GBC Research (Anno)

UmweltBank AG

IMPORTANT NOTICE:
Please note the disclaimer/risk warning and the disclosure of potential 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 20

Note in accordance with the MiFID II regulation on research regarding 'minor non-monetary benefits': This research meets the criteria for classification as a 'minor non-monetary benefit'. Further information on this can be found in the disclosure under 'I. Research under MiFID II'

GBC AG Investment Research

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

Growth in customer deposits should be accompanied by growth in the lending business; rating and price target unchanged

Industry: financial services
Focus: investments, financing of environmentally-friendly projects
Founded: 1997

Employees: 382 (31.03.2026)
Head office: Nuremberg
Board of Directors: Goran Bašić, Dietmar von Blücher, Dr Nicole Handschuher

UmweltBank AG is committed to banking that is environmentally and socially responsible. It offers investors transparent green investment products and supports commercial customers throughout Germany by financing environmentally friendly projects. By offering exclusively a range of green products, UmweltBank AG consistently pursues its environmental mission. In addition to traditional savings and current accounts, the company offers, amongst other things, green fund products and finances green projects. UmweltBank AG operates as a direct bank, without a traditional branch network. Since its foundation in 1997, it has supported over 25,000 loan projects. At the end of 2025, environmental loans (including outstanding commitments) totalled 3.2 billion euros.

in € million	FY 24	FY 25	FY 26e	FY 27e	FY 28e
Interest income	44.95	58.45	63.85	80.97	89.63
Financial result	12.98	17.56	6.00	5.80	5.80
Net commission and trading income	5.54	7.09	12.06	12.34	19.34
Profit before tax	-8.50	6.44	14.36	22.01	35.67
Profit after tax	0.73	14.26	9.77	14.96	24.26
Earnings per share	0.02	0.34	0.24	0.36	0.59
Dividend per share	0.00	0.05	0.12	0.18	0.22
Total capital	505.20	521.30	529.10	536.61	551.76
Return on capital (before tax)	-1.7%	1.3%	2.7%	4.1%	6.6%
Cost-to-income ratio	112.2%	90.6%	81.5%	76.1%	67.4%

Investment Case

- Growth in retail banking: UmweltBank has significantly expanded its customer deposits and increased its customer base. Current accounts, attractive savings products and its partnership with Triodos Bank offer further potential for customer acquisition and cross-selling.
- Turnaround expected in the lending business: the capital increase and a first reduction in regulatory capital requirements provide greater scope for new lending. For 2026, UmweltBank is planning gross new lending of €450 million, up from just €120 million in the previous year.
- Attractive growth markets: its specialisation in renewable energy and sustainable property, as well as in new segments (battery energy storage), positions UmweltBank in markets with high long-term financing needs.
- Efficiency and earnings potential: once the transformation phase is complete, consultancy and other administrative expenses in particular are expected to fall. By 2028, we anticipate a significant improvement in the cost-to-income ratio and pre-tax profit.
- Valuation with strong upside potential: based on a residual income model, we have arrived at a target price of €9.00. We assign a BUY rating.

Rating: BUY
Target price: €9.00 (previous: €9.00)

Share and key data

Closing price on 07.07.26	3.62 EUR
Stock exchange	XETRA
ISIN	DE0005570808
WKN	557080
Number of shares (in millions)	41.40
Mcap (in million EUR)	149.87
Transparency level	Open market
Market segment	Scale
End of financial year	31.12.
Accounting	HGB

Shareholder structure

GLS Bank	15%
Free float	85%

Financial Dates

29.07.26	Half-year-figures 2026
30.07.26	Annual General Meeting
28.10.26	Q3-figures 2026

Analysts

Cosmin Filker (filker@gbc-ag.de)
Marcel Goldmann (goldmann@gbc-ag.de)

Latest GBC Research

Date: Publication / Target price in EUR / Rating
04.05.2026: RS / 9.00 / BUY
03.03.2026: RS / 9.00 / BUY
19.01.2026: RS / 9.40 / BUY
03.11.2025: RS / 9.40 / BUY
29.09.2025: RS / 9.50 / BUY
** The research reports listed above can be viewed at www.gbc-ag.de

Completion: 08.07.2026 (09:05 am)
First dissemination: 08.07.2026 (11:00 am)

Validity of the price target: until 31 December 2027 at the latest

* List of potential conflicts of interest on p. 21

EXECUTIVE SUMMARY

- As early as the end of February 2026, UmweltBank AG presented its preliminary figures for the 2025 financial year. The publication of the annual report now provides extensive confirmation and further details of the figures already known. As expected, the audited figures show a strong increase in net interest income of 30.0% to €58.45 million (previous year: €44.95 million). This result is based on both higher interest income and lower interest expenses.

- The key factor behind this success was strong growth in the retail banking business. UmweltBank AG increased customer deposits by almost €720 million to €4,544 million and the number of customers by around 30,000 to approximately 184,000. The overnight deposit promotion (3.0% for the first three months), which has been running since October 2025, is likely to have been the most important driver of growth here. The effects of introducing current accounts, however, fell short of expectations. An increase in deposit volumes generates interest income through reinvestment with the ECB. The strong growth in deposits offset the decline in corporate banking, which is constrained by capital adequacy requirements.

- In addition, both the financial result of €17.56 million (previous year: €12.98 million) and the net commission and trading income of €7.09 million (previous year: €5.54 million) contributed to the success of the 2025 financial year. The increase in total income was sufficient to offset the rise in personnel and administrative costs, resulting in a significant improvement in pre-tax profit to €6.44 million (previous year: -€8.50 million). All in all, net profit for the year rose to €14.26 million (previous year: €0.73 million). The release of reserves in accordance with Section 340g of the German Commercial Code (HGB) amounting to €5.0 million contributed significantly to this.

- When the Q1 figures were published at the end of April 2026, UmweltBank's management had already provided forecasts for the current financial year as well as a scenario-based outlook for the coming financial years. These have now been confirmed by the audited annual report. Accordingly, net interest income of between €62.5 million and €67.5 million is expected to be accompanied by a financial result of between €4 million and €8 million, as well as commission and trading income of between €10 million and €15 million. Net interest income is expected to benefit not only from further expansion of the retail banking business. The corporate banking business (environmental loans) is expected to achieve a turnaround in the current financial year. The capital increase carried out in September 2025 (gross issue proceeds: €20.66 million) and the reduction in capital requirements by 60 basis points in the second quarter of 2026 have significantly increased the scope for growth in lending volumes.

- Our forecasts are based on the company's guidance. Following a slight decline in total income to €81.91 million, we expect dynamic growth in the coming financial years. This is accompanied by a below-average rise in costs, which is likely to benefit from the completion of the transformation phase. Given our expectation of an improvement in the cost-to-income ratio from 90.6% (2025) to 81.5%, we anticipate an increase in pre-tax profit from €6.44 million (2025) to €14.36 million. This growth trajectory is expected to continue in subsequent years.

- As part of our valuation model, we have determined an unchanged price target of €9.00. We assign a BUY rating.

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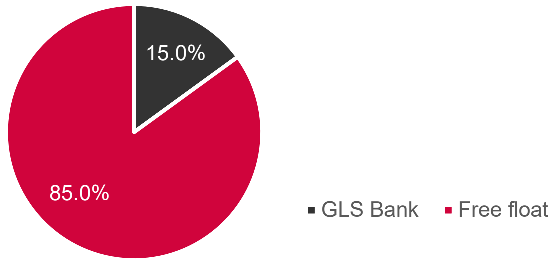
COMPANY

Shareholder structure



Sources: UmweltBank AG; GBC AG

Until April 2018, the founding Popp family (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 in 2015, the 15.6% shareholding previously held was sold to GLS Gemeinschaftsbank eG. The Bochum-based GLS Bank, which, like UmweltBank AG, is committed to environmental principles, and UmweltBank AG have collaborated on a project-by-project basis in the past.

Business model

Combining ecological and economic principles

According to its own statements, UmweltBank AG is the only bank in Germany to have enshrined the environmental aspect of its business activities in its articles of association. Its lending focuses on the areas of solar energy, wind power and low-energy construction. In doing so, UmweltBank AG invests exclusively in sustainable projects. All third-party products offered to customers must have an environmental or social focus. Consequently, both environmental and economic aspects play an important role in lending decisions. To this end, positive and exclusion criteria are applied 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.

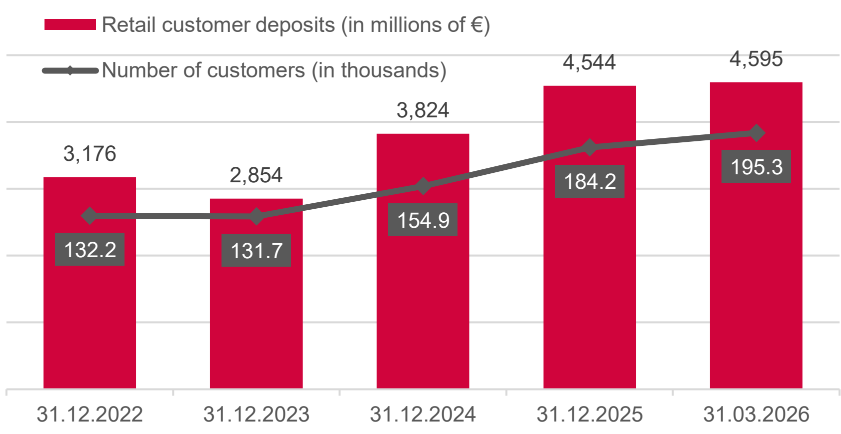
Product range

Retail customers

UmweltBank AG's current focus is clearly on growth in the retail banking business. Since the migration of the core banking system in October 2023, efforts to attract new customers have been stepped up, with significant successes already being recorded. The number of customers rose from 132,000 at the end of 2023 to 195,000 as at 31 March 2026, whilst retail customer deposits rose even more sharply over the same period, from €2.5 billion to €4.3 billion. By 2028, the number of customers is expected to rise to around 500,000 and private customer deposits to €6.2 billion.

A key factor in achieving these targets is the green current account (UmweltGiro), launched in July 2025. It offers mobile payment options, and customers can access all standard banking services online via the UmweltBanking app. The associated customer advisory service is intended to capitalise on cross-selling opportunities in order to boost turnover in the securities business and increase commission income. Furthermore, UmweltBank AG utilises attractive savings products to attract new customers. The recent rise in customer deposits, for example, is largely attributable to the overnight savings promotion running since October 2025, which guarantees an interest rate of 3.0% for the first three months on deposits of up to €50,000.

Trends in customer deposits and customer numbers



Sources: UmweltBank AG; GBC AG

The "Brokerage" product division also covers the securities investment business. Following the migration of the core banking system, customers can now complete the entire application process digitally. This opens up additional potential for new customers. The UmweltBank custody account is entirely eco-friendly and free of charge. It contains only securities that meet the bank's sustainability criteria. UmweltBank's new range of services includes digital investment advice, which is expected to provide a positive boost to its fund business in the coming financial years.

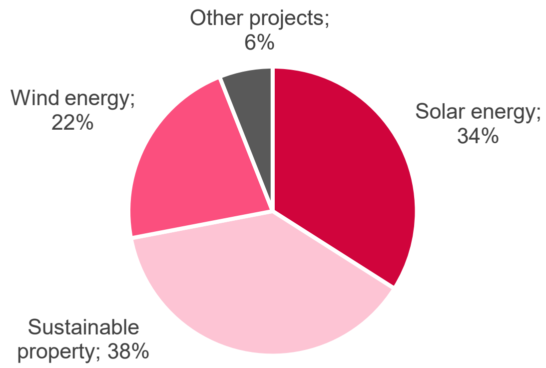
UmweltBank's securities portfolio also includes three in-house funds and two ETFs. In addition to its own funds, UmweltBank AG also offers selected equity, mixed and bond funds from third-party providers, which are likewise sustainably oriented. The launch of three further ETFs is planned for the current financial year.

Corporate clients

UmweltBank's lending business is aimed exclusively at corporate clients. The focus is on financing sustainable projects in the field of renewable energy (photovoltaics, wind power, energy storage systems) and sustainable property (social housing, commercial property, residential property). With the first-ever financing of battery storage systems in the current financial year, the company has expanded its loan portfolio to include a new sector.

For its lending activities, UmweltBank has defined strict positive and exclusion criteria that are specifically aligned with the 17 Sustainable Development Goals (SDGs). As at 31 December 2025, the outstanding loan portfolio is distributed almost equally across the three segments of solar energy, wind power, and residential, social and commercial property. This breakdown does not yet include the bank's entry into the financing of battery energy storage systems, which took place in the first quarter of 2026. Here, loans totalling around €15 million were granted for the first time. In future, the loan portfolio is also set to be expanded to include PPA financing for wind power projects.

Breakdown of outstanding loans (31.12.2025)

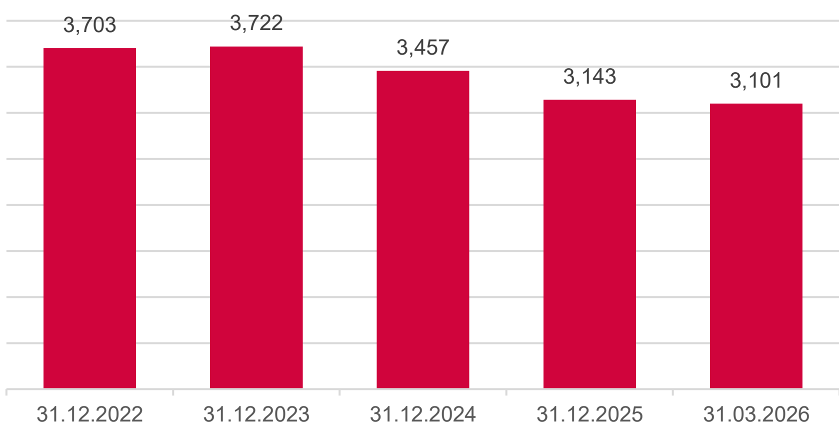


Sources: UmweltBank AG; GBC AG

The advisory team at UmweltBank AG possesses particularly strong expertise in these lending segments. It is worth noting that UmweltBank AG's loans are generally extensively secured. In addition to mortgage security for property financing, future income from projects is, for example, used as collateral. The syndicated loan business is also currently being expanded to enable the financing of large-scale projects.

In contrast to the retail banking business, the volume of lending has declined in recent financial years. A key factor in this trend was the temporary increase in the capital surcharge, which required higher capital adequacy. Furthermore, the company has adopted an increasingly selective approach to lending. Thanks to the capital increase successfully carried out in the 2025 financial year (gross issue proceeds: €20.66 million) and the capital requirement reduced by 60 basis points, which has been in force since April 2026, UmweltBank AG is able to reverse the trend in outstanding loan volumes. For the current financial year, gross new lending of €450 million is expected, representing a significant increase on the previous year's figure of €120 million.

Loan volume (in €m)



Sources: UmweltBank AG; GBC AG

MARKET AND MARKET ENVIRONMENT

UmweltBank AG's business performance depends primarily on the general interest rate environment. This has a significant impact on both the bank's willingness to lend and the demand for loans. As the bank grants loans exclusively in the fields of renewable energies and eco-social construction, it is also subject to further specific market influences.

General interest rate environment

In recent years, geopolitical shocks have had a significant impact on the ECB's interest rate policy. For instance, in 2022, in response to the rise in inflation linked to the war in Ukraine, the ECB raised its key interest rate from 0.00% to 4.50% within just 18 months. During the subsequent period of easing inflation, the main refinancing rate fell to 2.15%.

However, the outbreak of the war in Iran and the accompanying energy price shock marked another turning point. In May, inflation in the euro area stood at 3.2%, once again well above the 2.0% target, prompting the ECB to respond by raising its three key interest rates by 25 basis points. The main refinancing rate currently stands at 2.4%. Against the backdrop of the renewed rise in the inflation rate and increased uncertainty regarding future price and economic developments, there is no clear scope for further monetary easing in the short term. The ECB continues to pursue a data-dependent approach and is not committing to a fixed interest rate path. For UmweltBank AG, this changed interest rate environment means that the relief on the liabilities side is likely to be less pronounced than it would be during a sustained phase of interest rate cuts. At the same time, higher market interest rates, or rates that remain elevated for longer, can support the returns on interest-bearing assets.

Performance of UmweltBank's key borrowers

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

Housing construction in Germany

Currently, 38% of UmweltBank AG's total outstanding loan volume is accounted for by loans in the sustainable property sector. In this segment, the company provides financing for eco-friendly and affordable housing. Its key areas of focus include the financing of rental housing projects, commercial property, investor-led projects, social facilities, student halls of residence and housing cooperatives. As this specialised segment is also dependent on general market conditions, a look at the German housing construction sector provides a meaningful picture.

The 2025 financial year marked the third consecutive year of decline in housing completions. Following a 14.4% drop in 2024, the decline accelerated further in 2025 to 18.0%. With 206,600 flats completed (previous year: 251,900), the lowest level since 2012 was reached. As in previous years, this trend is attributed to a combination of high construction and financing costs. Construction prices have risen significantly in recent years. According to the construction cost index, costs for new residential construction at the end of the first quarter of 2026 were 37% higher than five years ago. This effect is exacerbated by the rise in construction loan interest rates, which stems from the general increase in interest rates. In 2025, new loans with a ten-year fixed-rate period carried an average interest rate of 3.64% (2024: 3.56%). In 2021, the average interest rate was still significantly lower at 1.26%.

Despite the continuing difficult operating conditions, the first positive signs for future development are emerging. For instance, the number of planning permissions rose again in 2025, particularly in the sector of multi-family housing construction. This points to a possible stabilisation in new-build activity. In the medium term, falling or more stable financing costs, improved predictability of construction costs and policy measures to speed up planning permission procedures could also contribute to a revival in new housing construction.

Solar

Following new record figures for PV installation in 2023 and 2024, 2025 built on these successes. With a net increase of 17.6 GWp (previous year: 18.3 GWp), the previous year's record was only narrowly missed. By the end of 2025, photovoltaic systems with a gross capacity of just under 120 GWp had therefore been installed in Germany. Installed capacity had thus almost doubled over a period of four years.

The future development of demand for solar energy will be significantly influenced by regulatory requirements. Various initiatives by the German government aim to speed up and simplify the planning permission process. The target is to achieve an installed capacity of 215 GWp by 2030 and 400 GWp by 2040. To achieve the targets agreed in the EEG 2023, the expansion of PV capacity, which has already set new records in the past two years, must be accelerated further. By 2030, annual net expansion is set to rise to around 20 GWp.

In addition to speeding up approval procedures and expanding the areas available for installation, measures such as higher tender volumes, higher feed-in tariffs for solar installations and an extension of the eligibility criteria for installations have been agreed. Further impetus is coming from the rising demand for electricity driven by electrification, heat pumps, electric mobility and industrial processes. At the same time, the integration of solar power, for instance through storage, flexible load control and grid expansion, is becoming increasingly important. The solar industry thus remains a key driver of growth for the energy transition in Germany. Against this backdrop, high demand for financing for solar projects at UmweltBank AG is also expected in the future.

Wind power

The third pillar of UmweltBank AG's lending business is the financing of wind energy projects. As with the photovoltaic sector, the wind industry is particularly dependent on the government's regulatory framework. Whilst this framework provides for support for expansion, it also significantly influences the pace of expansion at a regulatory level. For instance, the EEG 2023 stipulates that installed onshore wind power capacity is to rise to up to 115 GW by the end of 2030. Based on the installed capacity at the time this target was adopted, annual net expansion would need to be around 9 GW gross or 7 GW net.

However, at 4.6 GW (previous year: 2.6 GW), gross expansion in 2025 remained below the planned rate of expansion. Nevertheless, 2025 was the second-best year on record for onshore expansion. Only 2017 saw higher expansion. This was due to a significantly improved regulatory environment, which particularly benefited from accelerated approval procedures. The average processing time fell to 16.8 months in 2025 (previous year: 23.1 months). As in the solar sector, demand for financing is also expected to rise in the wind energy sector.

BUSINESS PERFORMANCE FY 2025

in € million	FY 2023	FY 2024	FY 2025
Interest income	41.11	44.95	58.45
Financial result	-2.64	12.98	17.56
Commission and trading income	9.05	5.54	7.09
Profit before tax	-5.60	-8.50	6.44
Profit for the period	0.73	0.73	14.26

Sources: UmweltBank AG; GBC AG

Earnings performance for the 2025 financial year

UmweltBank AG had already presented its preliminary figures for the 2025 financial year at the end of February 2026. The publication of the annual report now provides a comprehensive confirmation and supplement to the figures already known. Broken down by the three main revenue streams, the picture for the 2025 financial year is as follows:

Interest income

The significant increase in net interest income of 30.0% to €58.45 million (previous year: €44.95 million) is attributable, on the one hand, to the rise in interest income to €128.51 million (previous year: €125.66 million) and, on the other hand, to the noticeable decline in interest expense to €70.06 million (previous year: €80.71 million).

The key factor behind the rise in interest income was the strong growth in the **retail banking segment**, where UmweltBank AG increased both customer deposits by almost €720 million to €4,544.15 million and the number of customers by around 30,000 to approximately 184,000. The overnight deposit promotion (3.0% for the first three months), which has been running since October 2025, is likely to have been the most important driver of growth here. By contrast, the effects of the introduction of current accounts in the second half of 2025 fell short of expectations. An increase in deposit volumes generates interest income through reinvestment with the ECB. The strong growth in deposits more than offset the lower interest margin resulting from the special terms, which is in any case only temporary.

Strong growth in retail customer deposits also offset underperformance in the **corporate banking business**. Outstanding environmental loans (including outstanding commitments) fell to €3.14 billion as at 31 December 2025 (31 December 2024: €3.46 billion). This is attributable to low gross new lending of €120 million (previous year: €250 million). This was constrained by a shortage of capital during the year, which was also accompanied by project delays extending beyond the turn of the year. Following the successful capital increase carried out in September 2025, which generated gross issue proceeds of €20.66 million, UmweltBank AG's capital base has improved significantly. This is particularly so as BaFin reduced the bank-specific capital requirement by 60 basis points in the current financial year 2026, which significantly increases the scope for further lending growth.

The reduction in interest expense reflects, in particular, adjustments to the terms and conditions of the instant access savings account driven by market interest rates. Furthermore, the improved positioning of the treasury portfolio contributed to the rise in net interest income. Consequently, the average interest margin improved from 0.76% to 0.92%.

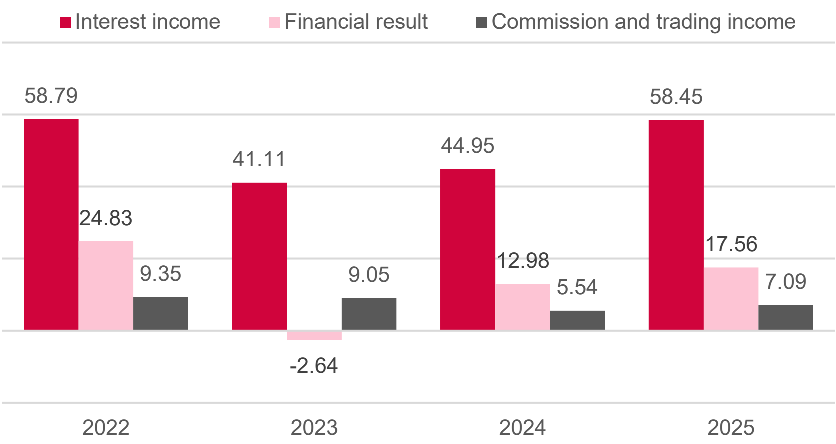
Financial result

The financial result, which rose by 35.3% to €17.56 million (previous year: €12.98 million), reflects in particular the property disposals carried out in the past financial year 2025. According to the company, five properties were sold in the course of asset deals during the past financial year, although the transactions for two of these properties are yet to be finalised. Furthermore, the financial result benefited from significantly lower losses arising from the disposal of investment securities, amounting to €0.05 million (previous year: €23.98 million). This was offset by lower current income from shares in associated companies, which fell to €11.97 million (previous year: €32.74 million).

Commission and trading result

With an increase of 28.0% to €7.09 million (previous year: €5.54 million), net commission and trading income also contributed to the success of the 2025 financial year. This income stream comprises, in particular, income from securities and insurance business as well as from lending activities. The sale of the “SAB WindTeam” wind power bond and the expansion of the securities business were key factors in the rise in net commission and trading income.

Trend in total income (in € million)



Sources: UmweltBank AG; GBC AG

Earnings performance for the 2025 financial year

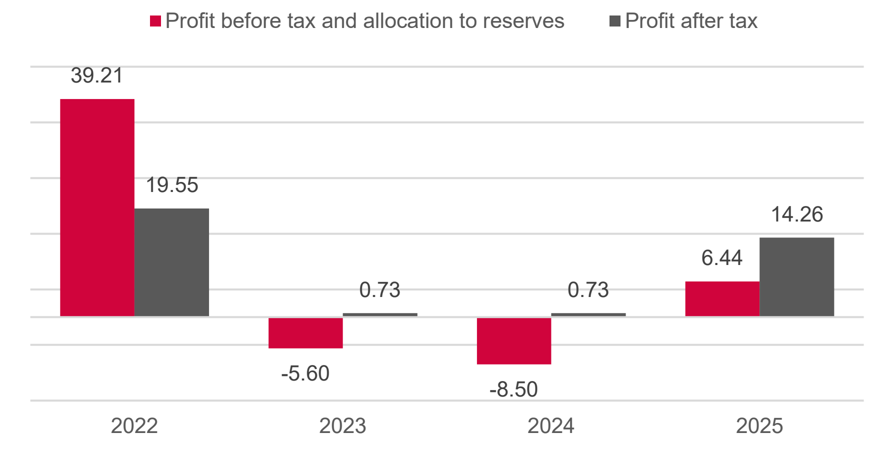
The significant increase in total income is reflected in an equally strong improvement in pre-tax profit (before allocation to reserves) to €6.44 million (previous year: -€8.50 million). The final figures now available also clearly show that the previously communicated guidance (EBT of between €5 million and €10 million) was achieved.

The higher level of earnings in the past financial year was sufficient to offset the rise in costs, particularly in the area of staff costs and other administrative expenses. The increase in staff costs was particularly sharp, rising by 15.9% to €30.29 million (previous year: €26.14 million). In addition to salary adjustments, this increase was attributable to the expansion of the workforce from 376 employees (31.12.24) to 432 employees. This was driven by the filling of vacant positions as part of the transformation and staffing requirements for the planned further growth.

Other administrative expenses remained virtually unchanged, rising slightly to €41.00 million (previous year: €40.62 million). Following substantial investment in transformation and digitalisation in previous years, which had led to a sharp rise in administrative expenses, particularly in the 2024 financial year, a plateau is likely to have been reached in the past financial year. This is also against the backdrop of the cost-saving programme that has been put in place, which is expected to result in a significant reduction in expenses.

Also worth noting is the trend in provisions for risks. At €6.03 million, this figure is above the previous year's figure of €3.63 million, but significantly below the expected range of €10 to €15 million. The increase is attributable to the revaluation of the loan portfolio following the change of auditor.

Profit before tax and net profit for the year (in € million)



Sources: UmweltBank AG; GBC AG

All in all, net profit for the year rose to €14.26 million (previous year: €0.73 million). The release of reserves in accordance with Section 340g of the German Commercial Code (HGB) amounting to €5.0 million contributed significantly to this. This constitutes a liability swap, i.e. a conversion into retained earnings recognised in equity. These reserves were formed in previous financial years on the basis of the after-tax result and are not related to the risk structure of UmweltBank AG. UmweltBank's management intends to release these reserves in full to enable better comparability with credit institutions that do not prepare their accounts in accordance with the German Commercial Code (HGB).

Development of key balance sheet ratios as at 31.12.2025 and 31.03.2026

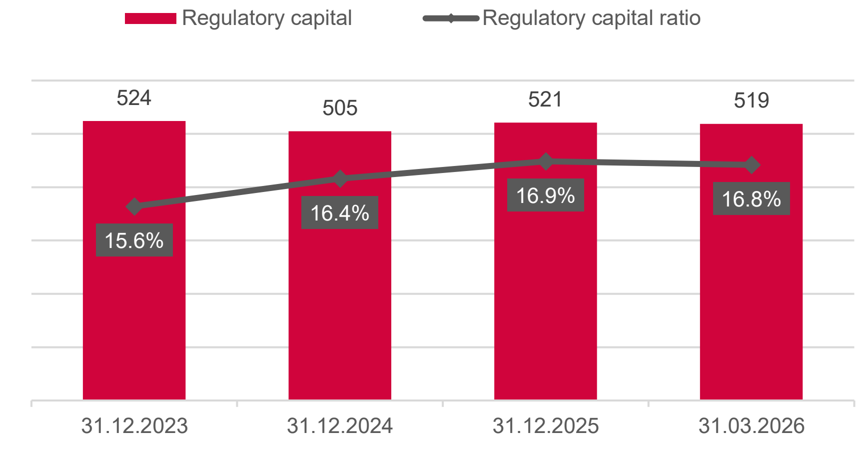
in € million	31.12.23	31.12.24	31.12.25	31.03.26
Business volume	6,119	6,504	7,010	7,034
Total assets	5,688	6,186	6,806	6,828
Customer deposits	2,854	3,824	4,544	4,595
Environmental loans	3,722	3,457	3,143	3,101
Regulatory capital	524	505	521	519
Regulatory capital ratio	15.6%	16.4%	16.9%	16.8%

Sources: UmweltBank AG; GBC AG

The audited balance sheet ratios also largely correspond to the provisional figures published in February. As the company has since published its figures for the end of the first quarter of 2026, we have included these in this chapter as well. Equity capital is of crucial importance to UmweltBank AG's business performance, as its lending activities are significantly influenced by regulatory capital requirements.

As at 31.12.2025, regulatory capital improved noticeably to €521 million (31.12.2024: €505 million), primarily as a result of the capital increase carried out in September 2025 (gross issue proceeds: €20.66 million). Due to a slightly negative profit after tax in the first three months of 2026, this figure fell slightly to €519 million as at 31.03.2026. Of key importance here is compliance with regulatory requirements, which stipulated a capital requirement of 15.6% for UmweltBank AG as at 31.12.2025 and 31.03.2026 respectively. With a total capital ratio of 16.9% (31.12.25) and 16.8% (31.03.26), this requirement was even met with a slight buffer. Following the reporting date of 31.03.26, BaFin reduced the capital requirement by 60 basis points as part of a review, meaning that it currently stands at 15.0%.

Regulatory capital (in € million) and ratio (in %)

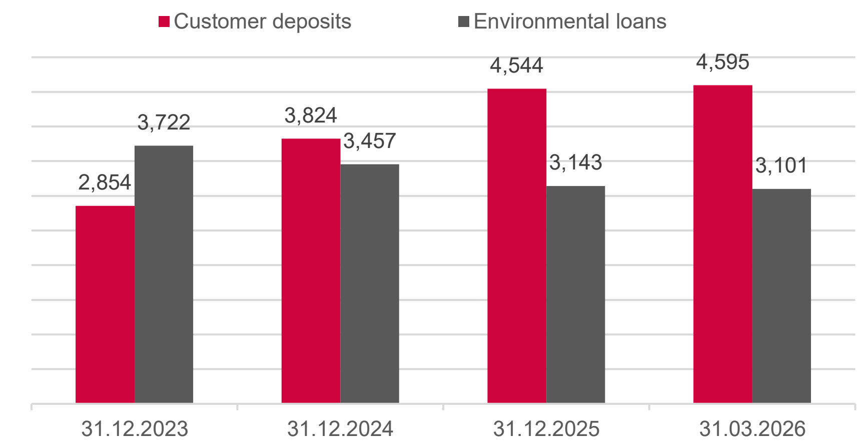


Sources: UmweltBank AG; GBC AG

Another aspect of the development of the balance sheet ratios over the past financial years is the noticeable increase in customer deposits. These rose to €4,544 million, particularly in 2025 (31.12.24: €3,824 million). As at 31.03.26, however, the company recorded no further increase in customer deposits, which stood at €4,595 million. The rise in customer deposits has also been accompanied by an increase in claims on credit institutions (deposits held by UmweltBank with the Deutsche Bundesbank and other credit institutions) to €2,303 million (31.12.2024: €2,025 million). These represent the investment of surplus liquidity arising from the growth in customer deposits. As at 31.03.23, claims on credit institutions amounted to €10.5 million, reflecting a sharp increase over the past two financial years.

In contrast, outstanding customer loans continued their downward trend. In view of a more selective lending policy and the capital constraints still in place in the 2025 financial year, environmental loans fell to €3,143 million (31.12.2024: €3,457 million). As at 31.03.2026, outstanding loans fell further to €3,101 million, although this should be regarded as the market bottoming out. In addition to the reduction in capital requirements, UmweltBank AG is likely to benefit from entering new lending segments (battery storage, syndicated loans). At the same time, the company reports a high volume of loan enquiries. In addition to new business worth €300 million, which is highly likely to be finalised, there are a further €500 million worth of loan enquiries, meaning that new business is expected to rise sharply to €450 million in the current financial year.

Customer deposits and environmental loans (in € million)



Sources: UmweltBank AG; GBC AG

FORECASTS AND MODEL ASSUMPTIONS

in € million	FY 25	FY 26e	FY 27e	FY 28e
Interest income	58.45	63.85	80.97	89.63
Financial result	17.56	6.00	5.80	5.80
Net commission and trading income	7.09	12.06	12.34	19.34
Profit before tax	6.44	14.36	22.01	35.67
Profit after tax	14.26	9.77	14.96	24.26

Source: GBC AG

Forecasts for total revenue 2026–2028

At the end of April 2026, UmweltBank AG published its figures for the first quarter of 2026 and, at the same time, refined its forecasts for the current financial year. With regard to the longer-term outlook up to the 2028 financial year, UmweltBank's management has also confirmed the previously announced growth scenario.

In the first three months of 2026, net interest income fell to €12.53 million (previous year: €13.66 million), primarily due to the special terms and conditions offered to attract new customers. The overnight deposit promotion, which has been running since October 2025, has led to a sharp rise in retail customer deposits. As these deposits are still within the higher-interest initial phase, this has placed a temporary strain on the interest margin. Combined with the sharp decline in the financial result, as no profit distributions were made compared with the previous year (a one-off effect), the company recorded a fall in pre-tax profit to €0.23 million (previous year: €10.23 million).

In line with the guidance published as part of the Q1 results and confirmed in this annual report, **net interest income** of between €62.5 million and €67.5 million is expected to be achieved for the current financial year. This is based on the planned strong growth in deposits, which are expected to rise to around €5.4 billion by the end of 2026. By the end of 2028, UmweltBank expects a further increase to €6.2 billion as part of its scenario analysis. The 'UmweltGiro' current account, launched in mid-2025 and considered to have high potential for attracting new customers, is likely to play a major role in this. Furthermore, the company is likely to see growth in deposits through special promotions, such as the overnight deposit promotion that has been running since October. Positive effects, although we do not consider these to be particularly significant, could also arise from the partnership with Triodos Bank N.V. The Dutch bank plans to wind down its German operations by 2027 and will support its customers in switching to UmweltBank AG.

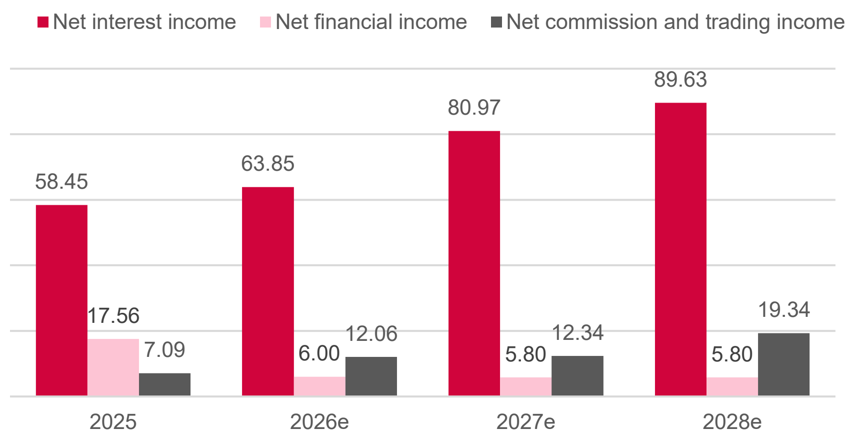
Another factor contributing to the rise in net interest income is an expected improvement in the corporate banking business. Having suffered in recent financial years, particularly due to increased capital requirements, the company now has significantly greater scope for action. This is attributable, on the one hand, to the capital increase carried out in September and, on the other hand, to the 60-basis-point reduction in capital requirements that took place in the second quarter of 2026. Accordingly, a significant increase in new lending to €450 million (previous year: €120 million) is anticipated for 2026. The growth rate in lending volume is set to increase gradually through to 2028. In addition to continued high demand in the renewable energy and property sectors, new lending segments, such as battery energy storage, are expected to contribute to growth.

Finally, UmweltBank AG is also expected to benefit from a repositioning of its treasury portfolio. The company is focusing on continuously improving its positioning within the treasury portfolio. As part of this, older own investments with lower interest margins are being reallocated to more attractive new investments.

In line with the company's expectations, the **financial result** is likely to be below the previous year's figure and range between €4 million and €8 million. The previous year was characterised by high profit distributions from a subsidiary, which are no longer factored into the plans for the current financial year. As a reduction in the number of associated companies is planned, the financial result is likely to become less significant in the long term.

By contrast, the Management Board of UmweltBank AG expects the net **commission and trading income** to rise to between €10 million and €15 million. This increase is to be achieved in particular through bond issues and an expansion of the range of securities on offer.

GBC forecasts for the three revenue pillars (in € million)



Source: GBC AG

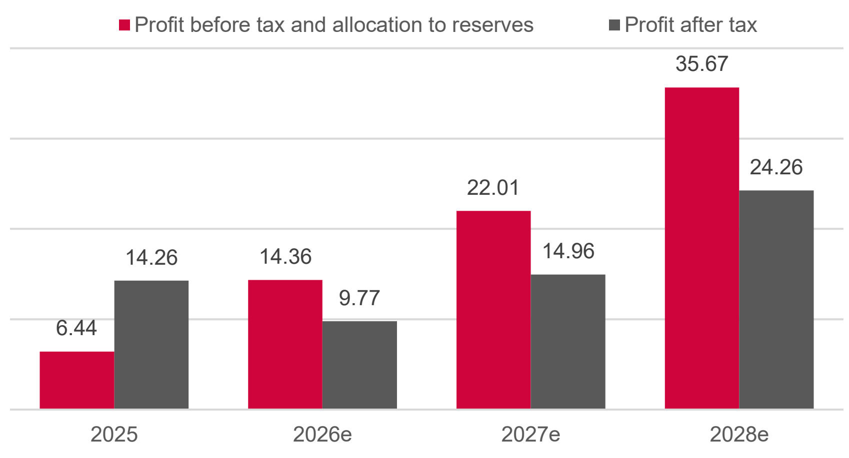
We are guided by these figures and confirm our forecasts, which were already slightly adjusted as part of the research study (see study dated 4.05.2026). For the current financial year 2026, we expect a slight decline in total revenue to €81.91 million (previous year: €83.10 million). The decline in the financial result should, however, be largely offset by the increase in net interest and commission income.

Earnings forecasts 2026–2028

In view of the expansion of the workforce that has taken place, staff numbers are expected to stabilise in the current financial year, and staff costs are therefore expected to remain relatively stable. For the current financial year, the company expects staff costs of around €31 million (previous year: €30.29 million). Significant cost savings, however, are expected to be achieved in other administrative expenses, which the company anticipates will fall to approximately €36 million (previous year: €40.62 million) in the current financial year. Once the transformation phase is complete, consultancy costs are expected to fall significantly, thereby increasing the scope for expanding marketing expenditure. Overall, operating costs are expected to fall by approximately €4 to 5 million, meaning that, despite a slight decline in total revenue, a pre-tax profit of €12.5 to 17.5 million (previous year: €6.44 million) is forecast.

We are basing our analysis on the company's guidance and, assuming a cost-to-income ratio of 81.5%, expect a pre-tax profit of €14.36 million. The expected rise in total revenue over the coming financial years is also reflected in the pre-tax profit figure. For the current financial year, we have also assumed a normal tax charge (previous year: tax income of €2.83 million). Furthermore, we assume no further additions to or releases from the provision for general banking risks. We therefore initially expect a decline in profit after tax, before this is set to rise sharply from 2027 onwards.

Forecast of pre-tax and post-tax profit (in € million)



Source: GBC AG

VALUATION

We have used a residual income model to value UmweltBank AG. Under this model, the excess return for the forecast periods is determined by the difference between the return on equity and the cost of equity. For the forecast periods covering the three financial years 2026e to 2028e, we have formulated specific expectations regarding net profits and the resulting changes in equity. From this, the expected returns on equity can be derived. The residual income for the financial year can be derived from the excess return generated in a given period. The expected residual incomes are then discounted to the valuation date using the cost of equity. 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

Determining the cost of capital

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

The latter is derived from current yield curves for risk-free bonds in accordance with the recommendations of the IDW's Expert Committee on Business Valuation and Business Administration (FAUB). This is based on the zero-coupon bond yields published by the Deutsche Bundesbank, which were calculated using the Svensson method. To smooth out short-term market fluctuations, the average yields over the preceding three months are used and the result is rounded to 25 basis points. The risk-free interest rate currently used is 3.00% (previously: 3.00%).

We assume the historical market risk premium of 5.5% as an appropriate expectation of a market risk premium. This assumption is supported by historical analyses of equity market returns. The market premium indicates the percentage by which the equity market is expected to outperform low-risk government bonds.

We have calculated the beta on the basis of historical share price data for UmweltBank AG (monthly price movements over the past five years). In doing so, we used the STOXX® Europe 600 Banks index as a benchmark and averaged the data over a five-year period in the regression analysis. On this basis, we have calculated a beta of 0.52 (previously: 0.52) and have also adjusted and smoothed it in accordance with Blume's work. Using the assumptions made, the cost of equity amounts to 5.84% (previously: 5.84%) (beta multiplied by the risk premium plus the risk-free interest rate).

in € million	31.12.24	31.12.25	31.12.26e	31.12.27e	31.12.28e	Terminal value
Equity capital	378.10	397.10	401.90	409.41	424.56	
Net income for the year	0.73	14.26	9.77	14.96	24.26	
ROE (after taxes)		3.68%	2.44%	3.69%	5.82%	11.5%
Cost of equity		5.84%	5.84%	5.84%	5.84%	5.84%
Excess return		-2.16%	-3.39%	-2.15%	-0.02%	5.66%
Book value factor		0.63	0.42	0.63	1.00	1.97
Residual income		-8.17	-13.48	-8.64	-0.09	426.69

Source: GBC AG

According to our valuation model, UmweltBank AG should be able to achieve a sustainable return on equity (after tax) of 11.5% based on balance sheet equity. Assuming a cost of equity of 5.84%, this should result in a sustainable excess return of 5.66% on the terminal value, or a book value multiple of 1.97. To determine the terminal value, we have therefore applied a premium of 1.97 times the book value.

Determination of fair enterprise value	
Present value of residual earnings 2026–2028	€-8.25 million
Present value of terminal value	€380.90 million
Sum of present values	€372.66 million
Shares in issue	41.40 million
Fair enterprise value per share	**€9.00**

The sum of the discounted residual returns and the terminal value amounts to €372.66 million (previously: €371.35 million). Taking into account the 41.40 million shares in issue, the fair enterprise value per share stands at €9.00 (previously: €9.00). Based on our unchanged forecasts, we therefore confirm the fair value per share and maintain our BUY rating.

ANNEX

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OR

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