.2025 (08:40 am)
First publication: 29.09.2025 (11:30 am)

Validity of the price target: until 31.12.3026 at the latest

* List of possible conflicts of interest on p. 32

EXECUTIVE SUMMARY

- With its latest capital increase, UmweltBank AG generated gross issue proceeds of €20.66 million. The newly raised equity capital is to be used for the further expansion of the lending business, with the focus on strengthening the equity base. After applying CRR III, the equity ratio as at 30 June 2025 was 15.9%, leaving only a small buffer above the regulatory requirement of 15.6%. With risk-weighted assets (RWA) remaining unchanged, the equity ratio is likely to have risen to 16.6% following the capital increase, resulting in a higher buffer against the capital requirement.
- UmweltBank AG's current strategy is to improve its risk profile while simultaneously increasing profitability. The focus here is on growth in customer deposits, which can be invested at low risk with the ECB at a maturity-matched interest margin of 100 bps to 130 bps. Customer deposits, which stood at around €3.9 billion as at 30 June 2025, are expected to rise to €5.9 billion by 2028. The green current account introduced in July 2025 is expected to make a significant contribution to this. The planned introduction of investment advice and targeted marketing measures are also expected to contribute to the planned customer growth.
- The planned reduction in shareholdings, most of which are to be sold by the end of 2026, is also expected to contribute to improving risk. As capital requirements have increased due to higher risk weighting, particularly following the application of CRR III, the reduction in investments is expected to further improve the capital ratio. In addition, the funds freed up can be used to expand the lending business.
- UmweltBank AG's lending business recently suffered from low equity buffers and declined slightly despite high demand. According to the company's plan, the lending volume is expected to increase to up to €4.0 billion by 2028 (30 June 2025: €3.2 billion). This will be based on the funds freed up from the sale of investments and the improvement in equity as a result of the expected positive annual results. In addition, capital is also to be conserved by expanding the syndicated loan business, which has lower equity backing requirements.
- With the publication of the half-year figures for 2025, the management of UmweltBank AG confirmed its earnings forecast for the 2025 financial year. According to this, pre-tax earnings of between €5 million and €10 million are expected. For 2025 as a whole, a further increase in net interest income to between €60 million and €65 million, net financial income to between €18 million and €20 million, and net commission and trading income to between €7 million and €11 million is expected. However, this is offset by further risk provisions in the range of €10 million to €15 million.
- The focus is particularly on the expected increase in net interest income, which is based on a planned expansion of the deposit business. By the end of 2025, this is expected to grow significantly to €4.3 billion (as at 30 June 2025: €3.5 billion). The 'UmweltGiro' current account introduced in June 2025, which is expected to attract a large number of new customers, is expected to play a significant role in this. Also worth mentioning is the termination of the Bafin special representative's activities. Although the capital requirements will remain in place for the time being, they could be reduced in the future, which should have a positive effect on lending.



- By the end of our forecast period (2027e), we expect net interest income to rise further to €85.35 million. While net financial income is likely to become less significant following the sale of the majority of the investments, we expect net commission and trading income to increase to €11.24 million by the 2027 financial year. This development is particularly related to expected bond and ETF issues and the planned expansion of the fund business. With only a disproportionately low increase in costs, we expect pre-tax profit to improve to €9.37 million (2025e), followed by €16.11 million (2026e) and €24.18 million (2027e). After two suspensions of dividend payments, a dividend is to be paid again for the current 2025 financial year.
- We have valued UmweltBank AG using a residual income model. The sum of the discounted residual income results in a value of €392.39 million (previously: €375.04 million). The recent capital increase, which led to an increase in equity of €20.66 million, is responsible for the increase in the fair enterprise value. However, as this is now spread across 41.28 million shares (previously: 36.06 million shares), the fair enterprise value per share of €9.50 (previously: €10.40) is below the pre-money value. This is understandable, as the capital increase was carried out at a subscription price of €4.00 per share, which is accompanied by a dilution effect compared to the previously determined fair value per share. We continue to assign a 'BUY' rating.

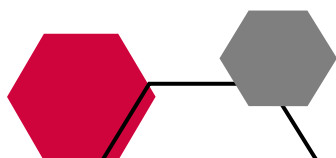
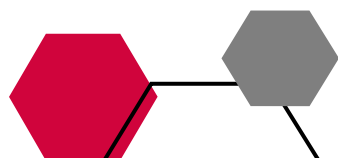


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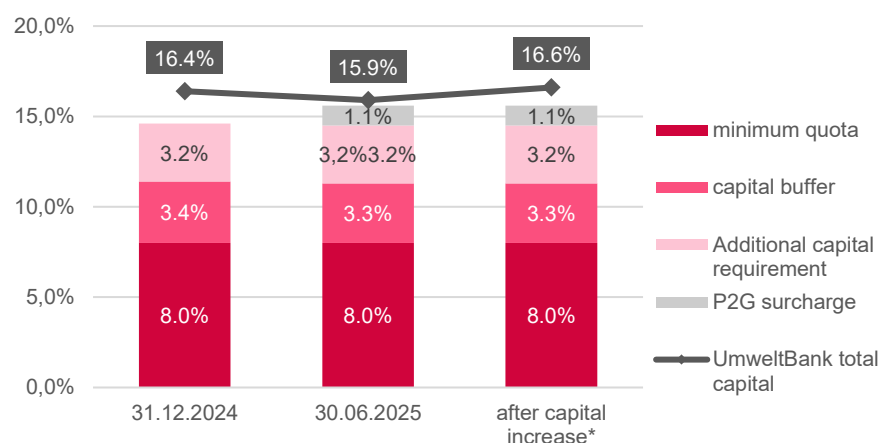
CAPITAL INCREASE 2025

UmweltBank AG has successfully completed the rights issue capital increase as announced on 18 September 2025. With the placement of a total of 5,165,754 new shares (around 14% of the share capital) at a subscription price of €4.00, the gross proceeds from the issue amount to €20.66 million.

The newly raised equity capital will primarily be used to strengthen the equity base, which at UmweltBank AG is subject to the regulatory requirements typical for credit institutions. For UmweltBank AG, the statutory capital requirement measured in terms of risk-weighted assets (RWA) amounts to a total of 15.6%. This consists of the minimum requirement of 8.0% plus the countercyclical capital conservation buffer of 3.3%. In addition, BaFin has set an institution-specific additional capital requirement (SREP) of 3.2%. Finally, the ECB has set a P2G surcharge of 1.1% based on a stress scenario. As at 30 June 2025, UmweltBank AG has a total capital ratio of 15.9%, which is only 0.3 percentage points above the regulatory requirement. This is particularly limiting for further lending business.

With the capital increase, the total capital ratio is likely to rise significantly to 16.6% with unchanged RWA according to our calculations, meaning that the capital buffer would roughly triple to around 1.0 percentage points.

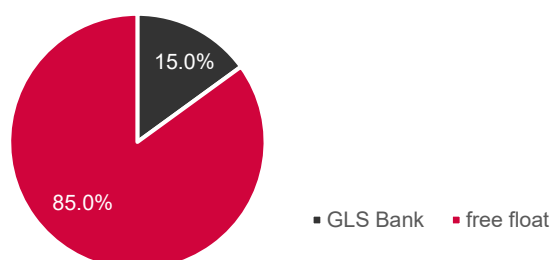
Regulatory capital requirement vs. total capital after capital increase



Sources: UmweltBank AG; GBC AG; *according to own calculations

COMPANY

Shareholder structure*



Sources: UmweltBank AG; GBC AG; *before the capital increase

Until April 2018, the founding family Popp (Horst and Sabine Popp) held a significant stake in UmweltBank AG via UmweltVermögen Beteiligungs AG. After Horst Popp stepped down from the bank's board of directors in 2015, the 15.6% stake previously held was sold to GLS Gemeinschaftsbank eG. The Bochum-based GLS Bank, which, like UmweltBank AG, is committed to ecological principles, has already collaborated on specific projects with them in the past.

Company History

Year	Event
1994	Development of the UmweltBank concept by Sabine and Horst P. Popp
1995/96	Pre-market issue of UmweltBank shares, establishment with silent partnerships
1997	<ul style="list-style-type: none"> Obtaining a full banking licence Launch of 'green' savings products and commencement of wind farm financing and sustainable construction financing business
1998	<ul style="list-style-type: none"> UmweltBank AG becomes a member of the statutory deposit guarantee scheme Commencement of financing for photovoltaic projects
1999	First-time distribution of a dividend
2001	IPO and listing on the Frankfurt Stock Exchange's open market
2003	First-time issue of an UmweltBank participation certificate
2004	First-time issue of a project-related participation certificate
2005/2006	Capital increase and dissolution of the original silent partnerships
2010	Private customers of UmweltBank can now take advantage of simple photovoltaic financing for the first time.
2014/2015	Stefen Weber and Goran Bašić are appointed to the board from within the company's own ranks.
2016	<ul style="list-style-type: none"> Issue of the first CoCo bond (mandatory convertible bond) Foundation of the subsidiary UmweltProjekt AG Promotion to the premium segment of the Munich Stock Exchange

2017	Jürgen Koppmann appointed as third member of the Executive Board
2018	Issue of the junior green bond
2019	UmweltBank and DGNB (German Sustainable Building Council) develop first sustainability rating for financing construction projects
2019	Successful implementation of a rights issue with gross proceeds of €23.52 million.
2020	UmweltBank's first own fund, UmweltSpektrum Mix, is launched on the market
2021	Heike Schmitz appointed as Chief Representative Members of the Management Board
2021	UmweltProjekt GmbH issues second corporate bond
2021	The successful placement of a capital increase generated gross proceeds of approximately €73 million
2022	UmweltBank celebrates its 25th anniversary
2022	Expansion of the fund family with the new UmweltSpektrum Natur and UmweltSpektrum Mensch funds
2022	Launch of the new core banking system at Atruvia AG
2023	Heike Schmitz appointed to the Management Board of UmweltBank AG
2024	Following the departure of Jürgen Koppmann, Dietmar von Blücher is appointed as the new Spokesman of the Board of Management of UmweltBank AG
2024	First UmweltBank ETF launched on the stock exchange after successful subscription phase
2025	UmweltBank offers a sustainable current account for the first time
2025	Capital increase of €20.66 million carried out

Sources: UmweltBank AG; GBC AG

Business model

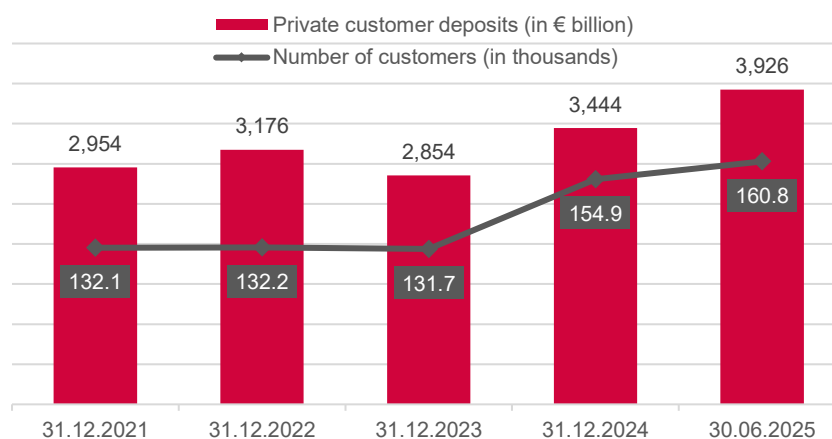
Ecological and economic thinking combined

According to its own information, UmweltBank AG is the only bank in Germany that has enshrined the ecological aspect of its business activities in its articles of association. Its lending focuses on solar energy, wind power and low-energy construction. UmweltBank AG invests exclusively in sustainable projects. All third-party products offered to customers must be ecologically or socially oriented. Accordingly, both ecological and economic aspects play an important role in lending decisions. Positive and exclusion criteria are used to ensure that investments and lending comply with the bank's sustainability criteria. These criteria are based on the United Nations Sustainable Development Goals (SDGs), which were incorporated into UmweltBank AG's articles of association in 2018.

Private customers

UmweltBank AG's current focus is clearly on growth in the private customer business. Since the migration of the core banking system in October 2023, the acquisition of new customers has been driven forward, with significant successes already being recorded. The number of customers rose from 132,000 at the end of 2023 to 161,000 as at 30 June 2025. By 2028, the number of customers is expected to rise to around 500,000.

Development of customer deposits and number of customers



Sources: UmweltBank AG; GBC AG

An important aspect of achieving this goal is the green checking account (Umwelt-Giro) introduced in July 2025. It offers mobile payment options and customers can use the UmweltBanking app to access all traditional banking services online. The associated customer advisory service is intended to leverage cross-selling and upselling potential in order to also increase revenues in the securities business and commission income.

In addition to the checking account as a key growth driver, UmweltBank offers a comprehensive range of products for sustainable investments. Traditional deposit business is conducted via instant access or fixed-term deposit accounts, which are used to finance sustainable assets.

In addition, the "brokerage" product area also covers securities investment business. Following the migration of the core banking system, customers can now complete the entire application process digitally, opening up additional potential for new

customers. The UmweltBank securities account is completely ecological and free of charge. It contains only securities that meet the bank's sustainability criteria. New additions to the custody account offering include the UmweltBank ETF, a re-investing equity ETF.

UmweltBank's securities also include three proprietary funds and two ETFs. In addition to its own funds, UmweltBank AG also offers selected equity, mixed and bond funds from third-party providers that are also sustainably oriented. Growth in the fund business is to be achieved in the coming years through a planned investment advisory service, thereby generating significant increases in commission income.

Name	Type	volume
UmweltBank Fonds – Green Future A	equity fund	€ 19.18 million
UmweltBank Fonds - Social Future A	equity fund	€ 7.60 million
UmweltBank Fonds - Sustainable Europe A	equity fund	€ 99.04 million
UmweltBank UCITS-ETF Global SDG Focus	ETF	€ 57.26 million
UmweltBank UCITS-ETF Green & Social Bonds Euro P	ETF	€ 51.00 million

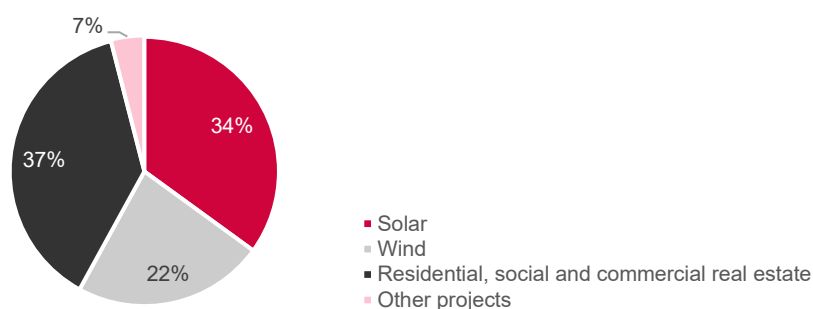
Sources: UmweltBank AG; GBC AG

Corporate customers

UmweltBank's lending business is aimed exclusively at corporate customers. The focus is on financing sustainable projects in the field of renewable energies (photovoltaics, wind power, energy storage systems) and sustainable real estate (social real estate, commercial real estate, residential real estate). The financing of energy storage systems has not been a focus to date and therefore represents a new business area.

UmweltBank has defined strict positive and follow-up criteria for lending, which are particularly in line with the 17 Sustainable Development Goals (SDGs). As at 30.06.2025, the outstanding loan volume is distributed almost evenly across the three segments of solar energy, wind power and residential, social and commercial real estate.

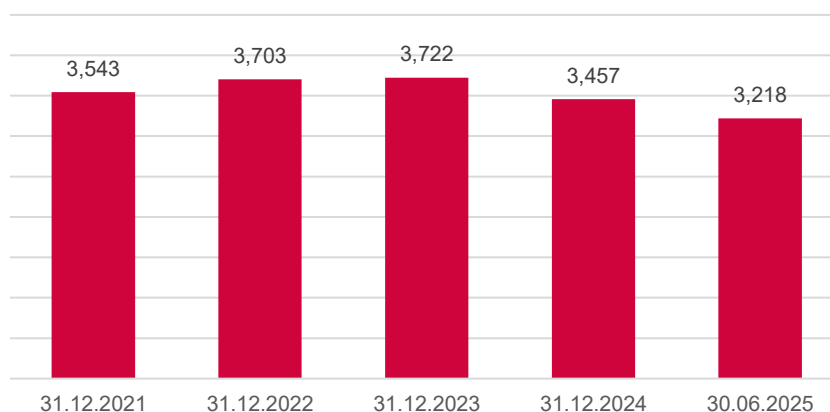
Breakdown of outstanding loans (30.06.2025)



Sources: UmweltBank AG; GBC AG

The team of advisors at UmweltBank AG has particularly extensive expertise in the lending segments. It should be noted that UmweltBank AG loans are generally extensively secured. In addition to mortgage collateral for real estate financing, future income from projects, for example, is used as collateral. The syndicated loan business is currently being expanded to enable the financing of large-volume projects. Syndicated loans are associated with lower equity capital requirements and therefore reduce risk-weighted assets (RWA).

Development of environmental loans including open commitments (in €m)

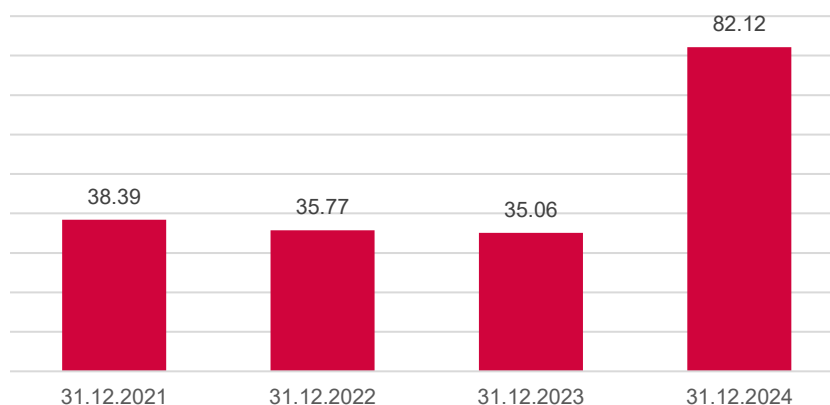


Sources: UmweltBank AG; GBC AG

Investments

In the past, UmweltBank AG has also participated in sustainable projects, particularly in the areas of social housing and renewable energies. As the capital requirements have increased due to higher risk weightings following the application of CRR III, the company plans to largely divest its investment business by the end of 2026. On the one hand, the capital released as a result could be used to expand the lending business. On the other hand, the reduction in RWA would improve capital ratios. Finally, the freed-up liquidity could be invested in low-risk assets.

Investments and shares in affiliated companies (in €m)



Sources: UmweltBank AG; GBC AG

In 2024, UmweltBank AG sold a total of twelve investments, four of which were in the real estate sector and eight in the renewable energy sector. As at 31 December 2024, the last available reporting date, the balance sheet values of the shares in affiliated companies and investments totalled €82.12 million. If sold at book value, this should generate a cash inflow of the same amount.

Executive Board

Dietmar von Blücher (Spokesman of the Board of Managing Directors)



After completing his dual degree in business administration at the Cooperative State University in Villingen-Schwenningen and his training as a bank clerk at Dresdner Bank AG in Freiburg in 1996, Dietmar von Blücher began his professional career at Dresdner Bank. There he held various management positions in the areas of controlling and accounting until 2009. He then moved to Commerzbank, where he initially worked as head of the financial statement analysis department and headed the Group Finance division from 2012 to 2016. From 2016 to 2020, he was Chief Financial and Chief Information Officer at comdirect bank. From 2021 to 2023, he was a member of the Management Board of Baader Bank. He has been a member of the Management Board of UmweltBank AG since January 2024, where he contributes his many years of expertise in finance, IT and strategic management to the bank's sustainable orientation.

Goran Bašić (Member of the Management Board)



After graduating with a degree in economics from the Friedrich-Alexander University of Erlangen-Nuremberg in 1997, Mr Bašić was initially involved in setting up a commercial bank in Sarajevo, Bosnia and Herzegovina. He joined UmweltBank AG in Nuremberg in 1999, initially as an employee in the project financing department. In 2008, he took on the role of deputy head of department before being appointed head of the Project Financing department in 2011. He has been a member of the Management Board of UmweltBank AG since July 2014, where his responsibilities include the strategic development of sustainable financing projects.

Heike Schmitz (Member of the Management Board)



After training as a bank clerk at Commerzbank and studying business administration at the universities of Münster and Cologne, Heike Schmitz began her career in 1987 in the corporate strategy and private customer business division of Commerzbank. In 1995, she moved to comdirect bank, where she was initially responsible for IT, organisation and human resources before taking over as head of finance in 1997. From 2002 to 2018, she held a leading position in finance and controlling within the Sparkassen-Finanzgruppe. In 2018, she returned to comdirect, where she headed the Finance, Controlling and Investor Relations division within the Commerzbank Group until 2021. In 2021, she joined UmweltBank AG as General Representative and was appointed to the Management Board in 2022.



Supervisory board

Susanne Horn



After completing her studies and parallel training as a bank clerk, Susanne Horn began her career in finance. In 2008, she joined Neumarkter Lammsbräu Geb. Ehrnsperger KG as general representative and led the company to the top of the organic segment. From 2019 to 2022, she was at the helm of the Bischofshof brewery in Regensburg. Since the beginning of 2023, she has been working for the Neumarkt-based family business Dehn SE.

Dr. Michael Kemmer



Dr Michael Kemmer has worked in the banking industry for over two decades. He had previously completed a banking apprenticeship, studied business administration, obtained a doctorate from Ludwig Maximilian University in Munich and successfully passed the tax advisor examination. From 2010 to 2017, he served as Chief Executive and member of the Board of the Association of German Banks. His in-depth knowledge of the banking sector and his extensive network of numerous clients are of great value to UmweltBank.

Heinrich Klotz



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

Finja Carolin Kütz



Finja Carolin Kütz studied mathematics, computer science fundamentals and mathematical logic at the Universities of Münster and Oxford, UK. For over two decades, she advised banks and supervisory authorities on strategy, risk, governance and transformation at Oliver Wyman, most recently as Head of Germany and Austria. Ms Kütz then worked at UniCredit in Milan as Group Chief Transformation Officer and Deputy Group COO. Today, she works as a freelance consultant and supervisory board member and is involved as an investor in start-ups, particularly in the impact sector.

Georg Schürmann

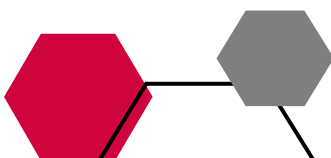


Georg Schürmann has many years of experience in banking. After completing his training and enjoying his first successful years at Deutsche Bank, he moved into the field of sustainable finance in 2009. He took over the management of the German branch of the Dutch Triodos Bank N.V., which specialises in financing projects 'for the benefit of people and the environment'. He ran this business until 2024.

Silke Stremlau



Silke Stremlau studied political science and sociology with a focus on environmental policy. She has been deeply involved in ecological and political issues since her youth. At imug Beratungsgesellschaft für sozial-ökologische Innovationen (imug Consulting Company for Social-Ecological Innovations), she developed the 'Sustainable Investment' division and was responsible for evaluating companies according to sustainability criteria. From 2006 to 2015, she supported UmweltBank as a member of the Environmental Council.



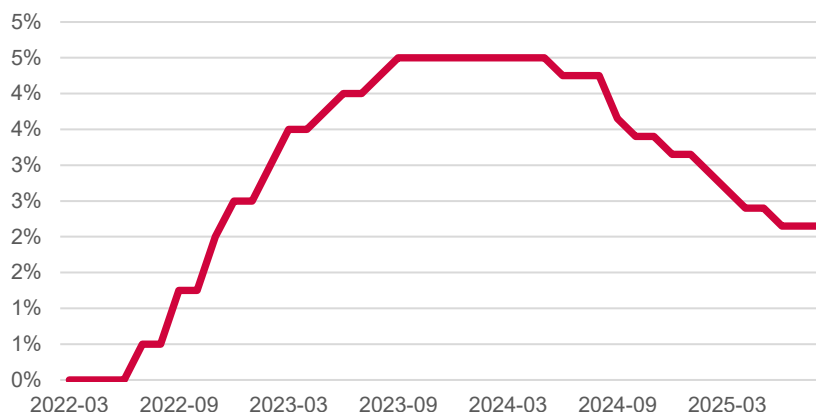
MARKET AND MARKET ENVIRONMENT

The business development of UmweltBank AG depends primarily on the general interest rate environment. This has a significant impact on both the willingness to grant loans and the demand for loans. As the bank only grants loans in the areas of wind energy, solar energy and ecological and social construction, it is also exposed to other specific market influences.

General interest rate environment

Following the European Central Bank's temporarily more restrictive monetary policy, which raised the key interest rate from 0.00% to 4.50% within just 18 months in response to rising inflation, a return to expansionary monetary policy is now evident. With inflation returning to the target level of 2.0% at 2.1%, the ECB lowered its main refinancing rate to 2.15% on 5 June 2025. At the same time, the interest rate for the deposit facility, i.e. the interest rate at which credit institutions can deposit excess liquidity with the ECB on a short-term basis, fell to 2.0%.

Development of the ECB main refinancing rate



Sources: Deutsche Bundesbank; GBC AG

As the current inflation rate is close to the ECB's target, there is no pressure on the ECB to make further interest rate adjustments. However, general economic uncertainty, particularly in connection with the still unclear US trade policy, could necessitate further interest rate adjustments. For UmweltBank AG, the return to lower interest rates means, on the one hand, a reduction in the cost of liabilities, which react more quickly to interest rate adjustments. However, the assets related to loans are more sluggish due to their longer maturities, so we expect interest margins to improve.

Development of UmweltBank's most important borrowers

An analysis of the sectors in which UmweltBank AG grants loans shows a clear focus on ecological housing, wind power and solar energy. Here too, demand depends on general interest rate trends. Other legal factors such as subsidies and tax breaks also play an important role, particularly in the renewable energy sector.

Residential construction in Germany

Currently, 37% of UmweltBank AG's total outstanding loan volume is accounted for by loans in the sustainable real estate sector. The company finances ecological

and affordable housing and is one of the leading financiers of building cooperatives, i.e. housing projects that are not run for profit. As this special segment is also dependent on general market conditions, a look at German residential construction provides a meaningful picture.

The past financial year was marked by a significant decline in housing completions: at 251,900, these were 14.4% below the previous year's level. After around 295,000 homes were completed in each of the years between 2021 and 2023, 2024 marked the lowest figure since 2015. A key factor here was the rise in construction interest rates resulting from the general increase in interest rates. For new loans with a fixed interest rate of ten years, the average rate in 2024 was 3.56%. Although this represents a decline compared with 2023 (3.80%), it is still at a high level compared with previous years.

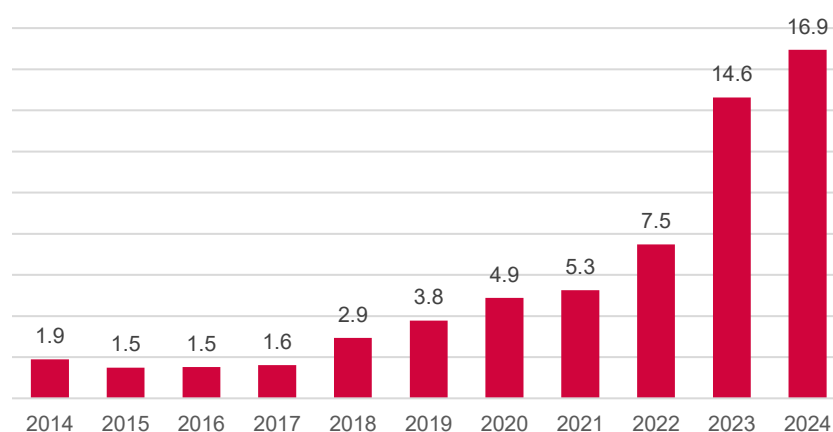
At the same time, higher new prices, particularly in combination with staff shortages and increased material and energy costs, hampered new residential construction. According to the construction price index for residential buildings published by the Federal Statistical Office, the value in the second quarter of 2025 was 133.6, which corresponds to an increase in construction prices of around one third compared with the base value from 2021 (100).

However, there are also rays of hope. In addition to the existing demand for housing, which should lead to an increase in new residential construction in the medium term, there are signs of a levelling off in both financing costs and construction costs. Overall, the mood in the housing construction sector has also improved somewhat. According to the ifo Institute, the ifo business climate index rose to -25.2 points, its highest level since September 2022, although the order situation remains unsatisfactory. However, the first signs of an easing are becoming visible.

Solar

With an increase of 16.9 GWp, a new record was set in 2024, exceeding the total installed capacity of 100 GWp for the first time. The already high increase of around 14 GWp in the previous year was thus exceeded once again.

Photovoltaic capacity expansion in Germany (in GW)



Source: Fraunhofer ISE 2024

The future development of solar demand will be significantly influenced by regulatory requirements. Various initiatives by the German government are intended to accelerate and simplify the approval process. The goal is to achieve an installed capacity of 215 GWp by 2030 and 400 GWp by 2040. In order to achieve these

targets agreed in the EEG 2023, PV expansion, which has already reached new records in the past two years, must be accelerated once again. By 2026, annual net expansion is to rise to 22 GWp.

In addition to speeding up the approval process and expanding the potential installation area, measures such as higher tender volumes, higher remuneration rates for solar installations and an expansion of the eligibility criteria for subsidies have been decided upon. Against this backdrop we expect the demand for solar project financing to remain high in the future.

Wind power

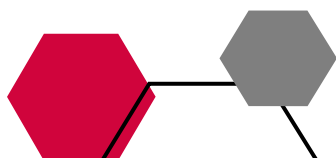
The third pillar of UmweltBank AG's lending business is the financing of wind energy projects. Similar to the photovoltaic sector, the wind energy industry is particularly dependent on government framework conditions. On the one hand, these provide for the expansion of wind energy, but on the other hand, they also have a significant impact on the pace of expansion at the regulatory level. For example, the EEG 2023 stipulates that the installed capacity of onshore wind energy should increase to up to 115 GW by the end of 2030. Based on the installed capacity at the time this target was adopted, the annual increase would have to be around 9 GW gross or 7 GW net.

In 2024, however, gross expansion amounted to only 3.2 GW, which was below the planned expansion rate. Compared to 2023, there was even a reduction in expansion (2023: 3.6 GW), which is explained in particular by delays in grid connections and in the delivery of grid components. However, the figures for the first half of 2025, in which an expansion of 2.2 GW has already been achieved, suggest that wind energy expansion will pick up again in the year 2025. Finally, the number of permits for new wind turbines had already risen significantly to 14 GW by the end of 2024, representing an increase of around 85% on the previous year's figure. Similar to the solar industry, demand for financing is also expected to rise in the wind energy sector.

Competitive analysis

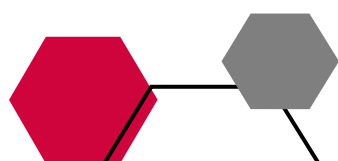
The German banking market has a three-pillar structure. This divides the market into private commercial banks, public-law credit institutions and cooperative banks. In addition, there are specialised banks that offer only very specific banking services, such as building societies and mortgage banks. According to statistics from the Deutsche Bundesbank, a total of 1,368 credit institutions were operating in Germany at the end of 2024. A clear downward trend (mergers, regulatory pressure, etc.) has been observed over several years. With only three major banks, the German banking market is highly fragmented by European standards and consists of many banks with a narrow regional focus.

UmweltBank AG is a private commercial bank with total assets of €6.19 billion (as at 31 December 2024), making it larger than 80% of banks in Germany. The majority of credit institutions in Germany have total assets of less than €5.0 billion (Source: Deutsche Bundesbank). A key distinguishing feature of UmweltBank AG is the strong consideration of sustainability aspects in its lending and investments. According to our own research, there are currently only two credit institutions in Germany with an equally strong focus on sustainability. Even in other European countries, where we have found two other institutions in our peer group, a focus on sustainability is rare among credit institutions.



Name	Total assets 31.12.2024	Mcap
GLS Gemeinschaftsbank e.G.	€10.70 billion	Not listed
EthikBank eG	€0.58 billion	not listed
BKS Bank AG	€11.07 billion	€731.4 million
Triodos Bank N.V.	€15.73 billion	€448.5 million
UmweltBank AG	€6.19 billion	€186.0 million

Source: GBC AG



BUSINESS DEVELOPMENT 1.HY 2025

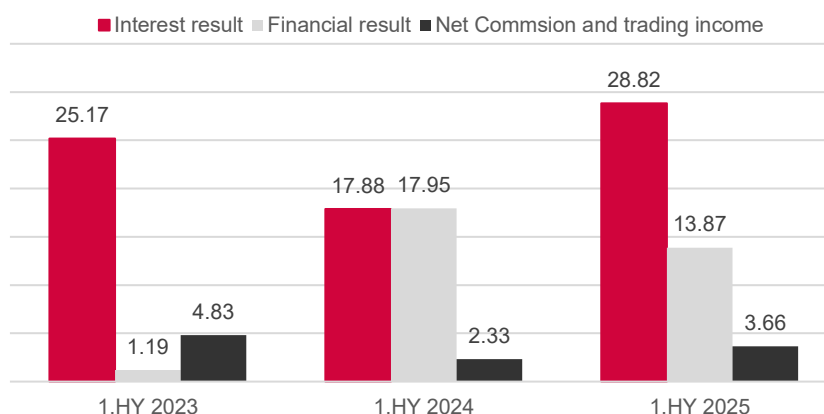
in € million	1.HY 23	1.HY 24	1.HY 25
Interest result	25.17	17.88	28.82
Financial result	1.19	17.95	13.87
Commission and trading income	4.83	2.33	3.66
Personnel and administrative expenses	26.63	29.37	35.33
Earnings before taxes	3.11	8.73	6.69
Net income for the period	1.49	5.83	6.71

Sources: UmweltBank AG; GBC AG

Earnings performance 1.HY 2025

UmweltBank AG maintained its strong growth momentum in the second quarter of 2025. At the end of the first six months of 2025, net interest income, net financial income and net trading income rose significantly by 21.5% to €46.36 million (previous year: €38.16 million).

Development of total income on a half-year basis (in € million)



Sources: UmweltBank AG; GBC AG

The main driver here was the dynamic increase in **net interest income** by 61.2% to €28.82 million (previous year: €17.88 million). This is a result of the stronger focus on deposit business, which was accompanied by corresponding new products. Customer deposits are invested with the ECB at matching maturities with an interest margin of 100 to 120 bps, so that an inflow of deposits is accompanied by an increase in net interest income. In the first six months, UmweltBank AG recorded an increase in private customer deposits from €140 million to around €3.6 billion (31 December 2024: €3.5 billion). The intensified marketing measures, the successful conversion of the core banking system, which enables customers to handle key process steps digitally, and the introduction of attractive products are bearing fruit. However, it should be noted that the checking account, which is expected to contribute significantly to the further growth of customer deposits, was not launched until the end of June 2025, so no positive effects have yet materialised.

In addition to retail banking, corporate banking also contributes to net interest income. Within this segment, loans are primarily used to finance sustainable projects. As lending must be risk-weighted and backed by equity, equity represents a limiting factor. Together with the restrictions imposed by a higher capital surcharge,

UmweltBank AG has recently been selective in its lending. Despite continued high demand, gross new lending therefore declined significantly to €40 million (previous year: €49 million). Adding loan repayments, the outstanding loan volume decreased to €3.21 billion (31 December 2024: €3.46 billion). Net interest income is therefore unlikely to have received any growth impetus from the lending business.

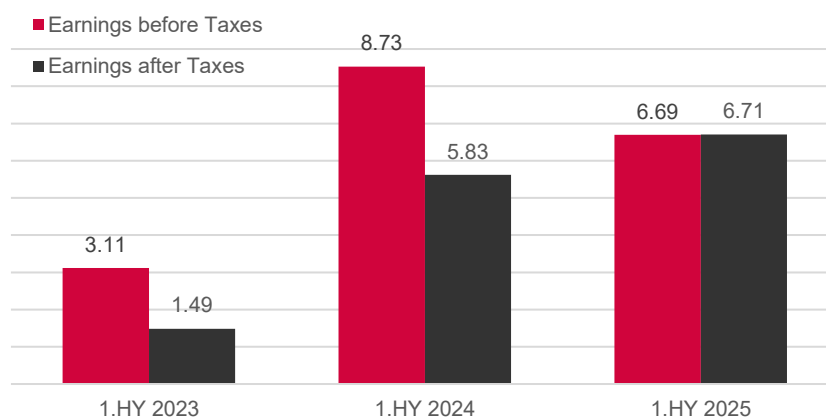
The **financial result** of €13.87 million (previous year: €17.95 million) benefited from profit distributions from the sale of real estate by a subsidiary. The previous year's figure included the sale of four wind farm investments and two real estate investments. The company plans to sell its entire investment business by 2026. However, sales of investments are inherently difficult to plan. As at 31 December 2024, UmweltBank AG had capitalised investment book values (shares in affiliated companies) amounting to €65.24 million.

Net **commission income** of €3.66 million (previous year: €2.33 million) is likely to have benefited from an improvement in commissions in the trading business. In the first half of 2025, the company placed a wind power bond with a volume of €20 million. In addition, the UmweltBank ETF was launched in 2024 with a volume of nearly €55 million.

Earnings performance 1.HY 2025

In line with the strong increase in income, total expenses also rose by 20.3% to €35.33 million (previous year: €29.37 million). While personnel expenses remained roughly at the previous year's level at €14.26 million (previous year: €13.75 million), administrative expenses rose significantly to €21.07 million (previous year: €15.62 million). This was due, among other things, to higher IT investments as a basis for continuing the transformation and digitalisation. In addition, the company stepped up its marketing efforts to achieve the planned growth in deposits.

Half-year results (in € million)



Sources: UmweltBank AG; GBC AG

In the first half of 2025, pre-tax profit amounted to €6.69 million (previous year: €8.73 million). The decline is primarily attributable to the increase in risk provisions for customer loans to €4.01 million (previous year: €0.09 million).

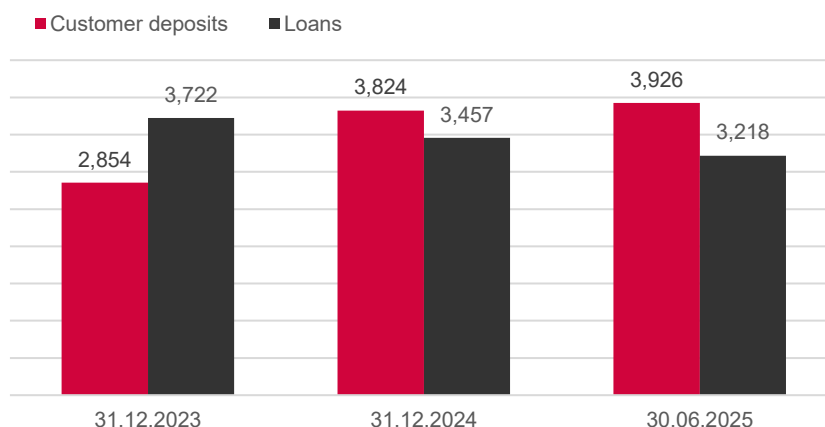
Development key balance sheet figures as at 30.06.2025

in € million	31.12.23	31.12.24	30.06.25
Business volume	6,119	6,504	6,492
Total assets	5,688	6,186	6,247
Customer deposits	2,854	3,824	3,926
Environmental loans	3,722	3,457	3,218
Equity capital, regulatory	524	505	503
Equity capital ratio, regulatory	15.6%	16.4%	15.9%

Sources: UmweltBank AG; GBC AG

The business volume of UmweltBank AG, which comprises total assets, liabilities from guarantees and irrevocable loan commitments, remained stable in the first six months of 2025 and amounted to €6,492 million as at 30 June 2025 (31 December 2024: €6,504 million). On the assets side, environmental loans declined to €3,218 million (31 December 2024: €3,457 million) as a result of low new lending. However, we assume that receivables from banks have increased by roughly the same amount. This balance sheet item primarily comprises the short-term investment of surplus liquidity with the Deutsche Bundesbank and is likely to have increased to €3,926 million (31 December 2024: €3,824 million) in view of the further rise in customer deposits.

Customer deposits and lending volume (in € million)

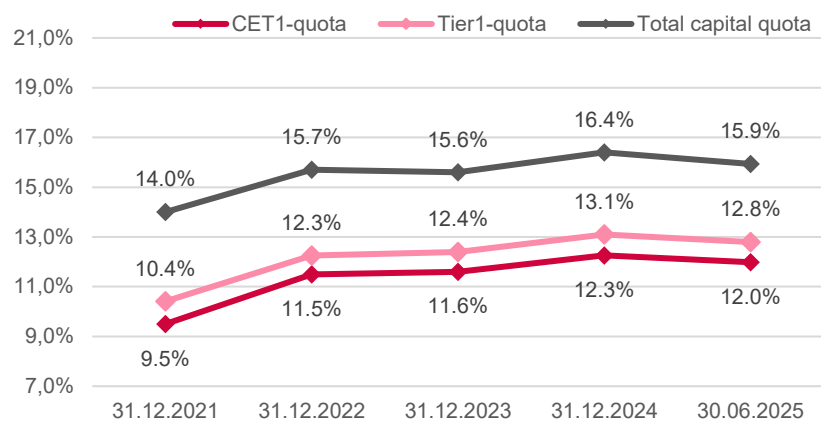


Sources: UmweltBank AG; GBC AG

Regulatory capital amounted to €503 million as at 30 June 2025, corresponding to a regulatory capital ratio of 15.9%. As at 31 December 2024, this ratio was still 16.4%. The decline in the capital ratio is primarily related to the first-time application of CRR III, which changed the calculation of capital requirements. At UmweltBank AG, this led to an increase in risk-weighted assets (RWA) to €3,157 million (31 December 2024: €3,080 million) despite the decline in outstanding environmental loans. This is ultimately the reason for the decline in the capital ratio.

Despite the decline, UmweltBank AG complies with all regulatory capital ratios. These currently stand at 14.5%. Taking into account a P2G surcharge resulting from a stress scenario, the recommended capital ratio is 15.6%.

Capital ratios (in %)



Sources: UmweltBank AG; GBC AG

FORECASTS AND MODEL ASSUMPTIONS

in million €	FY 24	FY 25e (old)	FY 25e (new)	FY 26e	FY 27e
Interest income	44.95	60.32	60.32	73.74	85.35
Financial result	12.98	14.20	18.20	5.72	5.8
Commission and trading income	5.54	9.45	9.45	10.86	11.24
Earnings before taxes	-8.52	8.37	9.37	16.12	24.19
Earnings after taxes	0.73	5.69	6.37	10.96	16.45

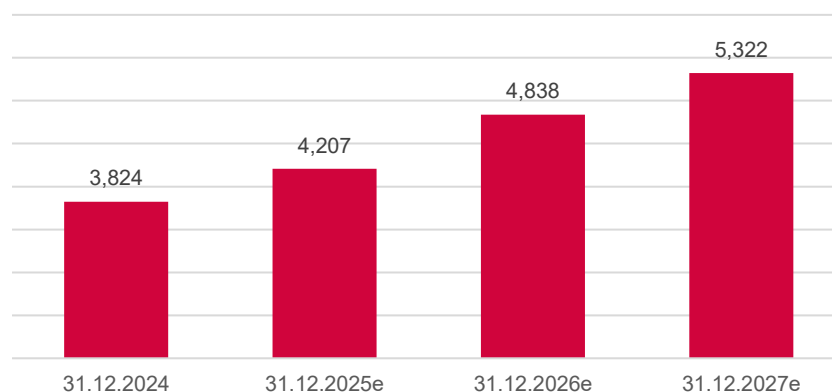
Source: GBC AG

Total revenue forecast 2025–2027

With the publication of its half-year figures, UmweltBank AG has confirmed its earnings forecast for 2025. According to this forecast, pre-tax earnings of between €5 million and €10 million are expected. Although pre-tax earnings of €6.69 million were achieved in the first six months of 2025, the management of UmweltBank AG expects a further increase in risk provisions in the range of €10 million to €15 million for the second half of 2025, meaning that the contribution to earnings in the second half of 2025 will be lower. This is already evident in the quarterly review. While pre-tax profit of €10.28 million (risk provision: €0.02 million) was still achieved in the first quarter of 2025, this turned negative in the second quarter at €-3.58 million (risk provision: €3.99 million).

UmweltBank AG continues to expect a significant increase in **net interest income** to €60 million to €65 million. This is still based on the expansion of the customer deposit business, which is expected to grow noticeably to €4.3 billion by the end of 2025 (as at 30 June 2025: €3.5 billion). The UmweltGiro checking account introduced in June, which is expected to attract a large number of new customers, is likely to play a major role in this. In addition, the bank is likely to exploit higher cross-selling potential. Based on this growth, retail customer deposits could rise to around €5.9 billion by the end of 2028, spread across 500,000 customers, according to UmweltBank AG's planned scenario. This corresponds to average annual growth of 13.9%. We are guided by this, but remain slightly below the plan scenario due to a somewhat more conservative approach. By the end of the current financial year, we expect customer deposits to rise to €4.2 billion, which should then increase to €5.3 billion by the end of 2027, our last specific estimate year.

Forecast for customer deposits (in € million)

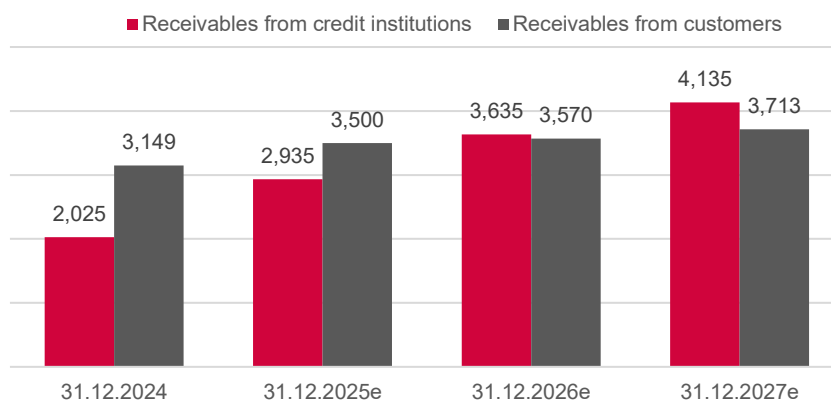


Source: GBC AG

In addition to the introduction of the current account, targeted marketing measures, the expansion of investment advice and the issuance of securities are expected to contribute to the desired customer growth. It is worth noting that the introduction of the current account will have an additional positive effect on net interest income, as this is a non-interest-bearing product.

The increase in customer deposits that we have assumed will support the expansion of the lending volume, but this will continue to be subject to capital restrictions. In its planning scenario, the management of UmweltBank AG therefore assumes that the lending volume will grow at a lower rate than customer deposits, reaching up to €4.0 billion in 2028. Accordingly, the expected average growth between 2024 and 2028 is around 4.0%. In contrast, ECB deposits (claims on credit institutions), i.e. the reinvestment of customer deposits with matching maturities, are likely to increase significantly. This allows an interest margin of 100 bps to 130 bps to be generated with comparatively little risk and without impacting risk-weighted assets.

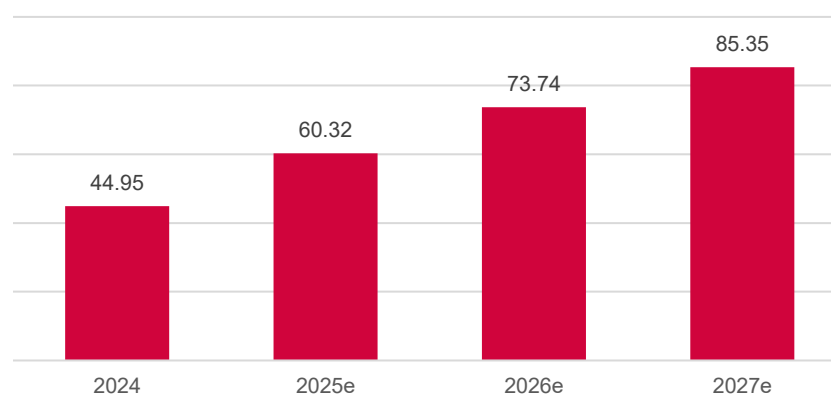
Forecast receivables from customers and credit institutions (in € million)



Source: GBC AG

In addition, the company is focusing on continuously optimising its positioning in the treasury portfolio. In this context, older proprietary investments with lower interest margins are being shifted to more attractive new investments. Finally, net interest income should benefit from a slight improvement in new lending business.

Forecast interest income (in € million)



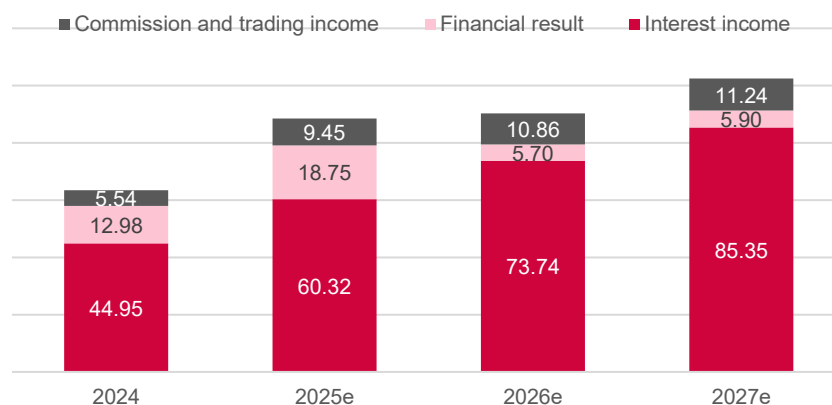
Source: GBC AG

Based on our assumptions regarding the development of customer deposits on the one hand and the development of lending volume and ECB deposits on the other, we expect a gradual improvement in net interest income to initially €60.32 million (2025e), which is in line with the company's guidance (€60 to €65 million). By the end of our specific estimation period, we forecast a further increase to up to €85 million, a development that is likely to be primarily related to the reinvestment of customer funds. According to the scenario analysis, UmweltBank's management expects net interest income to increase by between €100 million and €120 million by the 2028 financial year.

The UmweltBank management has adjusted its forecast for the **financial result** in the half-year figures. It is now expected to range between €18 million and €20 million (previously: €14 million to €16 million). As a financial result of €13.87 million was already achieved in the first half of 2025, the increase is understandable. Further disposals or profit distributions by the associated companies should lead to a corresponding increase. In the future, however, the financial result is likely to become less significant in line with the planned reduction of the investment business. However, the reduction of investments is likely to have a positive impact on the financial result in two ways. On the one hand, the freed-up liquidity can be invested with low risk. On the other hand, particularly since the entry into force of CRR III, higher risk weights must also be applied to investment positions, which leads to higher capital requirements. The sale of investments thus leads to the release of equity capital, which can then be used to expand the lending business.

The UmweltBank management has ultimately left its guidance for **net commission and trading income** (€7 million to €11 million) unchanged. Increases here are expected to be achieved in particular through the bond issue, ETFs and the expansion of the fund business in the securities segment.

Forecast total revenue (in € million)

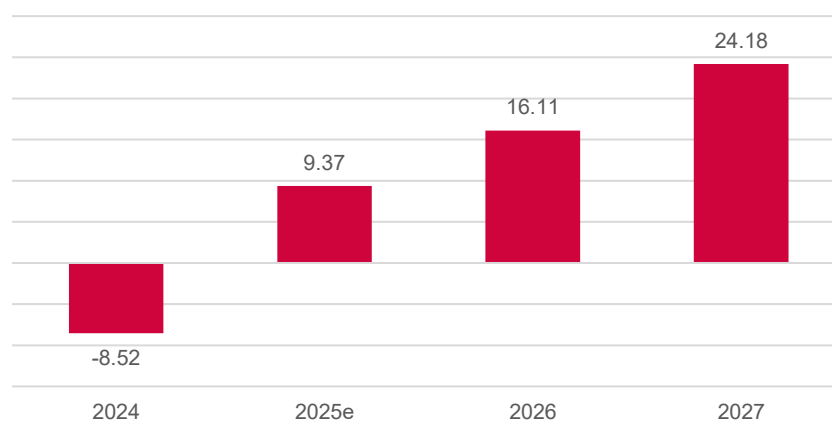


Source: GBC AG

Earnings forecast 2025 - 2027

The increase in the guidance for the financial result is offset by higher expected expenses in the area of personnel and other administrative expenses. The company expects total costs of €67 million (previously: €64 million) in this area. The increase in the earnings forecast is thus almost entirely offset by the increase in expected costs, so that the EBT guidance remains unchanged. We are taking this into account in our forecasts for the current financial year 2025.

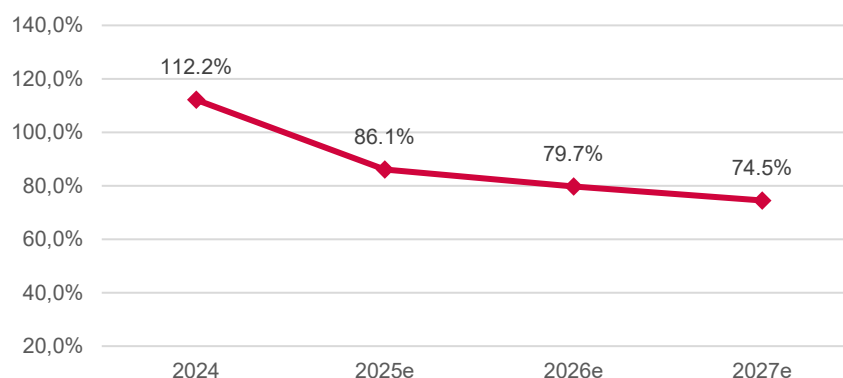
EBT forecast (in € million)



Source: GBC AG

In line with the scenarios confirmed by the company for 2028, we are keeping our estimates for the following years unchanged. The company expects to continue its growth course until 2028 and consequently achieve an increase in the number of customers to 500,000. This should be accompanied by an increase in customer deposits to €5.9 billion. At the same time, the annual new lending volume is expected to rise to €650 million, bringing net interest income to over €100 million in 2028. With only a disproportionately low increase in costs, the cost-income ratio is expected to fall below 60% and the return on equity (before taxes) to rise to over 12%.

CIR forecast according to GBC calculations



Source: GBC AG

On 11 July 2025, UmweltBank AG reported on the termination of the activities of the Bafin special representative. Although the higher capital requirements will remain in place for the time being, there is the prospect of a reduction in capital requirements in the future. This would have a positive impact on lending.

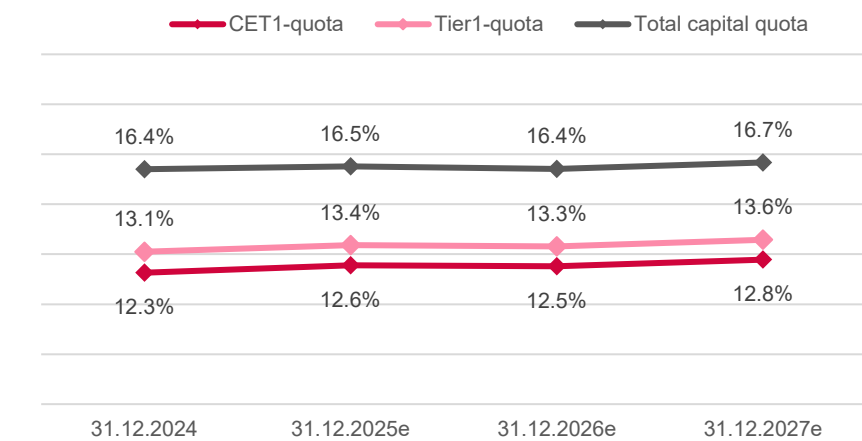
Expected development of capital ratios

The current statutory capital requirements stipulate a total capital ratio of at least 15.6% for UmweltBank AG. This figure also includes the P2G surcharge of 1.1% specified by the European Central Bank. As at 30 June 2026, UmweltBank AG's total capital ratio was 15.9%, giving it a small buffer above the statutory requirement. The capital increase, which strengthened equity by €20.66 million, significantly expanded the buffer above the capital requirement. Assuming unchanged risk-weighted assets (RWA) of €3,157 million as at 30 June 2025, the total capital ratio will jump significantly to 16.6%.

The mitigation of this risk is to be continued in the coming financial years. On the one hand, the capital surcharge of 3.2% imposed by BaFin is likely to be reduced by the end of the coming financial year 2026, thereby significantly easing the statutory capital requirement. According to the scenario analysis by UmweltBank AG, the capital requirement is expected to be 14.4% from 2027 onwards. This reduction should be largely related to progress in remedying regulatory deficits. This is evidenced by the termination of the BaFin special representative's activities.

On the other hand, RWA is likely to increase at a slightly lower rate than equity. In addition to the expected increases in earnings, this would have a further positive effect on capital ratios. The planned sale of investments and securities and the planned expansion of lower-risk investments in retail customer deposits are the main factors here. Since part of the funds raised from the capital increase will also be used for lending, we expect capital ratios to move sideways, based on the higher total capital ratio that has now been achieved.

Forecast development of capital ratios



Source: GBC AG

SWOT ANALYSIS

Strength	Weaknesses
<ul style="list-style-type: none"> ● Since its foundation, UmweltBank AG has enjoyed a unique positioning with a clear sustainability profile. ● All lending is secured, resulting in very low provisioning ratios. ● The planned increase in retail deposits was implemented as scheduled, resulting in a significant increase in net interest income. ● Customer deposits are invested with the ECB at an interest margin of 100 basis points without any risk. ● With a total capital ratio of 15.9%, the regulatory requirement is exceeded, providing a good risk buffer. ● High level of sales expertise. The ETF launched in 2024 has reached a volume of over €50 million. ● High accessibility thanks to the complete digitalisation of application processes based on the newly introduced core banking system. ● The successful capital increase raised the equity buffer to the regulatory requirement. 	<ul style="list-style-type: none"> ● Equity capitalisation is a limiting factor in lending due to higher capital requirements. ● The deposit business reacts more flexibly to interest rate changes than the lending business. Rising interest rates have led to a reduction in the interest margin. ● The banking environment is subject to strict regulatory requirements that have a direct impact on business performance. ● In the past two financial years, UmweltBank AG reported a negative pre-tax result due to declining net interest income. ● Increase in total income in 2024 at the level of the individual financial statements, primarily from an intra-group transaction.
Opportunities	Risks
<ul style="list-style-type: none"> ● The investment business is to be sold off completely by 2026. This would improve the financial scope for lending. ● Once the Bafin special investigation has been completed, capital requirements could be reduced again. ● The introduction of a sustainable checking account should lead to an increase in the number of customers and offers cross-selling potential. ● Expansion of investment advice should lead to growth in the securities business. ● Efficiency and cost programmes should contribute to a relative reduction in overall costs. ● Expansion of syndicated lending business is accompanied by an improvement in RWA. 	<ul style="list-style-type: none"> ● Larger banks could increasingly enter the ESG business, thereby competing directly with UmweltBank. ● In particular, a rapid change in the interest rate environment has a strong impact on the company's interest rate development. ● The sale of investments below book value could lead to a negative trading result at the level of the individual financial statements. ● The imposition of higher capital surcharges could significantly restrict lending business. ● The development of commission and trading income depends heavily on the sales success of the bank's own products.

VALUATION

We used a residual income model to value UmweltBank AG, whereby the excess return for the estimation periods is determined using the difference between the return on equity and the cost of equity. We have formulated specific expectations for the estimated periods of the three financial years from 2025e to 2027e with regard to net income and the resulting changes in equity. This allows us to derive the expected returns on equity. The residual income for the financial year can be derived from the excess return generated in a period. The expected residual income is then discounted to the equity cost on the valuation date. To determine the terminal value, we apply a premium to the current book value.

$$fair\ company\ value = EK_0 + \sum_{t=1}^T \frac{(ROE_t - r)EK_{t-1}}{(1+r)^t} + \frac{P_T - EK_T}{(1+r)^T}$$

EK = equity

P = premium on the carrying amount

t= estimation period

ROE = return on equity

r = cost of equity

T= last estimation period

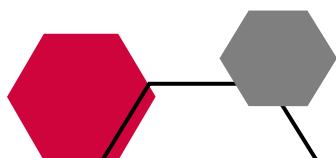
Determination of capital costs

The relevant discount rate for use in the residual income model is the cost of equity. To determine the cost of equity, the market risk premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the IDW's Expert Committee for Business Valuation and Business Management (FAUB). This is based on the zero bond interest rates published by the Deutsche Bundesbank using the Svensson method. To smooth out short-term market fluctuations, the average yields of the previous three months are used and the result is rounded to 0.25 basis points. The risk-free interest rate currently used is 2.50% (previously: 2.50%).

We consider the historical market risk premium of 5.50% to be an appropriate expectation for a market risk premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to outperform low-risk government bonds.

We calculated the beta using historical price data from UmweltBank AG (monthly price performance over the past four years). We used the STOXX® Europe 600 Banks price index as a benchmark and averaged it over a period of five years in the regression analysis. On this basis, we determined a beta of 0.52 (previously: 0.52), which we also adjusted and smoothed in accordance with Blume's work. Using the assumptions made, the cost of equity is calculated at 5.34% (previously: 5.34%) (beta multiplied by risk premium plus risk-free interest rate).



in € million	31.12.23	31.12.24	31.12.25e	31.12.26e	31.12.27e	Final value
Equity capital	388.90	378.10	403.07	409.07	418.08	
Net income for the year	0.73	0.73	6.37	10.95	16.44	
ROE (after taxes)		0.2%	1.6%	2.7%	4.0%	11.0%
Cost of equity		5.34%	5.34%	5.34%	5.34%	5.34%
Excess return		-5.15%	-3.71%	-2.64%	-1.36%	5.66%
Book value factor		0.04	0.31	0.51	0.74	2.06
Residual income		-20.02	-14.02	-10.65	-5.58	452.21

Source: GBC AG

According to our valuation model, UmweltBank AG should be able to achieve a sustainable return on equity (after taxes) of 11.0% based on its balance sheet equity. Assuming a cost of equity of 5.34%, this should result in a sustainable excess return of 5.66% or a book value factor of 2.06 in the terminal value. To determine the terminal value, we have therefore applied a premium of 2.06 to the book value.

Determination of fair enterprise value

Present value of residual income 2025 - 2027	-€15.14 million
Present value Terminal value	€407.53 million
Sum of present values	€392.39 million
Outstanding shares	41.28 million
Fair enterprise value per share	€9.50

The sum of the discounted residual earnings results in a value of €392.39 million (previously: €375.04 million). The recent capital increase, which led to an increase in equity of €20.66 million, is responsible for the increase in fair enterprise value. However, as this is now distributed across 41.28 million shares (previously: 36.06 million shares), the fair enterprise value per share of €9.50 (previously: €10.40) is below the pre-money value. This is understandable, as the capital increase was carried out at a subscription price of €4.00 per share, which has a dilutive effect compared to the previously determined fair value per share. We continue to assign a 'BUY' rating.

ANNEX

I. Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the respective issuer. GBC AG is remunerated for this by the issuer. If this is the case, this is indicated in the respective study according to the notations.
2. The research report is made available simultaneously to all securities service providers interested in it.
or
3. If the studies are not commissioned by the issuer, the studies are prepared independently of the order. The studies are also prepared without any influence from third parties.
4. The research report is made widely available and published in a generally accessible manner and is not only distributed exclusively to certain clients and investors. The research study is therefore also categorised as a "minor non-monetary benefit" and is therefore MiFIDII compliant.

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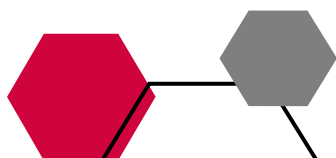
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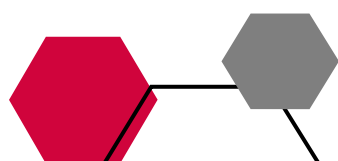
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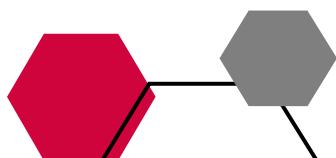
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