

Sustainability and Annual Report 2023

Updated version
from 21.08.2024
(replaces the version
from 31.05.2024)



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UmweltBank:
My money makes the world greener

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Please refer to the management report and notes on pages 112 and 158 for information on the changes in this version of the report compared to the version from 31.05.2024. The figures stated in the Letter from the Management Board (from page 4) and the Key financial figures on page 198 have been updated accordingly.



Annual *Report*

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UmweltBank is changing

Dear Readers,

The 2023 financial year was a period of transition for UmweltBank. One important milestone was the migration of our core banking system in autumn. By successfully concluding this project, we have modernised our IT infrastructure appreciably and laid the foundations for the further digitalisation and scalability of our products. We experienced clear growth in new customers and investment following the completion of the migration in October 2023 and this trend has continued to this day.

A transitional year characterised by the transformation

The 2023 financial year was characterised by a challenging environment and the investment we made in our transformation. The interest result (€41.1 million) came under pressure in the past financial year due to the reversal in interest rate policy. The financial result of minus €2.6 million was significantly below the previous-year figure, which benefited from the one-off sale of a wind farm with proceeds of €20 million. The commissions and net trading income of around €9.1 million made a stable contribution to income.

Personnel expenses rose to €25.6 million in 2023, which was mainly due to new appointments in areas relating to regulatory supervision. The Bank employed 354 employees at the end of the year. Administrative expenses of €31.5 million were significantly higher than the previous year, although they were impacted by expenses of €10 million for the change in the core banking system.

On the bottom line, the Bank was able to achieve a net result of €0.7 million.

Together we are creating a world worth living in

We have been focusing on ecology and economy for more than 25 years. UmweltBank issued new environmental loans of more than €450 million in the last financial year alone. The loan portfolio stood at €3.7 billion, of which around 60% are for renewable energy projects and around 40% for the financing of sustainable real estate. In total, UmweltBank contributed to avoiding over 1,340,000 tonnes of CO₂ in 2023. This is roughly equivalent to the annual CO₂ emissions of the inhabitants of a large town like Wolfsburg. Last year, the Bank financed affordable and ecological homes for over 500 people. For another 80 people, care places were created in schools, daycare centres and nursing facilities.

We are focusing on our core competencies

UmweltBank has huge potential and our new corporate strategy will allow us to reach our peak performance in the coming years. On the one hand, we are completely reorganising the UmweltBank to benefit from synergies and boost efficiency, while on the other hand, we will focus in future on our core competencies – green investments and the financing of environmental projects.

We will focus more strongly on achieving growth with private customers by offering them attractive opportunities in the area of sustainable investment. In order to achieve this, we are rapidly expanding our private customer business and improving our efficiency, scalability and sales capabilities. We aim to significantly increase customer satisfaction by developing a completely digital customer experience and strengthening our personal customer service provision. Our products will thus offer our private investors the benefits of simple, digital and sustainable investments. This strategy is already proving a success. In the first six months of 2024, we were able to increase the number of customers by 10% or by more than 13,500 to around 145,000 customers. The deposit volume increased by €600 million in the same period.

In the lending business, we will focus in future on commercial customers with whom we can push forward the energy transition and construction of sustainable real estate. We aim to significantly improve our market shares in these areas over the coming years. For more than 25 years we have been exclusively financing sustainable projects and are well established and very well connected on the market. Our customers benefit from this wealth of experience and they often use us to finance more than one project. New business continues to be limited by available equity. If our capital resources were to increase, we would be able to issue substantially more loans.

We also want to significantly increase our private and corporate banking business in future and will continue our efforts to acquire new customers. We will support this growth with innovations, new products and investment. In the medium term, our aim is to become Germany’s sustainable direct bank that positions itself on the market with a range of simple, digital and sustainable products and services.

We are pushing forward our transformation at high speed

Based on our current plans, we still anticipate that 2024 will be a transitional year characterised by both investment in technology and the organisational structure and also by costs related to the acquisition of private customer business. This will result in anticipated earnings before tax of minus €5

million to minus €10 million. The Bank has significant contingency reserves for general banking risks of €142 million, which will be partially reversed to generate a positive net result in 2024.

We expect that the current financial year will mark a low point but also the turning point in earnings, after which the business will develop much more positively. Expenses will fall again after 2024 and will only increase at a disproportionately lower rate in subsequent years as a result of the scalable business model. At the same time, we want to significantly boost income, above all through a noticeable increase in customer deposits, intensified sales activities in the securities business, an annual increase in new lending business and an improved interest rate position in treasury.

We have ambitious targets for the period up to 2028. Amongst other things, we want to attract 500,000 customers to the UmweltBank, aim to issue new loans totalling more than €1 billion every year and want to achieve a return on equity (before tax) of at least 12%. These targets may seem ambitious but they are realistic if we resolutely follow the path set out in our strategy. Hand in hand with our loyal shareholders, faithful customers and motivated workforce we will unlock the full potential of our UmweltBank. At this point, we would like to take the opportunity to offer special thanks to these people for their tireless and passionate commitment.

The framework conditions could not be better for UmweltBank and offer us huge opportunities for growth over a long period of time. We will make good use of these opportunities! Thank you for your trust and loyalty. Continue to accompany UmweltBank and join us in shaping a world worth living in for us and future generations.

Your UmweltBank Management Board



Goran Bašić
Member of the Management Board



Dietmar von Blücher
Spokesperson of the Management Board

Heike Schmitz
Member of the Management Board



Dietmar von Blücher

Spokesperson of the Management Board
(since 15 January 2024)
Management Board remit:

- Private customers
- Strategy, IT, projects

Heike Schmitz

Member of the Management Board

Management Board remit:

- 1.5, 2nd and 3rd line of defence

Goran Bašić

Member of the Management Board

Management Board remit:

- Business customers
- Participating interests / treasury

A pink square containing the white number '1'.

UmweltBank:
**My money
makes the world
greener**

1.1 About UmweltBank

The UmweltBank has focused on economy and ecology since it was founded in 1997. The green bank and its around 350 employees take care of around 132,000 private and commercial customers throughout Germany. UmweltBank’s core competence is the financing of projects in the field of renewable energy sources as well as ecological and social construction projects. Whether timber houses, student residences or solar parks, the green bank has funded nearly 25,000 future-oriented projects since it was founded. It also offers sustainable savings accounts and securities. With its consistent focus on sustainability, UmweltBank contributes to its vision of creating a world worth living in for future generations.



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

Mission
We make money green.

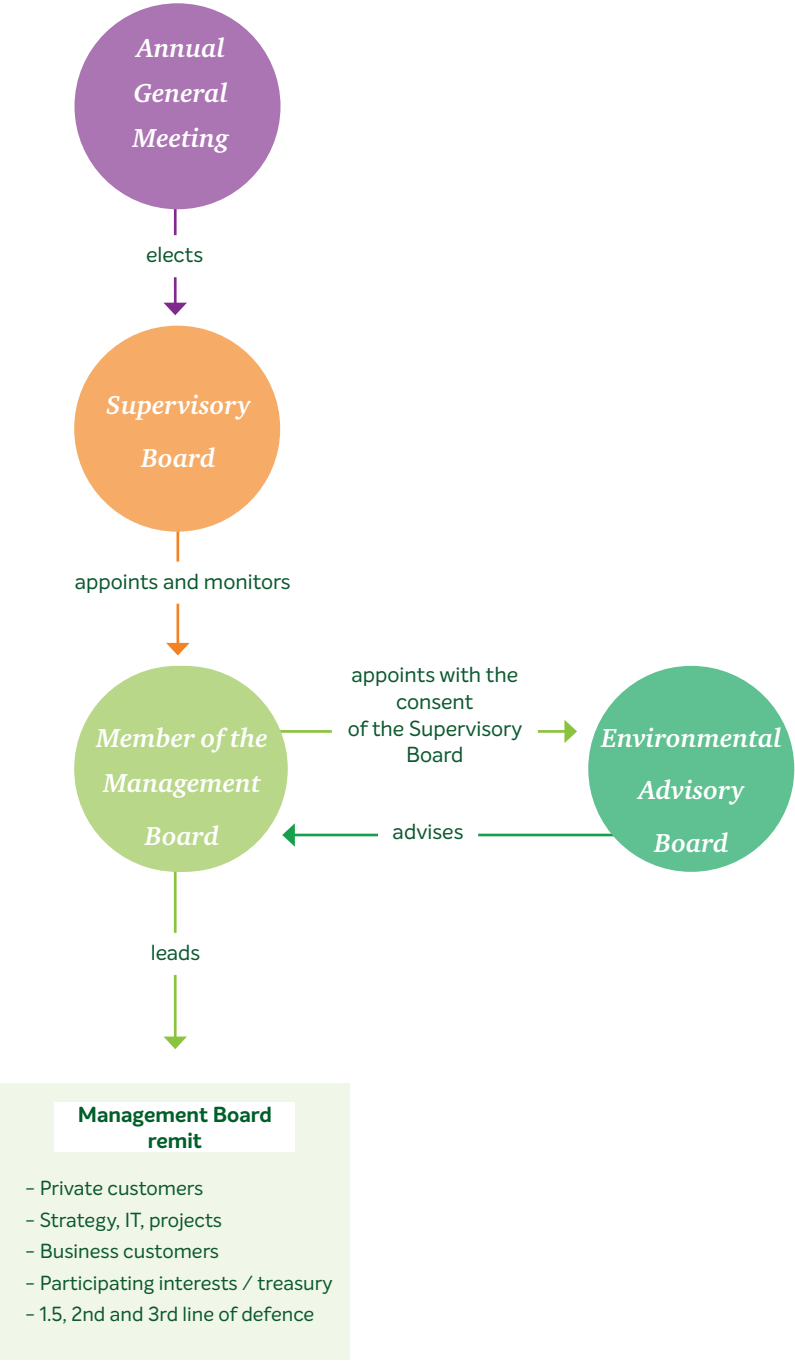
We combine **economy and ecology** by offering our customers **attractive investments** and exclusively financing **sustainable projects**.



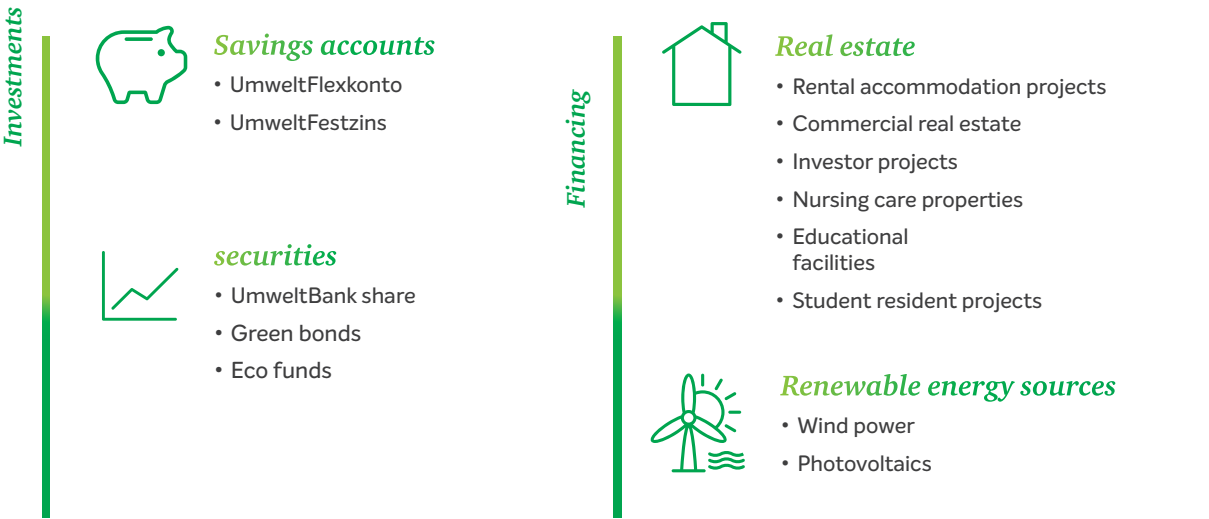
Corporate data as of 31 December 2023

Company	UmweltBank
Legal form	Stock corporation (Aktiengesellschaft)
Headquarters	Nuremberg, Germany
Foundation	1997
Supervisory Board	Susanne Horn Dr Michael Kemmer, Chairperson Heinrich Klotz Dr Michael Maier Edda Schröder Silke Stremlau, Deputy Chairperson Chairperson
Environmental Advisory Board	Prof. Dr Harald J. Bolsinger Dr Meike Gebhard, Chairperson Stefan Klinkenberg Claudia Müller, Deputy Chairperson Heribert Sterr-Kölln
Management Board	Goran Bašić, Member of the Management Board Dietmar von Blücher, Spokesperson of the Management Board (since 15.01.2024) Jürgen Koppmann, Spokesperson of the Management Board (until 31.12.2023) Heike Schmitz, Member of the Management Board
Employees	Approx. 350
Customers	Approx. 132,000
Office locations	Emilienstraße 3, Nuremberg / Laufertorgraben 4, Nuremberg / Laufertorgraben 6, Nuremberg / Laufertorgraben 8, Nuremberg / Nunnenbeckstraße 6–8, Nuremberg
Funded environmental projects	More than 25,000 since foundation in 1997
Total assets	€5.7 billion

Corporate structure



Sustainable products



UmweltGarantie

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



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

Fulfilment is checked quarterly by Sustainability Management and the UmweltBank’s Environmental Advisory Board. As at 31 December 2023, the UmweltGarantie was fulfilled in all areas.



Design: Spengler-Wiescholak

New aesthetics for a sustainable future

UmweltBank celebrated the completion of the timber construction work on its new headquarters – the UmweltHaus – with a topping-out ceremony in April 2024. After its scheduled completion by the end of 2025, the UmweltHaus will become the new headquarters of UmweltBank in Nuremberg. The more than 350 employees currently working toward the vision of UmweltBank at various locations will then find a home together there. This multi-storey timber building offers modern, flexible and inspiring working environments with space for exchange and teamwork. Across the board, there is an equal focus on the needs of the employees and on the sustainability of the materials and furnishings. Besides the Bank's offices, the UmweltHaus will include additional office space for rent as well as a specialist organic food store with a café.

Around the UmweltHaus, there are also plans to construct a sustainable urban district with affordable housing, a childcare centre, businesses and public green spaces – the so-called UmweltQuartier (Environmental District).

Platinum standard sustainability

The German Sustainable Building Council (DGNB) also officially awarded a Platinum Standard pre-certificate to the UmweltHaus as part of the topping out ceremony. "This new timber-concrete hybrid building will make a contribution to environmental sustainability, the reduction in greenhouse gases, energy efficiency and the conservation of resources," explained Prof. Amandus Samsøe Sattler, President of the DGNB. The UmweltHaus will also be one of the first office buildings in Germany to be constructed in accordance with the "KfW Efficiency House 40 NH" energy efficiency standard. This construction project is thus in line with UmweltBank's principle of combining economy and ecology.

A future-oriented site made from renewable raw materials

Overall, around 3,000 cubic metres of timber will be used to construct the entire UmweltHaus. Only the underground garage and the stairwells will be constructed using reinforced concrete for fire protection reasons. Roman Kreutmayr, Technical Manager at ZÜBLIN Timber, highlighted the rapid speed at which this multi-storey timber building had grown in 2023: "The UmweltHaus grew by a whole floor every week last year. This tremendous speed was only possible because we had pre-manufactured the external timber wall elements in our factory, before delivering them to the building site and simply piecing them together!"

Unique project with sustainable aesthetics

The experts involved believe that with its diversity of uses, its scale, the comprehensive energy concept and the combination of systematic timber construction and large-scale façade photovoltaics for the UmweltHaus, the project is currently one of a kind. Architect Ingrid Spengler also sees the timber construction of the UmweltHaus as an opportunity to rethink the aesthetics of buildings: "The fact that beautiful buildings are less likely to be demolished already makes them more sustainable. For us, this means that all materials have to be sustainable and so beautiful that they give rise to an aesthetic that makes sustainable construction come alive."

1.2 Investing money sustainably

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

Save

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

Invest

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

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

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



The UmweltSpektrum fund family



UmweltSpektrum Natur
The protect-the-environment fund

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

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



UmweltSpektrum Mensch
The strengthen-the-community fund

A global equity fund with an emphasis on social coexistence.

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



UmweltSpektrum Mix
The shape-the-future fund

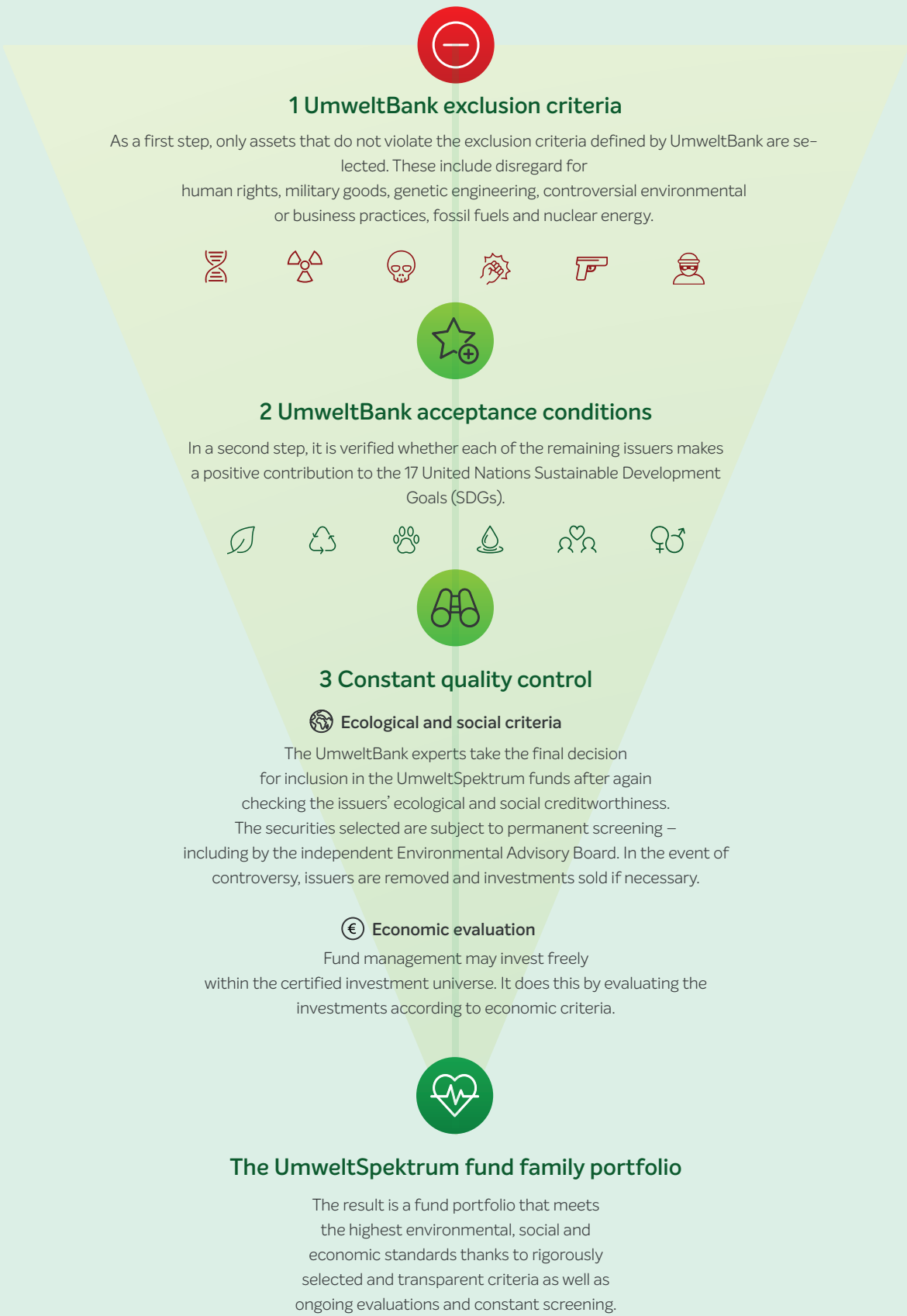
A dynamic mixed fund focused on Europe that combines ecological and social values.

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

Interested investors can find current information on the UmweltSpektrum brand funds at: www.umweltspektrum.de

Selection process

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



1.3 Financing *for environmental projects*

Since it was founded, the UmweltBank has exclusively financed sustainable projects – with an emphasis on renewable energies and ecological and social real estate, generally focusing on large-volume projects carried out by commercial customers. These customers can rely on a personal level of support, more than 25 years of experience and partnerships built to last.

Loans are only issued based on strict positive and exclusion criteria, which are defined in the Bank's publicly accessible financing principles. The Bank finances projects that lead to a sustainable improvement in current living conditions – in line with the 17 sustainable development goals (SDGs). A whole series of financing sectors are also categorically excluded, such as the armaments industry or electricity generation using coal. The UmweltBank finances sustainable projects in order to push forward the energy transition and promote the construction of sustainable real estate – fully in line with its vision of creating a world worth living in for future generations.

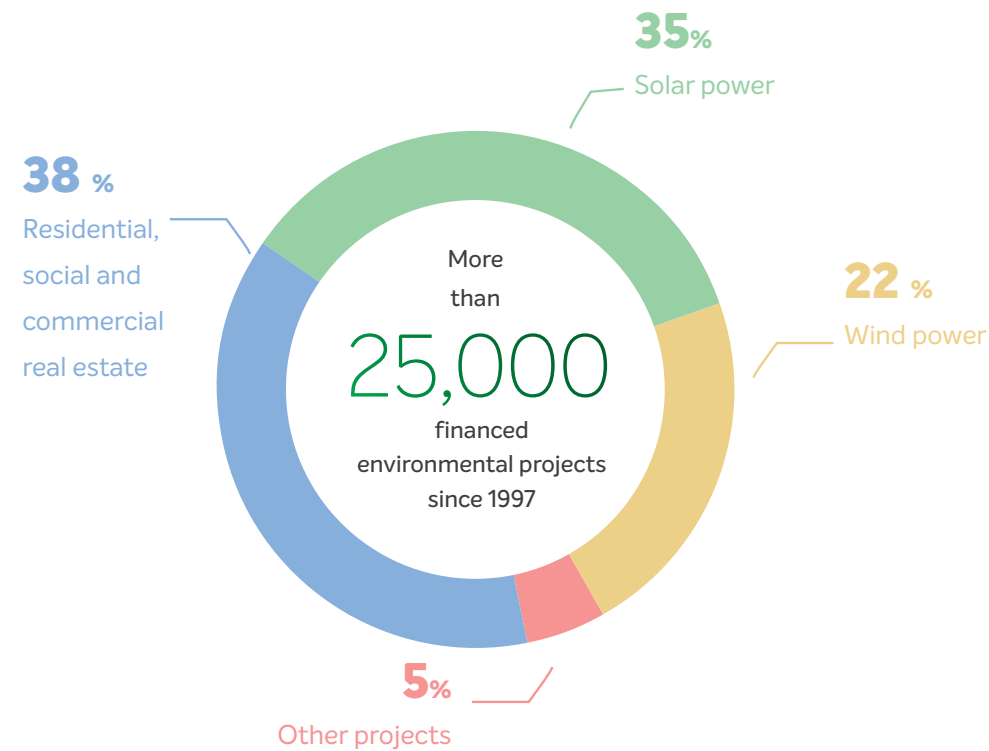
Transparent portfolio

UmweltBank has financed more than 25,000 environmental projects throughout Germany since 1997. Projects with a total volume of €459 million were newly financed in the past year alone.

The volume of loans granted (including open commitments) was more than €3.7 billion in 2023. A large portion of the loan portfolio consisted of residential, social and commercial real estate (38.3%). Solar energy financing had a share of

34.6%, while wind power projects accounted for around 21.6% of financing. With a share of 5.5%, the other lending volume includes, among other things, biomass, heating concepts, hydropower loans and sustainable agriculture.

Structure of the lending business by industry and volume.
Lending (including open commitments): €3,722 million, volume in % as at 31 December 2023.



UmweltRating

The Bank does not only consider economic factors when issuing loans but also evaluates the sustainability of every single project. For this purpose, the UmweltBank uses its own UmweltRating (environmental rating) for real estate and renewable energy projects. To illustrate this process, the UmweltRating for real estate projects is described in more detail below.

UmweltRating for the financing of real estate

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

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

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

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

Matthias Winkler, Head of Financing Real Estate Projects

Construction criteria

Energy efficiency

- ✓ KfW standards
- ✓ Further energy-related measures

Conservation of resources

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

Flora and fauna

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

Social criteria

Affordable living

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

Use

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

Mobility

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



Financing energy and infrastructure projects

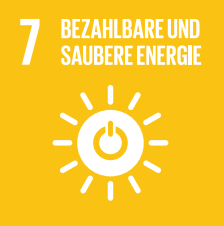
In over 25 years, UmweltBank has financed more than 13,000 photovoltaic and 400 wind power projects with an installed capacity of over 3 GW. In addition, the Bank structures infrastructure financing for renewable heat concepts, electricity storage and power-to-H₂ projects.

In 2023, UmweltBank financed renewable energy projects with a total capacity of approximately 475 megawatts. The market share in the photovoltaic sector amounted to **2.6% of the added capacity in Germany**. Relative to the system segment greater than 500 kWp, which is relevant for the Bank, the share was 7.0%. In the wind power sector, UmweltBank had a market share of 3.0% of the total installed capacity in Germany in 2022.

Pioneer for energy transition with PPAs

In 2019, UmweltBank began offering standardised financing for projects based on power purchase agreements (**PPAs**). The freely negotiated power purchase agreements

regulate the purchase and remuneration of electricity for a defined period of time. UmweltBank finances photovoltaic plants through PPAs detached from the restrictive area categories and size constraints of the German Renewable Energy Act (Erneuerbare-Energien-Gesetz – EEG). PPA financing thus forms the third pillar of the energy transition in the photovoltaic sector, alongside projects up to 1,000 kWp with a fixed remuneration and tender projects.



Bundorf solar park

- **Location:** Bavaria
- **kWh generated per year:**
131,250,000
- **CO₂ savings per year:**
89,000 t CO₂e

The Bundorf solar park in Lower Franconia was constructed in 2023. It is one of the largest renewable energy projects in Germany with a total output of 125 MWp and can supply an aggregate of more than 29,000 households with solar electricity. The solar park project also included a district heating grid to supply local community properties and buildings owned by the citizens of Bundorf, primarily using electricity from the solar park. In addition, charging infrastructure for electric vehicles was installed across all parts of the community – also supplied with green electricity.

Special measures were taken during the planning and construction of the solar park to ensure that it blends into the landscape and also provides valuable habitats for many plant and animal species.

This project is being completed by the long-term UmweltBank customer MaxSolar GmbH und Energie Genossenschaft Inn-Salzach eG (EGIS).

Ecological features of the project

The project in Bundorf follows a holistic approach comprising electricity, heating and e-mobility – which is unique in Germany – to push forward the energy transition and produce a sustainable and circular value chain in the region. Citizens also have the opportunity to participate in this project via EGIS.



Regesbostel wind farm

- **Location:** Lower Saxony
- **kWh generated per year:** 66,370,000
- **CO₂ savings per year:** 49,000 t CO₂e

The Regesbostel wind farm has four wind turbines and is located to the southwest of Hamburg in Lower Saxony. The Vestas V150 wind turbines each have a nominal output of 6 MW. The wind park was developed by the company NOTUS energy based in Potsdam.

Ecological features of the project

Alongside the wind farm, UmweltBank also financed the Beckdorf transformer station via which the electricity generated at the Regesbostel wind farm is fed into the public electricity grid.

Financing of commercial real estate

In the real estate financing sector, UmweltBank is now exclusively concentrating on commercial borrowers since the beginning of 2024. These companies include listed German companies (AGs), limited companies (GmbHs) and also cooperatives. A common feature of most of UmweltBank's commercial real estate customers is that their main focus is not on maximising profit. Instead, they also believe it is important to deliver social benefits – such as the development of social housing or creating care places for children, senior citizens or disabled people. UmweltBank is Germany's leading bank for the financing of sustainable and social rental and commercial real estate. UmweltBank applies the principle of: the more ecological a building is to be, the more favourable the interest rate will be. However, social aspects also play an important role.

New housing concepts are required, especially in times of skyrocketing rents. Projects developed by cooperatives or apartment building consortia are completed at cost price. The members of the cooperative receive their apartment for a cost-based rent that is usually cheaper than the market rate and also have a right to live in the apartment for the rest of their lives. The future residents are able to play an active role in the planning of the project. These types of residential projects also generally include some subsidised housing and thus make a further contribution to affordable living. Another area of the Bank's commercial real estate financing are projects with a social focus. In the area of child care facilities, the UmweltBank finances child daycare centres and schools – which are predominantly privately owned. The Bank also provides loans to care facilities for senior citizens or disabled people as well as to assisted living projects. The range of financed projects is rounded off by sustainable office real estate.



In 2023, UmweltBank made affordable accommodation available for over 500 people with the projects it financed.

80 care places were established in 2022 in schools, day-care centres and nursing facilities financed by UmweltBank.

VILLA VIVA Hamburg

Hotel VILLA VIVA in Hamburg is a so-
cial-business project from Viva con
Agua de St. Pauli e.V. (VcA), an NGO
that campaigns for access to clean
drinking water, hygiene facilities and
basic sanitation on an international
level. The hotel is operated in cooper-
ation with the company “Heimathafen
Hotels”. At least 40% of all profits from
the hotel go to VcA to support their
vision “Water for All”.



Ecological features of the project

The hallmark of this newly constructed hotel is sustainability. For example, low carbon concrete was used in elements subject to low-
er static loads, while a central supply and exhaust air system with a
composite heat recovery system is used for ventilation. The heating
and cooling systems are extremely energy efficient with a low inlet
temperature for heating and a high inlet temperature for cooling. A
water tank is on show to all visitors in the restaurant. It is supplied
with the heating energy it requires by the solar system installed on
the roof. Any rainwater that falls on the roof is collected and used to
water the green terraces and green façades. VILLA VIVA has contin-
gents of rooms for VcA network meetings, areas for hosting events
and exhibition areas in the lobby and hotel corridors and functions
as a microcosm for the organisation, not only by generating added
value economically for the work of the VcA but also by giving visitors
to the hotel the opportunity to learn about the work of the organi-
sation in a unique atmosphere.



New Amt Altona eG

New Amt Altona is a cooperative building project in Hamburg Altona. This new six-floor
building with a hybrid-timber construction is home to co-working spaces, studios and
a neighbourhood meeting space under one roof. The building is an attractive location
for future users thanks to its ecological construction and the opportunities it offers to
participate in the development of the building.

Ecological features of the project

This project utilises areas of the previous building that were worth preserving and com-
bines them with a new ecological construction using timber. The energy and heating
supplies to the building are provided by a PV system and an air-to-air heat pump. Due
to its cooperative structure, the building will be permanently protected from the real
estate market and any speculative investors, whereby some of the space can be rented
out at favourable rates for creative and artistic uses.



From left to right: Robert Beddies, Lea Schoppmann, Dr. Andreas Dressel,
Cornelius Voss, Christina Veldhoen, Feena Fensky; photo: Jonas Larbalette

1.5 Germany’s green bank share

The UmweltBank share is the only sustainable bank share listed on the stock exchange in Germany. Due to the strategic focus on renewable energy sources and ecological housing, an investment in the green bank is also an investment in future trends. Around 85% of the shares are in free float and can be traded on XETRA, Tradegate and other stock exchanges.

Key data of the UmweltBank share as at 31 December 2023

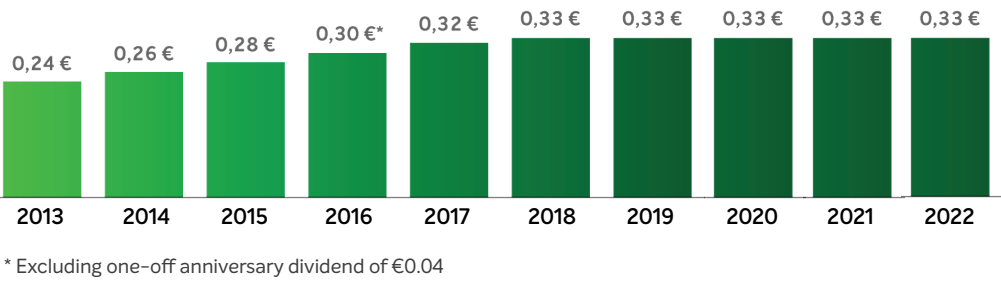
XETRA year-end price	€7.86
Market capitalisation	€280 million
WKN / ISIN / RIC	55 7 080 / DE0005570808 / UBK
Home exchange	Munich Stock Exchange, m:access segment for medium-sized businesses
Other trading venues	Xetra, Frankfurt, other regional exchanges
Number of shares	36,058,412 bearer shares
Share capital	€36,058,412.00

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

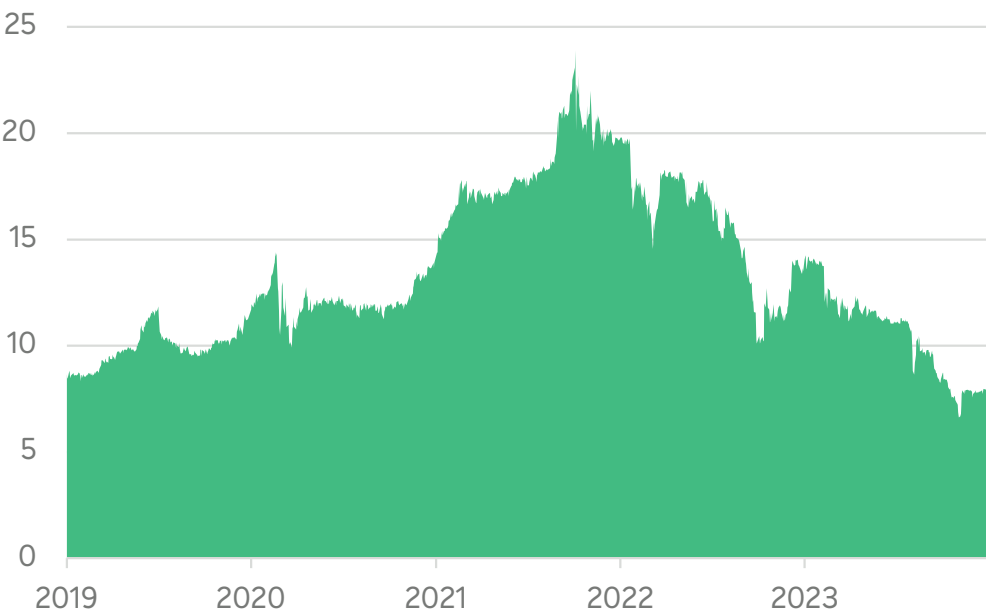
Dividend policy

UmweltBank paid a dividend for the first time in 1999. At the Annual General Meeting in June 2023, shareholders approved a dividend payout of 33 cents per share – **the 20th distribution in a row**. As a result of the current phase of transformation and to allow the necessary investment, the Management Board and Supervisory Board will propose to the Annual General Meeting in August 2024 that no dividend is paid.

Dividend development (10 year overview)

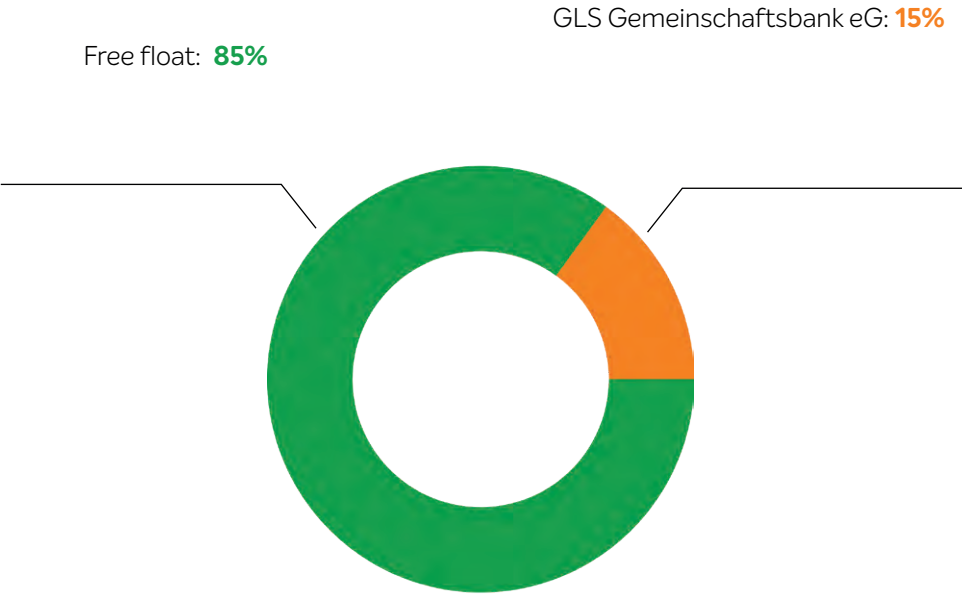


Price development of the UmweltBank share (5 years) in euros



Shareholder structure

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



Employees become shareholders

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

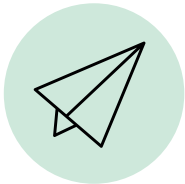
Excellent sustainable investment

UmweltBank has had the “Prime” rating in the ISS-ESG sustainability rating for many years. The rating agency has given UmweltBank an overall rating of B on a scale from A+ to D+. This makes it one of the forerunners in the “Financials/Specialised Finance” sector.



Recommendations from financial analysts

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



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1.6 *Responsible*
corporate governance

Sustainability policy

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

Mission and sustainability management

The preamble of the Articles of Association is the foundation of UmweltBank’s sustainability policy.

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

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

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

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

The detailed positive and exclusion criteria are defined in “**Our Principles for Investment Products and Financing**”.

Positive and exclusion criteria

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

Positive criteria

UmweltBank exclusively finances projects and only invests in companies that con-

tribute to one or more of the United Nations’ Sustainable Development Goals.



Exclusion criteriaThe following principle applies to UmweltBank’s exclusion criteria:

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

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

Practised sustainability

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

Compliance with applicable laws and regulations – not only those in the areas of ecol-

ogy, economy and social affairs – is a matter of course for the employees and bodies of UmweltBank.

Precautionary approach

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

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

Compliance and data protection

UmweltBank has a Compliance function that is intended to mitigate the risks that may arise from non-compliance with statutory regulations and requirements. The Compliance function shall work towards the implementation of effective procedures for compliance with the legal regulations and requirements essential for the institution as well as towards corresponding controls. Furthermore, the Compliance function shall support and advise the management with regard to compliance with these legal regulations and requirements. The securities compliance function monitors, in particular, compliance with legal regulations applicable to securities. The money laundering prevention function is responsible for the prevention and detection of money laundering and other criminal offences. Employees receive training on these topics at various intervals.

The Information Security Officer (ISB) is responsible for the running and continuous improvement of the information security management system (ISMS) in accordance with legal, regulatory and self-imposed obligations.

In 2023, no fines were levied against UmweltBank due to non-compliance with legislation in social and economic areas. On 14 June 2023, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) ordered UmweltBank

AG to take measures to ensure a proper business organisation in accordance with § 25a (2) sentence 2 German Banking Act (Kreditwesengesetz – KWG). On 24 May 2023, BaFin also ordered UmweltBank AG to hold additional capital in accordance with § 6c (1) sentence 1 No. 6 KWG.

UmweltBank has established a central complaint management system for the benefit of customers and interested parties. UmweltBank provides information about this on its website and in its information for customers. The purpose of central complaint management is to ensure that information is reviewed and assessed objectively and in the interest of the customer. The complainants first receive an acknowledgement of receipt and then a response within 14 days, which in some cases may say that this period has to be extended. If the complaint is not answered in full, the complainants will receive an explanation, and information on their options for further pursuing any claims. Where relevant, specific reference is made to the fact that UmweltBank is obliged to participate non-judicial mediation and how this can be availed. The functionality of the complaints management process is regularly reviewed and assessed within the framework of internal and external audits. The findings from the complaint handling are considered by UmweltBank's Compliance function and are included in the reporting to the Management Board and the Supervisory Board.

In 2023, there were three substantiated complaints from external parties client data protection breaches. A total of 56 data privacy incidents were reported to ISD, of which 51 were classified as “events” and five as data privacy incidents that have a mandatory reporting obligation. The Bavarian State Office for Data Protection Supervision (BayLDA) was notified about these incidents within 72 hours as required. Most of the data privacy incidents dealt with the unwanted disclosure of data. The BayLDA did not impose any sanctions on UmweltBank AG in the reporting period.

Compliance with environmental legislation

UmweltBank complies with all applicable environmental laws. In addition, the Bank observes voluntary commitments and industry standards from the area of sustainability and environmental policy. UmweltBank is subject to sector-specific banking and capital market regulations, for example as contained in the German Banking Act (Kreditwesengesetz – KWG) and the Securities Trading Act (Wertpapierhandelsgesetz – WpHG). Compliance with the general duties of good conduct is monitored by the compliance organisation, which reports directly to the Management Board. The relevant environmental laws are recorded by the Treasury & Sustainability department in collaboration with the Legal & Compliance

department and regularly checked to ensure they are up to date. In the event of deviations or changes in the law, any necessary measures are initiated after consultation with the Management Board. No violations of environmental legislation were identified in 2023.

Human rights

UmweltBank complies with internationally recognised human rights. The Bank has published clear principles for the issuing of loans, investment products and its own investments. It defines binding positive and exclusion criteria, whereby human rights violations are a clear criterion for exclusion. No business transactions are approved if an exclusion criterion applies. No business activities in violation of human rights were identified for 2023. There are no known cases of child labour or forced labour.

When sourcing products and services, UmweltBank places a special focus on ethically sound suppliers and service providers. These are regularly evaluated with the aid of questionnaires and screenings. With its sole registered office in Nuremberg and preferential collaboration with local suppliers and service providers, UmweltBank minimises the risk of human rights violations in the sourcing of its products and services.

Corporate responsibility

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

New customer promotion

UmweltBank donated **€5 to the Viva con Agua de Sankt Pauli association for every new customer** in 2022 and 2023. Each donation gave two people in Uganda access to clean drinking water. Viva con Agua supports water projects worldwide and has the vision that all people have access to clean drinking water, hygiene facilities and basic sanitation.



UmweltBank and Viva con Agua – together for clean water

Water is a human right! Despite this, over 750 million people worldwide do not have assured access to clean drinking water. Since 2006, Viva con Agua de Sankt Pauli e. V. has been working to change this and promotes a wide range of water projects, especially in Africa. The small Hamburg-based association has since become an international network that helps to ensure that all people have access to clean drinking water and basic sanitation.

Viva con Agua supports so-called WASH projects worldwide. WASH stands for water, sanitation and hygiene. In keeping with the motto “Water for all – all for water”, the projects contribute to improving the supply of drinking water and providing basic sanitation. The association is not only concerned with simply providing the infrastructure, but also with hygiene and the responsible use of the scarce resource of water. Viva con Agua takes a so-called Universal Languages Approach in its work. The universal languages of music, art and sport are used to create awareness of WASH issues in a playful and joyful manner as part of the projects. This motivates local people to adopt a hygiene- and health-conscious lifestyle.

The association likes to go in unconventional ways to raise money for a good cause. From collecting deposit cups at concerts to hitchhiking races across Europe to selling fair toilet paper: The association shows how easy it can be to donate and that every contribution, no matter how small, counts. This is also evident in the context of the collaboration with UmweltBank. In 2023 alone, customers helped provide access to clean water for more than 16,800 people in Uganda.

Membership in associations and initiatives

Through its numerous memberships, UmweltBank supports in particular those interest groups and associations that advocate for preserving the environment and an ecological way of life. From industry-specific associations such as the Bundesverband WindEnergie e.V. (BWE) or the Forum Nachhaltige Geldanlagen (FNG), to regional initiatives such as the Solarmobil-Verein Erlangen e.V., UmweltBank is involved in more than 20 organisations. As a matter of principle, UmweltBank does not donate to political parties, politicians or governments.

Association/Organisation/Initiative
B.A.U.M. e.V.
BLUEPINGU e.V.
Bundesverband Baugemeinschaften e.V.
Bundesverband Erneuerbare Energien e.V. (BEE)
Bundesverband Solarwirtschaft e.V. (BSW)
Bundesverband WindEnergie e.V. (BWE)
BUND – Bund für Umwelt und Naturschutz Deutschland e.V.
Bund Naturschutz in Bayern e.V.
Deutsche Gesellschaft für Nachhaltiges Bauen-DGNB e.V.
Deutsche Gesellschaft für Personalführung e.V.
DIRK – Deutscher Investor Relations Verband e.V.
Fair Company
Forum Nachhaltige Geldanlagen e.V.
FORUM Gemeinschaftliches Wohnen e.V.
Global Alliance for Banking on Values (GABV)
Green and Sustainable Finance Cluster Germany e.V.
Netzwerk Immobilien e.V.
NABU – Naturschutzbund Deutschland e.V.
Solarmobil-Verein Erlangen
Verband für Nachhaltigkeits- und Umweltmanagement e.V.
Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)
Viva con Agua de Sankt Pauli e.V.
Wirtschaft für die Europäische Metropolregion Nürnberg e.V.



PROUD MEMBER

Global Alliance for Banking on Values

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

The GABV was founded in 2009 and consists of a growing network of currently 70 financial institutions and 16 strategic partners operating on every populated continent. In total, they serve more than 60 million customers, manage assets of over €200 billion and employ more than 80,000 people.

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

1.7 Dialogue with stakeholders

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

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

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

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

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

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1.8 Analysis of the main sustainability aspects

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

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

Analysis preparation: To ensure a holistic view of relevant sustainability issues, industry guides, trade publications from the field of sustainable finance and the sustainability reports of seven different banks were evaluated. In addition, key aspects from previous UmweltBank sustainability reports, selected targets of the Sustainable Development Goals (SDGs) as well as information from the current CO₂ balance were included. The result of this preparation was 20 sustainability topic complexes covering the three dimensions of economic, social and ecological sustainability. These are the topics where UmweltBank has a high impact on the environment and society and/or where topics related to the environment and society have a particular impact on the business model.

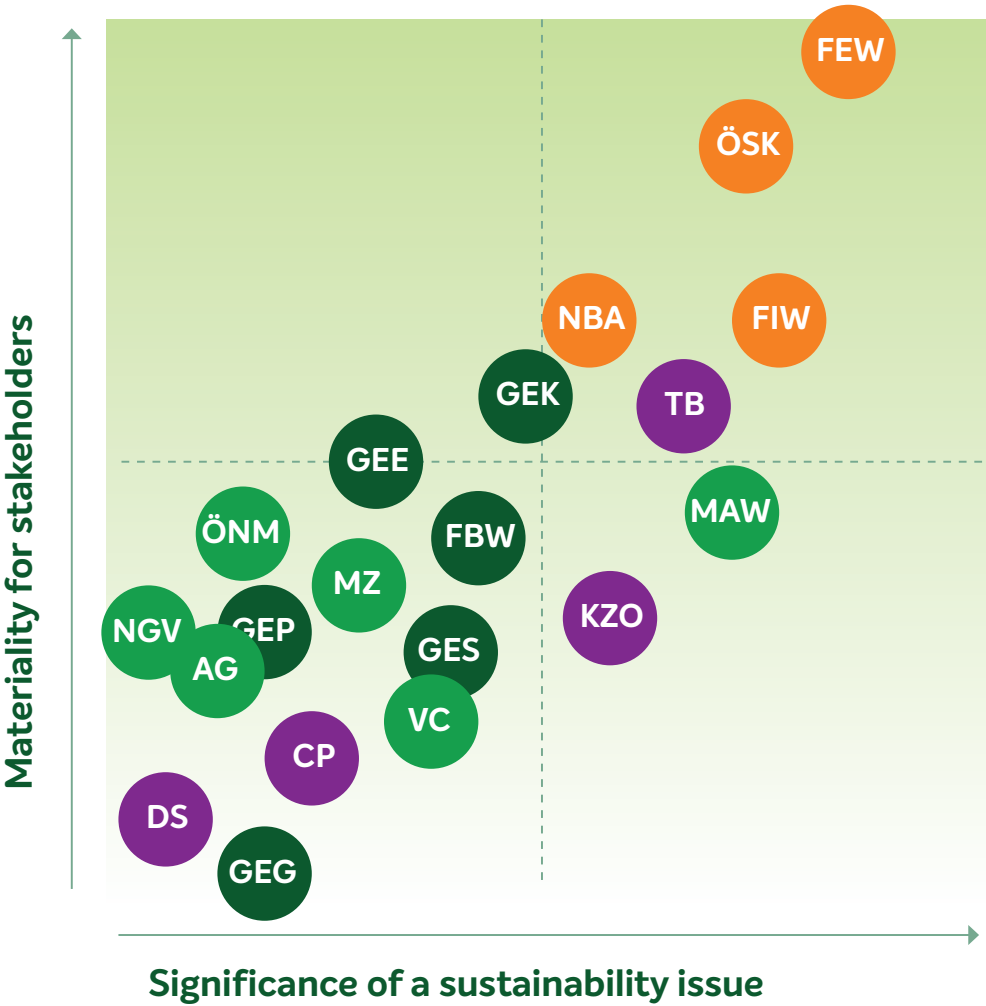
Analysis performance: The analysis was based on a digital stakeholder survey. In addition, interviews were held with various experts and supplemented by a short digital survey. Over 1,700 stakeholders participated in the survey. They not only include employees, management, supervisory bodies and customers but also shareholders, capital market analysts and people without any business relationship with UmweltBank. A wide range of representatives from science, politics and business were asked to participate in the expert interviews. Four representatives from politics and science as well as four representatives from the CSR departments of competitors participated in the 30–60 minute interviews. The identical 20 sustainability topics from the four categories – core business financing, core business organisation, internal sustainability topics and social engagement – were addressed with all participants.

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

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

To assess the significance of the sustainability topic, an index was derived from the responses of the management, the supervisory bodies and the experts. 50% of the significance index is derived from the answers of management and supervisory bodies and 50.0% from the information provided by the experts in the short survey. A qualitative component was then added to this purely quantitative index. The significance index of each sustainability topic could be increased or decreased by up to 10% based on the interviews and the information from the analysis preparation. The significance of ten sustainability topics was refined with the help of this qualitative override.

Materiality matrix with all stakeholders



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

FEW – Finanzierung der Energiewende (Financing the energy transition)
ÖSK – Ökologische und Soziale Kriterien in Kreditvergabe, Eigenanlage und Anlageoptionen (Ecological and social criteria in lending, own investment and investment options)
FIW – Finanzierung einer nachhaltigen Immobilienwirtschaft (Financing a sustainable real estate industry)
NBA – Eigenentwicklung von nachhaltigen Bankangeboten (In-house development of sustainable banking offers)

TB – Transparenz zur Nachhaltigkeitsleistung der Bank (Transparency on the Bank's sustainability performance)
KZO – Kund_innenzufriedenheit und –orientierung (Customer satisfaction and orientation)
CP – Compliance (Einhaltung von Rechtsvorschriften) (Adherence to statutory regulations)
DS – Datenschutz und –sicherheit (Data protection and security)

MAW – Mitarbeiter:innenaus- und –weiterbildung (Staff initial and advanced training)
MZ – Mitarbeiter:innenzufriedenheit (Employee satisfaction)
VC – Vielfalt und Chancengerechtigkeit (Diversity and equal opportunity)
AG – Arbeitsplatzbedingungen und –Gesundheit (Workplace conditions and health)
NGV – Nachhaltiger Geschäftsverkehr (Sustainable business travel)
ÖNM – Innerbetriebliches ökologisches Nachhaltigkeitsmanagement (Internal ecological sustainability management)

GEK – GE für Maßnahmen zum Klimaschutz (SDG 13) (Social engagement for climate action (SDG 13))
GEE – GE für bezahlbare und saubere Energie (SDG 7) (Social engagement for affordable and clean energy (SDG 7))
FBW – Förderung von Bildung zu nachhaltigem Wirtschaften (SDG 4) (Promoting education for sustainable business practices (SDG 4))
GEP – GE für nachhaltigen Konsum und Produktion (SDG 12) (Social engagement for responsible consumption and production (SDG 12))
GES – GE für nachhaltige Städte und Gemeinden (SDG 11) (Social engagement for sustainable cities and communities (SDG 11))
GEG – Gesellschaftliches Engagement für Geschlechtergleichheit (SDG 5) (Social engagement for gender equality (SDG 5))

2

Contribution
to the environment

2.1 *Environment* management system

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

Planning

UmweltBank’s core business is the financing of environmental projects. The Bank assesses all loan requests for their environmental and social impact and then decides whether to grant the loan. The company measures its environmental performance primarily on CO₂e avoided. In addition, the Bank measures its contribution to the achievement of its prioritised SDGs. The Bank also identifies impacts on the environment caused by its business operations. The following aspects are currently considered relevant:

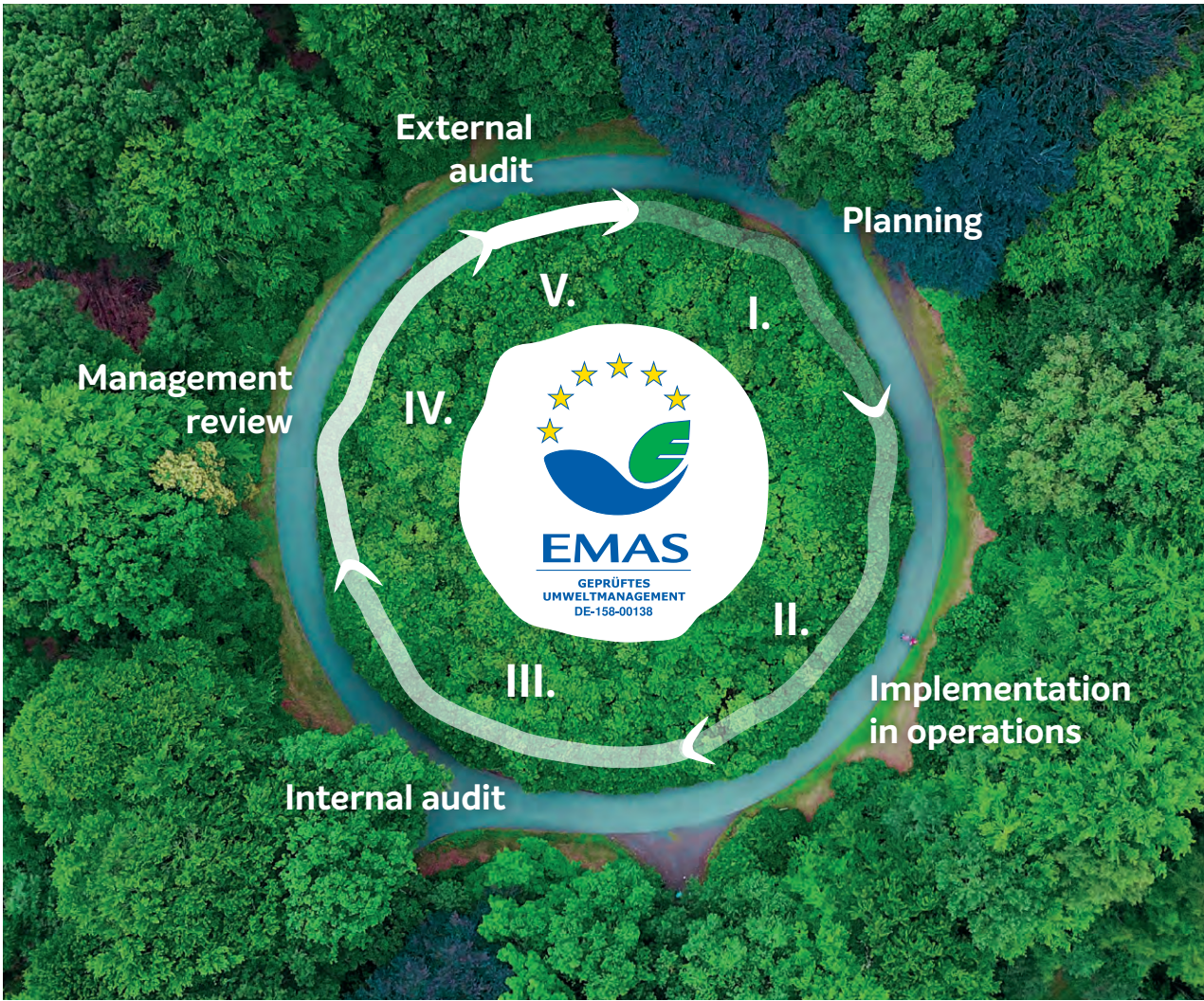
Direct aspects:

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

Indirect aspects:

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

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



Implementation in operations

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

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

Internal audit

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

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

Management review

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

External audit

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

2.2 Environment performance

Key ecological influencing factors

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

Direct influences

Within the framework of the environmental management system according to the EMAS guidelines, UmweltBank annually collects data on the core indicators energy efficiency, material efficiency, waste, water and biodiversity, business travel as well as emissions, whereby the latter are presented and explained separately within the framework of the CO₂ balance.

Energy efficiency

	Unit	2021	2022	2023	Change in %
Total power consumption	kWh	182,414.7	189,795.6	183,112.9	-3.5%
Share of renewable energy sources	%	100.0	100.0	100.0	0.0%
Power consumption per employee	kWh	761.6	688.9	598.4	-13.1%
Total heat consumption	kWh	617,281.3	492,380.6	419,286.0	-14.8%
Share of renewable energy sources	%	18.0	49.0	49.0	0.0%
Share of district heating	%	100.0	100.0	100.0	0.0%
Heat consumption adjusted for degree days	kWh	592,590.1	541,618.6	482,178.9	-11.0%
Total energy expenditure	kWh	799,696.1	682,176.1	602,398.9	-11.7%
Total energy expenditure per employee	kWh	3,339.0	2,476.1	1,968.6	-20.5%
Share of renewable energy sources	%	36.7	63.2	64.5	2.1%

The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023).

UmweltBank’s energy needs are met by electricity and district heating. When purchasing energy, the Bank places great importance on keeping the environmental impact as low as possible. UmweltBank thus obtains 100% of the electricity it needs from renewable energy sources.

The district heating supplied to all office buildings is sourced from a regional energy provider. Although district heating is not produced using renewable energy sources, it is considered a very environmentally friendly form of energy. Electricity consumption in 2023 was at about the same level as in the two previous years. Although the workforce at UmweltBank has grown, employees continue to actively utilise the Bank’s flexible mobile office options. In contrast, heat consumption fell significantly by 15%. One possible reason for this development was the relatively warm temperatures in 2023, which resulted in less need for heating.

Material efficiency

Paper consumption	Unit	2021	2022	2023	Change in %
Paper consumption, marketing measures	t	15.3	15.7	5.1	-67.6%
Paper consumption, business operations	t	12.1	11.8	14.5	23.0%
Paper consumption, total	t	27.5	27.5	19.6	-28.8%
Paper consumption per employee	kg/FTE	114.6	99.8	64.0	-35.9%

The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023).

In the Bank’s business operations, the change in the core banking system in 2023 caused a one-off increase in paper consumption due to a greater need to provide customers with information (e.g. instructions on how to activate the new online banking system, sending out new access data). Overall, paper consumption fell by almost 30% in 2023, which was mainly due to focusing more on digital marketing activities. It should be possible to make further savings in future as a result of the new IT system.

UmweltBank uses only environmentally friendly paper. This contains no substances that are harmful to health, is labelled with the “Blue Angel” environmental seal and its production is CO₂-neutral.

Waste

	Unit	2021	2022	2023	Change in %
Biodegradable kitchen and canteen waste (AVV (Waste Catalogue Ordinance) 20 01 08)	t	8.0	8.2	9.3	13.9%
Mixed municipal waste (AVV 20 03 01)	t	3.2	3.3	4.1	24.8%
Plastic packaging (AVV 15 01 02)	t	2.3	2.3	2.6	16.4%
Paper and cardboard (AVV 20 01 01)	t	20.6	22.6	21.8	-3.7%
Total waste generation	t	34.2	36.4	37.9	4.1%
Waste generation per employee	t/FTE	0.1	0.1	0.1	-6.3%
Hazardous waste (AVV 20 01)	kg	3.3	7.7	1.9	-75.4%
Discarded electric and electronic equipment (AVV 20 01 36)	kg	4.0	12.0	0.0	-100.0%

The waste quantities are determined using estimation methods based on volumes. Measurement inaccuracies of 10% are possible. The separate collection rate according to the Commercial Waste Ordinance (Gewerbeabfallverordnung – GewAbfV) is 100%. The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023).

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

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

In the reporting year 2023, the total amount of waste increased by about 4% compared to the previous year, which was attributable to the higher number of employees.

Water

	Unit	2021	2022	2023	Change in %
Total water consumption	m³	2,273.7	2,363.1	2,699.2	14.2%
Water consumption per employee	l/FTE and day	43	38.8	36.3	-6.5%

The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023).

UmweltBank’s water consumption is similar to that of a household. Water is used almost exclusively for toilet use, cleaning the business premises and watering plants. The discharge of waste water is therefore also to be assessed as similar to a household. Water consumption per employee fell by 6.5%. The water consumption for the last few years has been corrected due to a calculation error.

Biodiversity

	Unit	2021	2022	2023	Change in %
Total land use	m²	3,526.4	3,526.4	3,526.4	0.0%
Office space	m²	5,789.1	5,789.1	5,789.1	0.0%

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

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

Business travel

	Unit	2021	2022	2023	Change in %
Rail	km	89,767	172,265	146,558	-14.9%
Car with internal combustion engine	km	3,339	7,168	4,827	-32.7%
Electric car	km	4,581	235	-	-100.0%
Flights	km	1,956	1,941	15,000	672.8%
Total business travel	km	99,643	181,609	166,385	-8.4%
Business travel per employee	km/FTE	416	659	544	-17.5%

The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023).

In accordance with the Bank’s internal guidelines, trains must generally be used for all business trips. If this is not possible or only possible with a disproportionate level of in-convenience, passenger cars with combustion engines are rented if necessary. Air travel is only permitted if the time required for a train journey would be disproportionately high.

In comparison to the previous year, business travel fell overall by 8% in 2023. A notable change is the increase in the number of flights, which was due to unavoidable business trips and the Bank’s participation in the Global Alliance for Banking on Values (GABV) meetings.

Direct influences of the UmweltHaus (environmental house)

Under construction since 2022, the UmweltHaus, UmweltBank’s corporate headquarters on Nuremberg’s Nordwestring, will play a key role in the consideration of direct aspects in the future. The choice of the site already took into account ecological factors such as the avoidance of new land consumption and good transport connections. As currently planned, the building will have the following ecological features: The UmweltHaus is to be built as a hybrid wooden building with the lowest possible energy and resource consumption, aiming for certification according to the Platinum Standard of the German Sustainable Building Council (DGNB). It is to be one of the first non-residential buildings to be realised according to the KfW Efficiency House 40 energy efficiency standard. In addition, the use of the building façade for photovoltaic power generation is planned as part of a holistic energy concept.

UmweltBank is aiming for DGNB Platinum certification – the council’s highest award – for the UmweltHaus. In 2022, the DGNB rewarded the Bank’s previous planning and efforts on the way to becoming a particularly sustainable company headquarters with a Platinum pre-certificate. The environmental performance of the UmweltHaus is being measured and communicated transparently from the very beginning, even during the construction phase. As construction progresses, more and more key figures will be published in the future, such as energy efficiency, material efficiency in relation to the most relevant input materials, water consumption and waste generation. In the future, the sustainability report will also include information on biodiversity and emissions. 100% of the electricity used on the construction site is sourced from renewable energy sources. Overall, power consumption in 2023 totalled around 234 MWh. In addition, 879 m³ of water were consumed. The amount of waste generated so far is around 633 tonnes.

	Unit	2022	2023
Water consumption	m³	1,923	879
Water consumption per m² of usable space		0.58	0.27
Power consumption	kWh	61,755	234,015
Power consumption per m² total area		18.72	70.94
Waste generation	t	18.97	633.17
per m² total area	t	0.006	0.19
of which mixed construction and demolition wastes (AAV 17 09 04)	t	8.02	17.49
of which construction and demolition wastes (AAV 17 01 07)	t	3.12	432.32
of which mixed metals (AAV 17 04 07)	t	1.32	
of which wood (AAV 17 02 01)	t	5.81	113.38
of which paper and cardboard (AAV 15 01 01)	t	0.7	10.19
Concrete (AAV 17 01 01)	t		44.23
Iron and steel (AAV 17 04 05)	t		11.50
Insulation material made of hazardous materials (AAV 17 06 03)	t		0.25
Construction/insulation styrofoam (AAV 17 06 04)	t		0.20
Plastics (AAV 20 01 39)	t		2.99
Commercial waste (waste code: A4910)	t		0.62

The usable space of the company headquarters, UmweltHaus, is roughly 3,299 m²

Indirect influences

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

The indirect influences are shown in the CO₂ balance on page 68.

Sustainable procurement

UmweltBank always pays attention to ecological and social aspects when procuring operating resources. The criteria for sustainable purchasing are defined internally and apply to all suppliers and service providers. UmweltBank has purchased office supplies and cleaning products from a sustainable partner company for many years now. It only sells products that meet ecological and social standards, and ships them with net 0 CO₂ emissions in environmentally friendly, reusable packaging. When purchasing food for entertaining customers or for company events, there is a consistent focus on regionality, organic cultivation and fair production conditions.

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

Print shop

It is very important to UmweltBank that the pollution of air and water due to printing processes is low. These requirements are met by the contracted print shops, which use only ecological printing inks based on vegetable oil. As a result of the change in the core banking system, we are also using printed materials provided by the company Atruvia.

Mailing

UmweltBank addresses and envelopes customer letters via Deutsche Post DHL Group's GoGreen environmental protection programme. The service provider has an ISO-14001-certified environmental management system and offsets the CO₂ emissions generated by mailing.

Commuting

To make the environmental impact of commuting as ecological as possible, UmweltBank provides all permanent employees with a ticket for the local public transport system free of charge.

Lending

Lending gives banks the opportunity to exert great influence over their customers' investments. UmweltBank grants loans exclusively to environmental projects and has clear positive and exclusion criteria.

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

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

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

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

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

Corporate responsibility

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

CO₂-reporting

Methodical approach

Since the start of its business activities, UmweltBank has measured its impact on the environment in a CO₂ balance. Various globally recognised procedures and standards are used for the balancing and reporting of greenhouse gas emissions to continuously improve the calculation methodology and data quality.

Greenhouse Gas Protocol

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

Scope 1

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

Scope 2

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

Scope 3

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

The Greenhouse Gas Protocol covers emissions of carbon dioxide (CO₂), methane (CH₄), nitrogen dioxide (NO₂), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). For simplified presentation, the individual pollutant emissions are then converted into so-called “CO₂ equivalents” and measured in tonnes (t). In the interest of better readability, these CO₂ equivalents are expressed as CO₂ in the main text, whereas the notation CO₂e is used in the tables.

Notes on Scope 3 emissions

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

participating interests in real estate are also included here.

UmweltBank bases its Scope 3 on the standard from the Partnership for Carbon Accounting Financials (PCAF), a global corporate initiative to standardise CO₂ accounting in the financial sector. Participating financial institutions have committed to disclose the greenhouse gas emissions of their loans and investments (www.carbonaccountingfinancials.com).

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

Calculation of emissions: project financing

With its financing activities, UmweltBank contributes to reducing CO₂ emissions through direct participating interest in projects and through lending for ecological projects. The calculation system for the CO₂ balance is based on the Greenhouse Gas Protocol.

The calculation is based on the assumption that electricity from renewable energies sources saves CO₂ compared to the energy sources they substitute (nuclear energy, lignite, hard coal, gas or oil), but that the construction and maintenance of the generators also produce CO₂ emissions. These emissions are also recorded and reported.

To determine the emissions, the quantity of electricity produced is multiplied by the current (as of December 2023) emissions factors published by the German Environment Agency (Umweltbundesamt). The quantities of electricity for wind and hydropower plants on which the calculation is based are taken from the yield reports available to the Bank. In the case of photovoltaic systems, the annual amount of electricity is determined for each individual system using a yield value table broken down by postcode.

Calculation of emissions: Real estate financing

The CO₂ emissions of the financed properties are obtained by multiplying the attribution factor by the individual emissions. The emissions of the properties are calculated using the PCAF emissions database. The database indicates average CO₂ per m². These figures allow an approximation of the actual emissions of the financed properties. For the years 2019 to 2023, most of the square meterage of the floor area of the financed properties is known; which is why the data only had to be supplemented with assumptions in a few cases. For earlier years, assumptions were made based on the average from the last few

years. In cases where there was no investment volume, it was also assumed that the lending volume was equal to 70% of the investment volume. Furthermore, an estimated loan term of 30 years was assumed.

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

Calculation of emissions: Portfolio A (own investments of the Bank)

Data from an external data provider is used to calculate the emissions of Portfolio A.

Reporting on CO₂ emissions

CO₂ emissions, divided into the three scopes, are examined in more detail below:

	Unit	2021	2022	2023	Change in %
Scope 1: direct emissions					
Natural gas	tCO ₂ e	0.00	0.00	0.00	0.0
Total	tCO ₂ e	0.00	0.00	0.00	0.0
Scope 2: indirect emissions					
District heating	tCO ₂ e	0.00	0.00	0.10	0.0
Total	tCO ₂ e	0.00	0.00	0.00	0.0
Scope 3: indirect emissions					
Part I – business operations					
Electricity	tCO ₂ e	0.00	0.00	0.00	0.0
Office supplies	tCO ₂ e	31.13	23.37	16.93	-28
Business travel	tCO ₂ e	1.48	1.54	1.15	-25
Commuting	tCO ₂ e	85.17	97.77	108.59	11
Part II – Financing/Own investments/Participating Interests					
Emissions from participating interests taken	tCO ₂ e	4,088.24	5,650.77	6837.21	21
Emissions from project financing	tCO ₂ e	57,275.69	71,129.12	84,740.90	19
Emissions from construction financing	tCO ₂ e	13,811.41	16,569.62	15,845.54	-4
Emissions from Portfolio A	tCO ₂ e	-	121,633.00	242,881.00	-
Total	tCO ₂ e	75,293.12	215,105.19	350,431.32	62.91
CO ₂ emissions per employee	tCO ₂ e	314.38	780.84	1,145.20	47

The figure “per employee” is calculated with full-time equivalents (FTE) (306 in 2023). The emissions related to Portfolio A were calculated for the first time for the year 2022.

Scope 1

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

Scope 2

Due to the new calculation method used in 2023, only 0.24 g CO₂ per kWh of district heating is applied. There has not been any change in usage but rather a change in the calculation logic.

Scope 3

Business operations

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

CO₂ emissions related to office supplies fell slightly due to a reduction in the use of paper. Business travel has fallen as a result of the increase in online meetings, while commuting has risen in line with the increase in the number of employees.

Loan financing and participating interests

CO₂ impact of real estate financing and participating interests in real estate projects

	Unit	2022	Emissions 2023	Change in %
Real estate financing	tCO ₂ e	16,569.62	15,845.54	-4
Participating interests in real estate projects	tCO ₂ e	2,774.10	4,369.12	0.6

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

CO₂ impact of project financing for wind, hydropower and photovoltaics

	Unit	Avoided emissions			Emissions		
		2021	2022	2023	2021	2022	2023
Project financing	tCO ₂ e	1,214,312.49	1,302,517.00	1,636,164.00	57,275.69	71,129.12	84,740.90
Change vs previous year	%			26%			19%

The increase in avoided and produced emissions can be explained by the increase in financing in renewable energy sources. That emissions increased more than avoided emissions is due to the fact that the emissions factor for wind energy was higher in 2023 than in 2022.

CO₂ impact of investments in Portfolio A

	Unit	Emissions	
		2022	2023
CO ₂ impact of investments in Portfolio A	tCO ₂ e	121,633.00	242,881.00

UmweltBank reported on emissions from its own investments in Portfolio A for the second time in 2023. The Bank works together with a renowned data provider to reliably determine the emissions values. The calculation methodology is also based on PCAF principles. The sharp increase in emissions in Portfolio A was due to improvements in the quality of the data and the inclusion of more assets.

CO₂ balance

The CO₂ balance shows the environmental impact of UmweltBank. The Greenhouse Gas Protocol standard makes no provision for merging the three scopes. Nevertheless, UmweltBank prepares such a balance sheet for the sake of transparency and for better comparability with previous years.

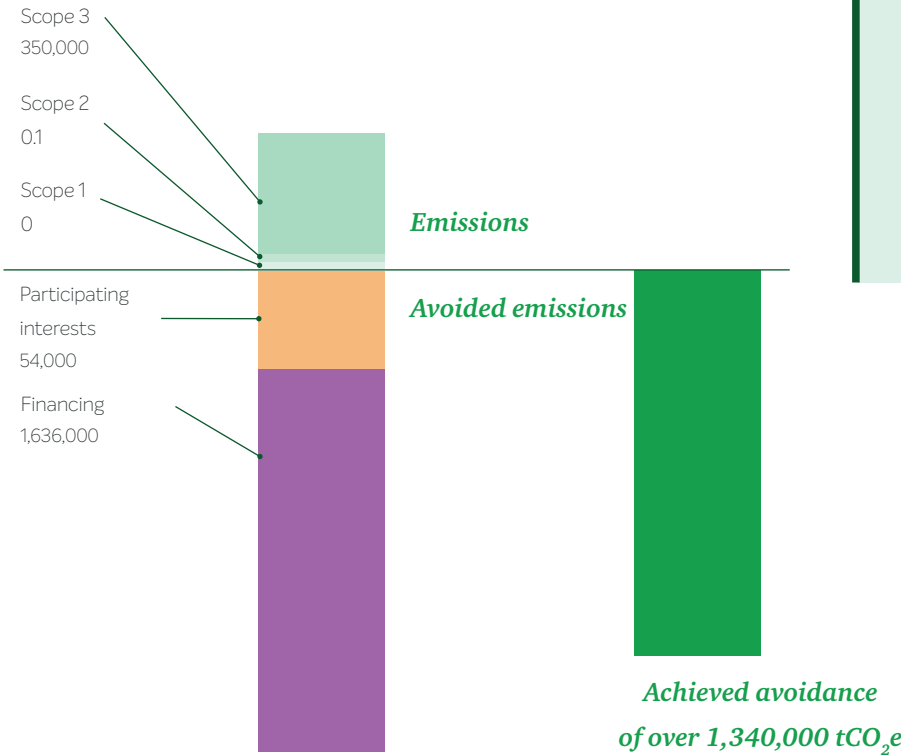
Emissions in tCO ₂ e		Avoided emissions in tCO ₂ e	
Scope 1	0.00	from participating interests	54,759.95
Scope 2	0.1	from project financing	1,636,164.39
Scope 3	350,431.32		
Total emissions	350,431.42	Total avoided emissions	1,690,924.34
Avoidance achieved	1,340,492.92		

First, the emissions from the three different scopes are totalled and subtracted from the total avoided emissions. The resulting difference – 1,340,492.92 tCO₂e – represents the climate impact of UmweltBank for the year 2023.

Three-year comparison of CO₂ balance

	Unit	2021	2022	2023
Total emissions	tCO ₂ e	75,293.12	215,105.19	350,431.32
Total avoided emissions	tCO ₂ e	1,278,563.55	1,378,425.71	1,690,924.34
Avoidance achieved	tCO ₂ e	1,203,270.43	1,163,320.52	1,340,493.02
Change in avoidance vs pre-vious year	%		-3	15
Achieved avoidance per employee	tCO ₂ e	5,024.09	4,222.58	4,380.70
Change in avoidance per em- ployee vs previous year	%			4

The figure "per employee" is calculated with full-time equivalents (FTE) (306 in 2023).



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

In 2023, UmweltBank has avoided over
1,340,000
tonnes of CO₂. In purely mathematical terms, this corresponds to the annual CO₂e emissions of around 124,000 inhabitants in Germany.

Conversion to inhabitants

The following example calculation is intended to help illustrate the magnitude of the avoided CO₂ emissions: the annual CO₂e emissions per inhabitant in Germany was approx. 10.8 tonnes in 2023. UmweltBank has thus avoided the emissions of around 124,000 inhabitants in Germany.

Ecological dividend

UmweltBank has regularly calculated an ecological dividend in the form of avoided CO₂ emissions for many years now. The basis for the calculation, as shown above, are the CO₂ emissions and avoided emissions determined for the respective business year. The comparison of the achieved avoidance of CO₂ through financing and its own participating interests in renewable energy sources and total assets serves to illustrate UmweltBank's environmental performance.

Divided by total assets of approx. €5,693 billion, this gives a calculated ecological dividend for 2023 of around 235 g CO₂e per euro. For every €1,000 of total assets, the Bank thus saves around 235 kg of CO₂e.

Coverage and data quality

Asset class coverage

Financing and participating interests in the field of renewable energies are attributable to the asset class project finance according to the PCAF standard. Around 95% of the emissions financed by UmweltBank are reported in this asset class. The emissions of the second asset class, commercial real estate, were determined for the first time for the year 2020. Around 90% of the financed emissions are covered in the real estate sector. Reporting will be expanded step by step with the aim of reporting 100% of the emissions arising from financing and participating interests.

Data quality

An important criterion for CO₂ balancing is the quality of the data. The entire CO₂ balance is verified by an external environmental auditor. Scopes 1 and 2 are calculated with primary data (e.g. consumption data from the green electricity supplier), which is why a high data quality is assumed. UmweltBank uses an assessment system from PCAF to determine the emissions data quality for financed projects. The system awards points for data quality: Score 1 corresponds to the highest data quality (approx. 5–10% error tolerance) and Score 5 to the lowest (approx. 40–50% error tolerance).

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



2.3 Sustainability targets

Target	Dead-line	Measures
Inclusive, equitable and high-quality education	2023	Development of a cooperation project with a local school
Transparency and credibility	2023	Publication of the methodology for the UmweltGarantie (environmental guarantee)
Social employer Gender equality	2023	The share of women in leadership positions is to be continuously increased by means of measures within the framework of a family-friendly personnel policy and by making working hours and the place of work more flexible.
Social employer Gender equality	2023	Increase transparency through the further development and implementation of a new remuneration structure
Social employer Gender equality	2023	Qualitative survey of teams via workshops and derivation of team and individual development concepts with respect to personnel.
Sustainable consumption and production	2023	Ongoing monitoring of the positive list of suppliers
Promoting affordable & clean energy	2023	Implement and further develop the social aspects relevant for UmweltBank within the framework of the sustainability rating
Promoting sustainable cities and communities	2023	Create affordable housing for 600 people
Promoting sustainable cities and communities	2023	Create care places for 150 people
Promoting sustainable cities and communities	2023	Elaborate relevant points with respect to the EU taxonomy for the sustainability rating and develop an implementation concept
Promoting climate protection measures	2023	Sustainability week held at UmweltBank
Indirect emissions	2023	Emissions savings increased by 5% in comparison to previous year
Indirect emissions	2023	Publication of the UmweltBank climate strategy

Explanation	Degree of fulfilment
Expansion of cooperation projects with schools	100%
Increase transparency with regard to UmweltBank's sustainability performance	100%
The proportion of women in management positions should be between 40% and 60% as an annual average.	100%
Implement and further develop the remuneration structure	100%
Engagement rate (comprising job satisfaction, motivation, loyalty, recommendation) should be higher than or equal to 80%	100%
Promote and further develop sustainable consumption by ensuring the use of sustainable suppliers	100%
Further develop the sustainability rating for financing of projects from the renewable energy sources sector	90%
Finance real estate projects that support persons eligible for subsidies	90%
Finance real estate projects that promote social care places	53%
Further develop the sustainability rating in construction financing	100%
Promote environmental awareness among employees	0%
Increase avoidance of indirect emissions	100%
Align with the Paris climate targets	50%

Target	Deadline	Measures
Increase transparency with regard to Umwelt-Bank's sustainability performance	2024	Publication of the 2023 Sustainability Report in agreement with the GRI
The proportion of women in responsible specialist or leadership positions should be between 40% and 60% as an annual average	2024	The proportion of women in responsible specialist or leadership positions will be continuously increased via the gender-neutral personnel policy, an equal opportunities talent programme (incl. internal development opportunities) and through introducing more flexible working hours and places of work.
Engagement rate (comprising job satisfaction, motivation, loyalty, recommendation) should be higher than or equal to 80%	2024	The engagement rate will be stabilised and strengthened through the establishment of an internal talent programme, the further use of transparent communication platforms and more intensive leadership development activities. The effects of these measures will be monitored as part of further pulse/ employee surveys.
Carrying out a comprehensive analysis of the strategic positioning of UmweltBank with respect to its sustainability performance and deriving specific measures for years 2025 ff.	2024	
Performance of a materiality analysis according to the guidelines of the CSRD / SFDR	2024	
Creation of an implementation plan and preparing all relevant departments for the implementation of the EU Regulations applicable to sustainability (e.g. CSRD / SFDR) at UmweltBank	2024	
Further development of the UmweltGarantie within the context of the new bank strategy, regulatory requirements (e.g. Green Claims EU Regulation) and market environment	2024	
DGNB Platinum certification for UmweltBank's new site	2025	Plan the new site so that the necessary criteria for DGNB Platinum certification are met.

Contribution to the SDGs

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

SDG 13 Climate Action

- Record and improve environmental performance within the framework of EMAS
- 1,340,000 tonnes of CO₂ avoided

SDG 5 Gender Equality

- 55% of employees are women
- 40% of managers are women

SDG 12 Responsible Consumption and Production

- Self-assessment of the sustainability performance of suppliers and service providers

SDG 7 Affordable and Clean Energy

- Renewable energy sources:** 57% of the financed projects
- 2023:** 7% of Germany-wide expansion in the photovoltaic sector (>500 kWp) financed

SDG 11 Sustainable Cities and Communities

- Affordable, ecological building:** 38% of the financed projects
- 2023:** Financing for affordable accommodation for over 500 people and care places for around 80 people



2.4 *Report of the* **Environmental Advisory Board**

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

The Environmental Advisory Board comprised five members in 2023: Stefan Klinkenberg has been a member since 2016. An independent architect and project developer, he plans and supervises building projects with particularly high social and ecological standards. Prof. Dr Harald Bolsinger, business ethicist at the Faculty of Economics at the FHWS University of Applied Sciences Würzburg-Schweinfurt, has been on UmweltBank's Environmental Advisory Board since July 2017. An expert in sustainable corporate governance and value management, he contributes important ideas for the sustainable development of the Bank. He was Chairperson of the Board from October 2019 until 30 June 2022. Dr Meike Gebhard and Heribert Sterr-Kölln were appointed to the Environmental Advisory Board in early 2020. Dr Meike Gebhard holds a doctorate in environmental economics and since 2008 has been managing director of Utopia GmbH, which operates the Utopia sustainability platform. She is an expert in sustainability strategy and communication. In March 2021, she was elected Deputy Chairperson of the Environmental Advisory Board and she has been Chairperson of the Environmental Advisory Board since 1 July 2022. Heribert Sterr-Kölln is a certified public accountant and tax consultant. He develops concepts and strategies in the field of renewable energy sources together with banks, municipal utilities and companies. His focus is on the financing of entrepreneurial projects. Economist Claudia Müller has been a member since 2021. She founded the Female Finance Forum in 2017 with the aim of awakening women's interest in money and sustainable financial products, as well as providing them with the necessary knowledge to take finances into their own hands. She has held the position of Deputy Chairperson since July 2022.

Topics

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

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

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

The Environmental Advisory Board also monitors the implementation of the management guidelines in the UmweltSpektrum fund. If a company in this fund violates the exclusion criteria or if their products or services no longer have a positive impact on the sustainable development goals, it is removed from the investable portfolio. In particu-

larly significant borderline cases, the Environmental Advisory Board is involved so that a diversely informed decision can be taken.

The environmental management system according to EMAS is the central control instrument for managing UmweltBank’s environmental impact. Sustainability performance is certified transparently according to the recognised European standard and can be compared with other companies. The Treasury & Sustainability department informed the Environmental Advisory Board about the sustainability performance during its meetings in 2023. The Environmental Advisory Board was able to contribute its expertise to the application and expansion of the environmental management system.

One of its main tasks is also to support the development work carried out by the SDG groups and integrate the results into the business practices at the Bank. In close cooperation with the Bank, the Board intensively discusses and coordinates the important work of the SDG groups and any future procedures. The Environmental Advisory Board plays a central role here in identifying new goals and maximising the effectiveness of the sustainability initiatives.

It is also responsible for regularly monitoring compliance with the UmweltGarantie. This is a guarantee to customers that every euro they invest will help to promote the sustainable development goals and be exclusively used to finance sustainable environmental projects. Compliance with the UmweltGarantie is checked and evaluated quarterly in cooperation with the sustainability management department at UmweltBank. The Green Claims Directive, which could potentially impact the UmweltGarantie and other existing practices, was also discussed at the Environmental Advisory Board meetings.

This independent board is also supporting the planning process for the new company headquarters (the UmweltHaus) and the UmweltQuartier with its comprehensive expertise.

Summary and outlook

A total of three Environmental Advisory Board meetings were held with the Management Board and the Treasury & Sustainability department in 2023. These enabled the Environmental Advisory Board to once again form a comprehensive picture of UmweltBank’s lending and funding practices. In the knowledge and opinion of the Environmental Advisory Board, the company did not enter into commitments that were not in line with the Bank’s Articles of Association. In accordance with the Articles of Association, the Bank has exclusively financed or promoted environmentally friendly and sustainable projects

with the funds of its customers.

The role of the Environmental Advisory Board in the strategic orientation of the sustainability initiatives at UmweltBank is being strengthened in 2024. Its comprehensive expertise will help in the further development of the sustainability report and ensure that sustainability goals are integrated across all business areas.

Nuremberg, 17 May 2024



Dr Meike Gebhard
Chairperson

Claudia Müller
Deputy Chairperson

2.5 *Contact the Sustainability Management*

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

2.6 *Validation of the environmental statement*

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



ENVIRONMENTAL VERIFIER'S DECLARATION ON VERIFICATION AND
VALIDATION ACTIVITIES

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

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

- 64.19: Credit institutions (excluding special loans)


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

By signing this declaration, I declare that:

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

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

Bad Abbach, 24.06.24


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



People
at
UmweltBank

3.1 Member of the Management Board

Goran Bašić

Member of the Management Board



How I want to make a difference

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

What moves me

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

My path so far

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

Dietmar von Blücher

Spokesperson of the Management Board



What moves me

The UmweltBank has demonstrated that economic success and ecological transformation do not stand in the way of one another. The sustainable transformation of the economy is more important than ever, especially in current times, and UmweltBank is well positioned to support this transition together with our customers. It is a pleasure

for me to be able to work for UmweltBank where I can play my part in contributing to the sustainable development of society together with our committed employees.

My path so far

Since 01/2024	Member of the Management Board of UmweltBank
2021–2023	Member of the Management Board Baader Bank
2016–2020	Member of the Management Board for Finance and IT comdirect bank
2012–2016	Head of Group Finance Commerzbank
2009–2012	Head of the Financial Statement Analysis Department Commerzbank
1996–2009	Various management positions in controlling and accounting Dresdner Bank
1993–1996	Business studies degree at the Dual University Villingen–Schwenningen and banking apprenticeship at the Dresdner Bank AG in Freiburg

Heike Schmitz

Member of the Management Board



How I want to make a difference

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

What moves me

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

My path so far

since 2022	Member of the Management Board UmweltBank
2021–2022	Chief Representative UmweltBank
2018–2021	Head of Finance, Controlling & IR comdirect bank / Commerzbank
2002–2018	Head of Finance and Controlling Sparkassen Finance Group
1997–2002	Head of Finance comdirect bank
1995–1997	Head of IT, Organisation and Human Resources comdirect bank
1987–1994	Specialist Functions Group Strategy / Private Customers Commerzbank
1982–1987	Business Administration University of Münster and University of Cologne
1980–1982	Banking apprenticeship Commerzbank

3.2 Supervisory Board

Susanne Horn

Neumarkt i.d.Opf.
Director of Corporate Development at
Dehn SE



After her studies and simultaneous banking training, Susanne Horn initially worked in the financial sector. In 2008, she joined Neumarkter Lammsbräu Geb. Ehrnsperger KG as Chief Representative and made the company the undisputed market leader in the organic sector. Susanne Horn led Bischofshof Brewery in Regensburg from 2019 to 2022. She has worked for Dehn SE, a family business based in Neumarkt, since the beginning of 2023.

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



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

Heinrich *Klotz*
Aschaffenburg
Retired notary



Heinrich Klotz was a notary in Aschaffenburg from 1991 until the beginning of 2023. His relationship with UmweltBank goes back to 1993, when he was involved in the preparations for the foundation of UmweltBank and was one of its founding shareholders. Heinrich Klotz has been a member of the Supervisory Board of UmweltBank since 2010.

Dr
Michael *Maier*

Krailling
Member of the Management Board of
Habib Bank Limited



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

Edda *Schröder*

Frankfurt
Managing Director of Invest in Visions
GmbH



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

Silke *Stremlau*

Wennigsen

Chair of the Federal Government
Sustainable Finance Advisory Committee
and Senior Fellow of the Mercator Foun-
dation



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

3.3 Environmental Advisory Board

Prof. Dr

Harald *J. Bolsinger*

Würzburg

Business Ethicist, University of Applied
Sciences



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

Dr
Meike *Gebhard*

Munich
Environmental economist,
Managing Director of
Utopia GmbH



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

Stefan *Klinkenberg*

Berlin
Architect and Project Developer



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

Claudia Müller

Frankfurt am Main
Founder of Female Finance Forum



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

Heribert Sterr-Kölln

Freiburg
Auditor and
Tax Consultant



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

3.4 Sustainable personnel policy

Philosophy

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

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

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

At the end of 2023, UmweltBank had 354 employees. The high average tenure of 5.6 years remained unchanged and demonstrates a high level of loyalty to the company. The collegial and informal working atmosphere at the company is supported by joint events and celebrations. Nevertheless, the small gestures peripheral to daily work are also worth mentioning, such as a bouquet of flowers to welcome new talents.

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



Personnel structure as at 31 December 2023

		2022	2023	Change in %
Employees	Number	332	354	6.6
Number of employees (annual average)	Number	319	349	9.4
Full-time equivalents		275.5	306	11.1
Number of permanent employees	Number	301	327	8.6
thereof women	%	56	55	
thereof men	%	44	45	
Part-time employees	Number	100	104	4.0
thereof women	Number	76	81	6.6
thereof men	Number	24	23	-4.2
Employees on parental leave (annual average)	Number	11	12	9.1
Average age of permanent employees	Years	39	39	-
Tenure (on average)	Years	5.6	5.6	-
Fluctuation rate	%	7.4	8.8	
Disabled employees	Number	7	10	42.9
Seminar days per employee (on average)	Days	2.9	2.9	-
Student employees (annual average)	Number	26	27	3.8%
University interns (annual average)	Number	5	4	-20.0%

Transparent remuneration structure

UmweltBank’s remuneration system is designed for sustainability in line with the corporate strategy. A new remuneration structure was introduced in 2023 to ensure that all employees are remunerated according to a modern, uniform and transparent system. The remuneration system is based on function and market value-oriented salary bands and the application of the system is subject to uniform rules.

All permanent employees of UmweltBank still receive their salary split into twelve monthly instalments and an additional payment (“thirteenth monthly payment” instalment). The Supervisory Board decides on special payments for the Management Board. Information on Management Board remuneration can be found in the notes to the annual financial statements.

Student employees work part-time on an hourly basis with an hourly wage starting at €14. All interns, regardless of whether they are doing a voluntary or compulsory internship, receive remuneration at the level of the minimum wage.

Remuneration

		2022	2023	Change in %
Total personnel expenses	Euros	19,880,258.41	24,884,905.31	25.17
thereof fixed remuneration ¹	Euros	15,292,776.85	19,455,795.41	27.22
thereof variable remuneration ¹	Euros	1,075,747.79	1,246,457.49	15.87
thereof benefits ²	Euros	471,911.65	612,213.58	29.73
thereof social security contributions	Euros	3,039,822.12	3,570,438.83	17.46

¹ For 349 employees as an annual average

² Travel allowances, non-cash meal allowances, flat-rate taxes



Additional company benefits

Beyond the salary, UmweltBank offers its employees a range of attractive benefits. The company covers the cost of the “Germany ticket” (Deutschlandticket) for all permanent employees. Employees can use this ticket not only to commute to work by public transport every day but also for their leisure activities or for other travel free of charge.

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

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

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

UmweltBank actively points out the option for a company pension plan and matches up to 50% of the employee’s contribution. In addition, the Bank settles employees’ securities transactions at cost.

As a listed company, UmweltBank is able to issue shares to employees and make employees co-owners of the company, which also serves to improve motivation and loyalty to the company at the same time. The Bank has given its employees the opportunity to acquire employee shares at attractive conditions on various occasions in the past. This opportunity was also actively utilised by employees in 2023.

Employees are given a Germany Ticket so they can travel around Germany on public transport free of charge.

Expenses for advanced training and continuing education measures amounted to approx. €488,000 in 2023.

Professional development

UmweltBank continuously invests in the further training and education of its staff. The offer includes a wide range of internal and external seminars, communication and IT training, part-time qualification programmes and degree programmes. External training can cover bank-specific or environment-oriented themes and or personal skills, depending on individual requirements and needs. Employees can train to become a banking specialist or business economist while carrying out their normal job.

Eight specialised in-house seminars were also held in 2023. They included seminars on e.g. Banking for Career Changers, the EU Green Claims Directive, Digital Facility Management and Professional Moderation.

The specialist departments offer basic training internally, especially to new employees, so that they can learn about the structure of the department and the area they will be working in. An internal training concept was developed at the Bank ready to prepare employees as well as possible for the change to the core banking system in 2023. A total of 274 training courses were held in this context between May and October 2023. The training courses were given by internal trainers, who had prepared for this role by completing a specialised “train the trainer” course lasting 3.5 days.

All permanent employees at UmweltBank have a contractual right to further training. In 2023, an average of 2.9 days per employee were invested in education and training. The expenses for personal development and training were around €480,000.00 (excluding the training courses for the change in the core banking system). Employees have an annual feedback and performance review with their managers where they can discuss the opportunities for their own development. In addition to talking about job performance, professional and personal development opportunities are also discussed.

Promoting young talent

UmweltBank places a special focus on the promotion of young talent. The aim is to spark interest among young people for the world of sustainable banking, provide them with training and encourage them to join UmweltBank. The Bank looks for talent around the world so that it can remain as competitive as possible. The company offers young people internships, working student jobs and entry level positions. In addition, UmweltBank welcomed an apprentice in the area of specialist computing in 2023.

The cooperation with the Georg Simon Ohm University of Applied Sciences Nuremberg deserves special mention. UmweltBank has sponsored the Germany Scholarship in the field of “Economics and IT” for many years and has also sponsored a lecture theatre since 2023. The 100-seat UmweltBank lecture theatre is in the Faculty of Economics. Experts from UmweltBank are also on-site regularly to hold talks or carry out project work.

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

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



Diversity and equal treatment

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

In 2023, women made up 55% of the workforce. The proportion of women in management positions was 40% as an annual average. The gender distribution on the Supervisory Board is balanced, the Management Board comprises one woman and two men.

In keeping with its core values, UmweltBank attaches great importance to remunerating work of equal value with equal pay. In the 2023 financial year, the unadjusted gender pay gap was 13.8%, compared to 14.1% in the previous year. UmweltBank was thus once again significantly below the German average of 18% (2023, Federal Statistical Office). The unadjusted gender pay gap expresses the relationship between the average gross hourly earnings of men and women, but does not take into account structural differences such as occupation, qualification and work experience as well as the overall market situation.

Work-life balance

32% of the employees choose the attractive part-time models of UmweltBank and can thus balance family and career.

UmweltBank actively supports employees in balancing work and family life. As part of its child-friendly personnel policy, the Bank fundamentally offers the possibility of part-time employment. Many employees take the opportunity to take care of their family in line with their work and take time off. The majority of mothers and fathers return to the company after their parental leave. UmweltBank facilitates the return by offering individual part-time models and a financial subsidy for childcare. In 2023, 104 employees worked part-time (previous year: 100). In addition, flexible arrangements for mobile working support the compatibility of work and family.

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

Corporate health management

UmweltBank's strategically oriented corporate health management forms an integral part of the corporate culture and aims to design work and organisation with healthy in mind. The Bank implements measures on various health-related themes and employees are regularly provided with information and training courses.

To prevent one-sided strain, all workplaces have ergonomic office chairs and height-adjustable desks. This makes it possible to also work while standing. To ensure that employees can make best use of their equipment and furnishings, UmweltBank believes that it is important to offer employees regular ergonomic consultations. These are not only offered on-site in the office, but also virtually for working in the mobile office.

The Bank provided a variety of different services in 2023 to promote the health of its workforce in other areas. For example, a back screening campaign to measure the posture and mobility of the spine was held on two days. Participants were then given specific recommendations based on the results. As in previous years, back fitness training courses held near to UmweltBank were offered to employees on an ongoing basis. A pilates course was also held.

With a total of 34 runners, UmweltBank once again participated in the company fun run held around the Dutzendteich lake in Nuremberg in 2023.

The mental health of employees was again on this year's agenda. In this context, the company offered employees the opportunity to take active breaks over the course of several weeks. This involved weekly exercises to aid relaxation and relieve tension in



everyday working life. Several presentations on this theme were also held. These included presentations on how to cope with stressful times, preventing burnout, self-care and using breaks healthily. A screening service was also offered to employees on two days so they could find out how their own levels of stress impact their heart.

In 2019, UmweltBank introduced a health card to promote the health of all employees throughout the company. As it offers rewards for healthy activities it makes a valuable contribution to promoting a healthy lifestyle. The card can be used at various healthcare providers in the areas of exercise, nutrition and relaxation. It can also be used for personalised endurance training courses. Due to the wide range of preventative activities offered to employees, the card allows them to select different activities according to their own preferences. The health card has proved very successful and is now used by more than two thirds of employees.

Occupational safety and health protection

In the area of occupational safety and health protection, the main focus is placed on preventing accidents, protecting against work-related health risks and employee safety. Modern occupational health and safety takes into account the complex requirements of a dynamic working world and designs health-promoting conditions for all employees. The Work Safety Committee, which meets quarterly, defines the topics of focus for the year in a structured and transparent manner, discusses suggestions, identifies needs in the company and ensures that measures are implemented competently.

Occupational health and safety care is provided by an external prevention team consisting of an occupational safety specialist, a company doctor and an occupational psychologist. In order to provide even greater care to the workforce, the range of services was expanded in 2023. For example, employees were able to arrange an occupational health consultation on-site at the UmweltBank premises for the first time. Internally, two employees were responsible for occupational safety and health protection.

In 2023, a total of 56 employees took advantage of eye examinations offered as part of occupational health screening. If employees need glasses for working at the computer, UmweltBank will contribute €100 to the cost. Four employees applied for this subsidy in 2023.

Sustainably motivated



Sustainable remuneration policy

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



Family and work

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



Health

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



Additional benefits

- Public transport ticket
- Meal vouchers
- Employee shares





Annual
Report

Letter from the Chair of the Supervisory Board

Dear Shareholders,

The 2023 financial year was without doubt a really significant one in the history of UmweltBank AG.

It was characterised, on the one hand, by a very challenging economic and political climate overall, which was and still is greatly impacted by the ongoing war of aggression by Russia against Ukraine. The reversal in policy by central banks away from long-term low interest rates, the speed and extent of which is unparalleled in recent history, has been successful in curbing further inflationary rises in general price levels. For banks such as UmweltBank who are primarily active in the lending business, the rapid increase in interest rates, which have to be paid on account balances, in combination with previously issued loans often with long-term fixed interest rates at low levels has led to a very noticeable decrease in the net interest income.

On the other hand, UmweltBank also had to manage some internal challenges. It has had to implement the ever greater requirements of new regulatory provisions, while at the same time has had to work with great intensity to resolve existing deficits, whereby the progress made has not only been followed very intensively and critically by the Supervisory Board but also by the responsible regulatory authorities.

The biggest challenge facing all of those involved at UmweltBank was undoubtedly the change in the core banking system – the central IT system on which specific banking processes and accounting are managed. After successfully completing the conversion to the systems provided by Atruvia AG – one of the largest operators of core banking systems in Germany – following several years of intensive preparations, UmweltBank AG has laid the technical foundations for a successful future. The extensive preparation work and unavoidable follow-up work that such a project brings with it have obviously demanded a lot of all involved.

At the end of the financial year, Jürgen Koppmann left the company after the successful conversion of the IT system and following almost 18 years of service on the Management

Board of UmweltBank AG (from 2002 to 2014 and then from 2017 to 2023). The Supervisory Board would like to thank Jürgen Koppmann for his many years of committed work for the Bank, its customers and its employees. Jürgen Koppmann made a significant contribution to shaping the culture of UmweltBank over the last few years as a figure who was able to bring people together.

The Bank was able to organise a practically seamless transition last year and Dietmar von Blücher joined the Management Board as spokesperson. In the opinion of the Supervisory Board, the Management Board is now well positioned to successfully manoeuvre UmweltBank AG through this challenging transitional period and reposition it strategically. UmweltBank is needed today more than ever for the sustainable development of the economy and society, the energy transition and to ensure the success of measures to alleviate global warming.

The Supervisory Board owes particular thanks to everyone who was involved with UmweltBank during this special year: The members of the Management Board and all employees for their outstanding work under extremely challenging conditions, and our shareholders and customers who still remain loyal to UmweltBank, even in a year in which profits and the share price, as well as some teething problems after the conversion to the new system, could have significantly strained their patience and nerves.

On behalf of the Supervisory Board, I can tell you that we are convinced that UmweltBank is worth it and your perseverance will pay off!

Munich, 21 May 2024

signed



Dr Michael Kemmer, Chair of the Supervisory Board

Amended management report

of UmweltBank AG,

Nuremberg, 2023 financial year

Changes

With respect to the amendments to the annual financial statements as at 31.12.2023, we refer you to our disclosures in the notes to the financial statements for the 2023 financial year, section “Notes on the amended financial statements for the financial year 01.01.2023 – 31.12.2023”.

These changes have also led to amendments to the amounts and disclosures in the following sections of the management report:

Section “2 Economic Report” in the following subsections:

- Business performance
- Financial performance
- Balance sheet
- Regulatory equity
- Summary assessment of the Bank’s business development and performance

Section “3 Risk reporting”

- Risk management system

Section “5 Forecast report”

- Future financial position, cash flows and financial performance



1 Background to the company

The UmweltBank has focused on linking economy with ecology since it was founded in 1997. Operating from Nuremberg, the direct bank and its more than 350 employees take care of more than 132,000 private and commercial customers throughout Germany. The Bank offers its customers a portfolio of sustainable financial services.

As an important corporate objective, **sustainability** is enshrined in the Articles of Association as follows: “UmweltBank promotes the sustainable development of society with the objective of maintaining and creating a liveable world for future generations. The Bank models its business operations on the United Nations Sustainable Development Goals. In particular, it makes contributions to the implementation of sustainable towns and communities, to affordable and clean energy and to climate protection. In this respect, it pays attention to sustainable production and consumption as well as gender equality.”

UmweltBank’s core competency is the financing of **solar and wind farms as well as ecological and social construction projects**. Most of the assets have been issued as traditional loans. Over and above this, the Bank also invests directly or indirectly through its wholly owned subsidiary UmweltProjekt GmbH, in real estate and energy projects as well as in other selected companies in the sustainability sector. The securities in the Bank’s own portfolio (Portfolio A) are likewise selected according to ecological criteria.

UmweltBank offers a **unique promise: the UmweltGarantie (environmental guarantee)**. It guarantees that savings deposits of its customers and the capital of its shareholders are used exclusively for loans to promote environmental projects. Alongside short- to long-term savings accounts the Bank’s range of products also includes sustainable securities: its own share, own bonds, project and corporate bonds of other issuers, and sustainable investment funds. Under the UmweltSpektrum brand, UmweltBank offers three in-house sustainability funds. The Environmental Advisory Board, an advisory and supervisory body, regularly monitors whether the UmweltGarantie is complied with.

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

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

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

2 Economic report

General economic and industry-specific framework conditions

Multiple global crises in 2023 have left their mark on the **German economy**. According to initial calculations by the Federal Statistical Office, price-adjusted gross domestic product fell by 0.3% in comparison to 2022. High prices and unfavourable financing conditions continued to have a dampening effect on the economy. As a result, the manufacturing sector contracted overall by 2.0% in 2023. There was some positive impetus from above all the automotive industry and other transport equipment industries. In contrast, energy-intensive industrial sectors such as the chemical and metal industries remained under pressure. Although private consumption remained solid in the previous year and even helped to support the growth of the German economy, it fell in price-adjusted terms by 0.8% in 2023. This was probably due, in particular, to high consumer prices, which rose on an annual average basis in 2023 by 5.9% compared to the previous year. This meant that inflation was below the level in the previous year (2022: 6.9%) but still remained high. A noteworthy development was the continued rise in the price of food by 12.4%, after it had already risen by 13.4% in the previous year. This probably accounts for much of the consumer reticence in households with small and medium incomes. The German labour market remained robust in this challenging environment. There were an average of 45.9 million people in employment in 2023, which was more than ever before in Germany.

The European Central Bank (ECB) continued its **restrictive monetary policy** over the past year. This was heralded by the interest rate increases in 2022 after 10 years of expansive monetary policy. There have since been 10 changes to interest rates that has seen the interest rate for principal refinancing operations rise from 0.0% to 4.5% – with six of these changes coming in 2023. The interest on the deposit facility rose from 2.0% to 4.0% over the course of the year. The ECB is hoping to reduce inflation to a target value of 2% in the medium term through its monetary policy. The central bank is relying on the fact that higher interest rates increase financing costs, which in turn reduces customer demand, easing inflationary pressure. The average annual inflation rate in the EU member states was 6.4% and was thus significantly lower than the level of 9.2% in the previous year.

Following a long phase of prosperous growth, the mood on the **German real estate market**

deteriorated sharply after the outbreak of war in Ukraine in early 2022. This sector was also held back in 2023 by high construction prices, massive increases in financing costs and a lack of skilled workers. Professional associations in the real estate industry have also criticised the German federal government's housing policy – above all the unreliable subsidy programmes in recent times and escalating levels of bureaucracy. New construction activity in Germany thus fell as a result in 2023. This was reflected in the number of building permits, which hit a 10-year low in the first half of the year. The cooling down of the real estate market was reflected in 2023 by another significant fall in prices for residential and commercial real estate. According to data from the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken – vdp), prices for residential real estate throughout Germany fell year-on-year by 6.1% and prices for commercial real estate by as much as 12.1%. At the same time, the upward pressure on rents continued in 2023. It is becoming increasingly difficult for low-income households to find affordable housing – especially in congested urban areas. This situation has been aggravated by the high numbers of immigrants and lower investment in housing construction due to rising costs and increases in interest rates. The German federal government is making an effort to counter this trend and has declared an objective of building 400,000 new homes per year, 100,000 of which with public subsidies. However, only around 250,000 homes were completed in 2023, after 295,000 homes in the previous year.

The expansion of **renewable energies** in Germany picked up pace in 2023. The installed output increased by 17 gigawatts – an increase of 12% compared to the previous year. This development was mainly due to the expansion of wind and solar power. In 2023, 745 new onshore wind turbines with a total output of around 3.5 gigawatts were built across Germany. While this corresponds to an addition of around 45% in comparison to the previous year (2022: around 2.4 GW), the addition is just under 35% below the previous record year of 2017 (5.4 GW). According to the Federal Network Agency's core energy market data register, new photovoltaic systems with an output of more than 14 gigawatts were added in 2023, which was almost twice as much as the value in the previous year. The German federal government's target of 9 gigawatts in 2023 was thus exceeded by a significant margin.

Business performance

The reporting year was significantly influenced by the ongoing **transformation process** at UmweltBank. In 2023 and 2024, the Bank is investing intensively in digitalisation, the optimisation of processes and structures and specialist personnel. Another milestone was achieved in October 2023 with the successful change in the core banking system.

The banking software offers the company new opportunities with respect to its range of products and services and should guarantee compliance with existing regulatory requirements. Overall, the Bank has invested €18 million in the IT project, the majority of which – around €10 million – was in 2023. Alongside these monetary resources, the project also required considerable manpower in the past financial year. During this challenging phase, the Bank was able to largely maintain its client base at a stable level of around 132,000 customers and its customer deposits at around €2.9 billion. It was also able to increase its customer lending volume including open commitments to €3.8 billion despite the limitations. UmweltBank thus issued new loans totalling €459 million in 2023.

The speed and extent with which the ECB introduced interest rate increases also posed a challenge for the **interest margin** of UmweltBank in 2023. The Bank's business model means that, on the one hand, it has a large number of long-term fixed interest loans at low interest rates and, on the other hand, it has a large number of savings deposits with short-term commitments and rising interest expenses. Although the Bank was able to grant new loans and extensions with significantly higher interest rates, the interest margin will only benefit in the medium to long term.

UmweltBank has been growing continuously for many years. The current location, distributed over several buildings, has reached its limits with regard to the number of workplaces and their flexibility. For this reason, the Bank has purchased a plot of land at Nordwestring in Nuremberg. A new office building – the **UmweltHaus** – is being built there in accordance with high sustainability standards. UmweltBank is developing the property as one of the first office buildings in Germany to meet the “KfW Efficiency House 40 NH” energy efficiency standard and is striving for Platinum certification by the German Sustainable Building Council (DGfB).

Construction of the new headquarters began in 2022 and the construction work has progressed on schedule since then. After the construction work on the access towers containing the stairwells, elevator shafts and supply shafts was completed at the beginning of 2023, the carpenters took over the building site during the summer. In September, the “truss” was installed as the main element of the timber supporting structure. The UmweltHaus then continued to grow to its final height of 52 metres, with the builders using almost 3,000 cubic metres of timber in the process.

The Bank's **volume of business**, i.e. total assets plus contingent liabilities and other ob-

ligations (irrevocable loan commitments, for example), came to €6,119.0 million at the end of 2023, a decrease of 7.3% on the previous year. Total assets decreased by 4.9% to €5,688.1 million. The total volume of customer lending, including open commitments of €346.8 million, was €3,787.6 million, 0.7% up on the level in the previous year.

In 2023, UmweltBank financed new ecological and social real estate with a volume of €105 million. The **real estate project financing** business segment was mainly characterised by larger projects in the residential area. In this context, it is important to highlight cooperative projects, social real estate and also apartment building consortia – projects designed to develop and maintain housing that will remain affordable in the long term.

The demand for **private building loans and mortgages** remained at a low level in 2023. The significant rise in financing costs since 2022 in combination with high purchase and construction prices has led to restraint among consumers and those interested in real estate.

In the 2023 financial year, UmweltBank issued new loans of €359 million (previous year: €254 million) to projects in the field of **renewable energy sources** with a total output of 473 megawatts (previous year: 325 megawatts). Market demand was substantially higher than available lending volumes – which were restricted due to the greater requirements placed on the company's capital.

In 2023, UmweltBank financed **photovoltaic power plants** with a volume of €216 million and an output of about 364 MWp. The projects financed by the Bank were mainly for large open-field sites that have received EEG funding. The Bank's market share of the overall photovoltaics market was 2.6%; in relation to the relevant market (systems over 500 kWp), it was 7.0% compared to 9.3% in the previous year. This meant that UmweltBank was able to largely maintain its market share despite the fact that almost twice as many new photovoltaic systems with a total output of 14 MWp were added in comparison to the previous year.

In the area of **wind turbines**, a total output of around 109 MW (previous year: 58 MW) was financed in 2022 with a volume of new lending of €143 million (previous year: €94 million). This means UmweltBank's market share in Germany was around 3% (previous year: 2.4%).

With regard to the **sector distribution of the loan portfolio** (loans for sustainable projects, including open commitments), first place was taken in 2023 by residential, social

and commercial real estate with a share of 38.3% (2022: 44.6%). Projects in the field of solar power made up 34.6% (2022: 33.5%), followed by wind energy loans at 21.6% (2022: 20.2%). With a share of 5.5% (2022: 1.7%), the other lending volume includes, among other things, biomass and heating concepts, hydropower loans and sustainable agriculture. At the end of 2023, the total number of all ecological projects financed since the Bank was founded came to 25,122 (previous year: 24,949).

UmweltBank gives its customers the UmweltGarantie (environmental guarantee) according to which **every euro invested with the Bank is to be used to promote the United Nations Sustainable Development Goals (SDGs)**. The Bank checks compliance with the UmweltGarantie, by comparing the ratio of volume of utilised environmental loans, note loans for a specific purpose, participating interests, green and social bonds plus its own investments with a positive SDG contribution to the deposit volume of customers, third-party loans from development banks and the original equity brought into UmweltBank from the investors. Compliance is checked quarterly by Sustainability Management and the UmweltBank's Environmental Advisory Board. The UmweltGarantie was complied with in 2023.

In the first quarter of 2024, UmweltBank sold fixed-interest securities, which had been classified as non-current assets in the annual financial statements as at 31.12.2023 before the amendments and measured at the less strict lowest-value principle, at a loss. This loss indicates permanent impairment of the securities, which is why these fixed-interest securities were already written down to their lower attributable value on the reporting date of 31.12.2023.

The **net annual loss** before taxes and income from the reversal of provisions in the fund for general banking risks was €5.6 million in 2023. This corresponds to a decrease of 114.3% on the previous year. Earnings after tax before reversals of provisions in the fund for general banking risks in accordance with Section 340g German Commercial Code (Handelsgesetzbuch – HGB) came to €-3.8 million (previous year: €30.5 million). This corresponds to €-0.1 per share with 36.1 million no-par-value shares (previous year: €0.86; 35.7 million no-par-value shares). The result for the year after tax and reversals of provisions in the fund for general banking risks decreased by 96.3% to €0.7 million.

After preparing the annual financial statements, the total regulatory capital ratio came to 15.6% (previous year: 15.7%). The slight fall in **regulatory capital** was mainly due to the partial reversal of provisions in the fund for general banking risks.

The number of **employees and interns** working for UmweltBank grew to 354 individuals as at the end of the year (previous year: 332). Converted to a 40-hour working week, the workforce increased by 13.25% to 312.0 individuals (previous year: 275.5). This includes one apprentice.

Trading in the UmweltBank share closed at the end of the year at a price of €7.86 (previous year: €13.45). The company thus has a market capitalisation of around €280 million.

Financial performance

	01.01 – 31.12.2023 € thousand	01.01 –31.12.2021 € thousand	Change in € thousand	Change in %
Interest result	41,106	58,791	–17,685	–30.1
Financial result	–2,641	24,829	–27,470	–110.6
Risk provisions for customer loans (expense (–) / income(+))	4,509	–9,291	13,800	–148.5
Valuation result (expense (–) / income(+))	146	–285	431	–151.2
Interest, financial and valuation result	43,120	74,044	–30,924	–41.8
Commission and net trading income	9,052	9,345	–293	–3.1
Other expenses (–) / income (+)	56	–2,017	2,073	–102.8
Earnings before administrative expenses and taxes	52,228	81,372	–29,144	–35.8
Personnel expenses	25,624	19,880	5,744	28.9
Other administrative expenses	31,510	21,574	9,936	46.1
thereof expenses for bank levy and deposit protection	3,235	3,695	–460	–12.4
Depreciation and amortization on non-current assets	697	708	–11	–1.6
Total administrative expenses	57,831	42,162	15,669	37.2
Earnings before taxes	–5,603	39,210	–44,813	–114.3
Income taxes (2023: refund)	–1,805	8,661	–10,466	–120.8
Additions (–) to / reversals of (+) provisions in the fund for general banking risks	4,527	–11,000	15,527	–141.2
Net result	729	19,549	–18,820	–96.3
Transfer to retained earnings	43	7,038	–6,995	–99.4
Distributable profit	686	12,511	–11,825	–94.5

Net interest income decreased by 30.1%, from €58,791 thousand in 2022 to €41,106 thousand in 2023. Refinancing expenses increased more sharply than interest income. This development was due to extraordinary effects such as the increase in interest rates by the ECB, which above all led to a sharp increase in interest expenses for the Bundesbank TLTRO funds taken out by the Bank and thus to an interest expense for liabilities to banks of €39,351 thousand (previous year: €6,663 thousand). Another factor was the fall in new lending business to €459 million (previous year: €623 million), which was attributable to an increase in the capital requirements as ordered by the Federal Financial Supervisory Authority. This development led to the average interest margin decreasing from 1.07% to 0.85%.

The **financial result** includes the current income from equities and other non-fixed-interest securities, participating interests and affiliated companies and the balance of write-ups and write-downs on participating interests, shares in affiliated companies and securities treated as non-current assets. The fall in the financial result from €24,829 thousand in 2022 to €–2,641 thousand in the reporting year was mainly due to an extraordinary effect from the previous year (sale of a participating interest in a wind farm) and an impairment of €9,814 thousand on securities treated as non-current assets.

The additions to and reversals of **risk provisions** for customer loans netted as an income of €4,509 thousand (previous year: expense of €9,291 thousand). This net figure includes a reversal of provisions for general banking risks pursuant to Section 340f HGB of €7,888 thousand. The existing risk provisions (specific and general allowances) came to €10,121 thousand (previous year: €6,742 thousand), which makes up 0.30% (previous year: 0.21%) of the volume of customer loans issued. This increase was due to, among other things, the use of new rating methods for the calculation of general allowances according to IDW RS BFA 7.

The **valuation result** reports income of €146 thousand (previous year: expense of €285 thousand). This figure includes recoveries of written-off receivables of €159 thousand (previous year: €0 thousand), direct write-downs of receivables of €20 thousand (previous year: €10 thousand), write-downs on securities of the liquidity reserve of €67 thousand (previous year: €238 thousand) and write-ups on securities of the liquidity reserve of €23 thousand (previous year: €0 thousand), as well as profits from the disposal of securities of the liquidity reserve of €51 thousand (previous year: loss of €37 thousand).

The **commissions and net trading income** contains commission income and expenses from the credit, securities and insurance business as well as profits and losses from

trading with equity and bond funds, and bonds. The decrease from €9,345 thousand to €9,052 thousand was due to a drop in profits from the trading of investment funds. The transaction volumes in the customer securities and intermediation business came to around €47.8 million in 2023 (previous year: €104.1 million).

The balance of **other operating expenses and income** revealed an income of €56 thousand in 2023 (previous year: expense of €2,017 thousand).

Earnings before administrative expenses and taxes decreased from €81,372 thousand in the previous year to €52,228 thousand. This corresponds to a decrease of 35.8%.

Personnel expenses increased by 28.9% to €25,624 thousand (previous year: €19,880 thousand). The increase primarily results from the increase in the workforce to implement the HR strategy and from salary adjustments.

Other administrative expenses increased from €21,574 thousand in the previous year to €31,510 thousand in 2023. The increase predominantly stems from a budgeted rise in IT and consulting expenses.

Netting of income and expenses results in **earnings before taxes** of €–5,603 thousand in comparison to €39,210 thousand in the previous year.

After taking account of the tax income of €1,805 thousand (previous year: expense of €8,661 thousand) and the reversal of provisions in the fund for general banking risks of €4,527 thousand (previous year: addition of €11,000 thousand), there was a **net result** of €729 thousand (previous year: €19,549 thousand).

After the transfer to retained earnings of €43 thousand (previous year: €7,038 thousand), there are **distributable earnings** of €686 thousand (previous year: €12,511 thousand).

Balance sheet as at 31.12.2023

Cash and cash balances decreased by €332,806 thousand to €116,295 thousand. This was due to, among other things, repayments of TLTRO funds at the Bundesbank.

In a year-on-year comparison, **receivables from banks** rose by 264.5% to €10,533 thousand. This increase was mainly attributable to the opening of business accounts

ASSETS	31.12.2023 € thousand	31.12.2022 € thousand	Change in € thousand	Change in %
Cash and cash balances	116,295	332,806	–216,511	–65.1
Receivables from banks	10,533	2,890	7,643	264.5
Receivables from customers	3,356,646	3,139,025	217,621	6.9
Bonds and other fixed-interest securities	2,023,042	2,365,307	–342,265	–14.5
Equities and other non-fixed-interest securities	21,335	21,542	–207	–1.0
Trading portfolio	5,572	10,471	–4,899	–46.8
Participating interests and shares in affiliated companies	35,059	35,768	–709	–2.0
Intangible assets	802	595	207	34.8
Property, plant and equipment	85,819	58,342	27,477	47.1
Other assets	27,034	10,043	16,991	169.2
Prepaid expenses	122	323	–201	–62.2
Deferred tax assets	5,879	3,503	2,376	67.8
Total assets	5,688,138	5,980,615	–292,477	–4.9

for transactions for the construction of the new headquarters and the development of a sustainable urban district.

The portfolio of **receivables from customers** reached a new high of €3,356,646 thousand. The increase in receivables is primarily due to the new business in the areas of solar energy, wind power and residential real estate. Significant decreases in volume were reported in the areas of hydropower and biogas due to repayments exceeding the new lending business in these areas.

The volume of **bonds and other fixed-interest securities** was €2,023,042 thousand as at 31 December 2023, 14.5% lower than the previous year (€2,365,307 thousand). This decrease was primarily due to the final maturity of securities in the reporting year.

The portfolio of **equities and other non-fixed-interest securities** fell in the reporting period by 1.0% to €21,335 thousand (previous year: €21,542 thousand).

The **trading portfolio** came to €5,572 thousand (previous year: €10,471 thousand). This figure includes the bond issued by the “Am Ostseeplatz” housing cooperative, ISIN DE000A30VH34, amounting to €5,518 thousand, which had not been sold to customers in its entirety as at year-end 2023.

The decrease in the portfolio of **participating interests and shares in affiliated companies** from €35,768 thousand to €35,059 thousand is primarily attributable to the revaluation of a participating interest.

The increase in **intangible assets** by €207 thousand is attributable to the purchase of software licences.

Property, plant and equipment increased by €27,477 thousand to €85,819 thousand. The rise is essentially attributable to additions in the context of building a new headquarters and the development of a sustainable urban district.

Other assets saw an increase of €16,991 thousand to €27,034 thousand. This increase was primarily attributable to temporary balances on clearing accounts for payment transactions, undistributed shares of profits from participating interests in partnerships and rights to tax refunds.

Prepaid expenses fell from €323 thousand to €122 thousand. The item contains expenses that relate to future financial years.

Deferred tax assets rose from €3,503 thousand to €5,879 thousand. This item is the difference between the disclosed tax expense and the expected tax expense from the income statement drawn up in accordance with German commercial law and is mainly due to the change in provisions for general banking risks according to Section 340f HGB and the differences in the calculation methods for the general allowances.

LIABILITIES	31.12.2023 € thousand	31.12.2022 € thousand	Change in € thousand	Change in %
Liabilities to banks	2,278,962	2,247,704	31,258	1.4
Liabilities to customers	2,854,319	3,176,395	-322,076	-10.1
Other liabilities	12,261	5,208	7,053	135.4
Prepaid expenses	371	507	-136	-26.8
Provisions	17,804	16,114	1,690	10.5
Lower-ranking liabilities	88,821	87,905	916	1.0
Profit participation rights	44,832	44,132	700	1.6
Fund for general banking risks	141,623	146,150	-4,527	-3.1
Equity	249,145	256,500	-7,355	-2.9
Total equity and liabilities	5,688,138	5,980,615	-292,477	-4.9

Alongside equity and longer-term deposits, public subsidies for environmental projects serve as a **source of long-term funding**. In this respect, the vast majority of liabilities to banks are attributable to KfW-Förderbank (€1,499,511 thousand; previous year: €1,214,121 thousand) and Landwirtschaftliche Rentenbank (€246,649 thousand; previous year: €240,604 thousand). Both the refinanced receivables from the final borrowers and further securities of a nominal value of €125,827 thousand have been transferred to the development banks as collateral.

The **funding ratio**, defined as the ratio of the balance sheet items liabilities to banks to receivables from customers, decreased from 71.6% to 67.9%. Liabilities to banks also includes funds in connection with the Bundesbank’s targeted longer-term refinancing operations of €470,000 thousand (previous year: €770,000 thousand). Overall, liabilities to banks increased by €31,258 thousand to €2,278,962 thousand, which was due to, among other things, the increase in liabilities to refinancing banks described in the previous paragraph.

Liabilities to customers fell by 10.1% from €3,176,395 thousand to €2,854,319 thousand. All overnight deposits come to €1,772,608 thousand and make up 62.1% (previous year: 68.4%) of liabilities to customers. This is followed in second place by savings deposits of €642,951 thousand or a share of 22.5% (previous year: 25.5%); third place is taken by other liabilities with an agreed maturity or notice period of €438,760 thousand or 15.4% (previous year: 6.1%).

At €12,261 thousand, **other liabilities** are up 135.4% on the previous year. The rise is predominantly due to the increase in trade payables in the context of building a new headquarters.

The decrease in **deferred income** from €507 thousand to €371 thousand results from one-off payments received on receivables from customers that are recorded as income distributed over the period of fixed interest of the loans.

The item **lower-ranking liabilities** includes the UmweltBank-CoCo-Bond 2016/2017 in the amount of €26,331 thousand (previous year: €25,954 thousand), the Umwelt-Bank-Green-Bond-junior in the amount of €42,376 thousand (previous year: €41,951 thousand) and registered bonds in the amount of €20,114 thousand (previous year: €20,000 thousand).

The increase in **provisions** from €16,114 thousand in the previous year to €17,804 thousand is attributable to, among other things, a provision for outstanding invoices for services rendered as part of the migration of the core banking system.

An amount of €4,562 thousand was reversed from the provisions in accordance with Section 340g HGB (**fund for general banking risks**). In addition, the reserves were increased by €35 thousand (0.02%) in accordance with Section 340e (4) HGB.

The **equity recognised on the balance sheet** decreased by €7,355 thousand from €256,500 thousand to €249,145 thousand. This decrease was due to the payment of a dividend of €11,765 thousand.

The **irrevocable loan commitments** fell to €346,801 thousand (previous year: €535,302 thousand). The **liabilities from guarantees and warranty agreements** fell to €84,104 thousand (previous year: €86,177 thousand).

Regulatory equity

UmweltBank’s **equity** exceeds the current statutory requirements. After preparing the annual financial statements for 2023, regulatory equity came to €524.5 million (previous year: €504.2 million). Of this figure, €388.9 million is classified as Common Equity Tier 1 capital, €26.0 million as additional core capital and €109.7 million as supplementary capital.

The increase in own funds in the 2023 financial year essentially stems from the accumulation of profits and regulatory recognition of capital increases from 2022 and 2023.

The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) issued a notice pursuant to the Supervisory Review and Evaluation Process (**SREP**) under which UmweltBank must comply with a total capital surcharge of 3.7 percentage points. This comprises increases in the capital requirements of 0.5% due to interest rate exposure and 1.0% for other material risks, as well as a special increase in the capital requirements for UmweltBank of 2.2%. According to the provisions of the Capital Requirements Regulation (CRR) valid as of the reporting date, UmweltBank is subject to the following equity ratios taking account of this surcharge as at 31 December 2023 when preparing the annual financial statements:

	Regulatory requirement 31.12.2023	31.12.2023	31.12.2022
Total capital ratio	15.0%	15.6%	15.7%
Tier 1 capital ratio	12.1%	12.4%	12.3%
Common Equity Tier 1 capital ratio	9.9%	11.6%	11.5%

The increase in the ratios is essentially attributable to the increase in own funds.

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

According to the regulations valid as of the reporting date and subject to the preparation of the annual financial statements, UmweltBank’s **leverage ratio** stood at 7.0% (previous year: 6.2%).

Liquidity

The Bank was able to **meet its payment obligations** at all times in the 2023 financial year. The “liquidity coverage ratio” (LCR) to be complied with pursuant to Regulation (EU) No. 575/2013 (CRR) stood at 3.85 as at 31 December 2023, thus significantly higher than the minimum of 1.0.

Summary assessment of the Bank’s business development and performance

The Management Board uses the volume of business and result for the year before taxes as the main financial performance indicators for managing the bank. It also uses the fulfilment of the UmweltGarantie (environmental guarantee) and CO2 savings as other performance indicators.

In terms of key financial indicators, the targets for 2023 stated in the management report for 2022 were met or, in some cases, not achieved:

The **volume of business** of €6,119.0 million, which comprises total assets of €5,688.1 million, liabilities from guarantees and warranty agreements of €84.1 million and irrevocable loan commitments of €346.8 million, fell by 7.3% in 2023 in comparison to the previous year. It was slightly lower than forecast due to the increase in capital requirements for UmweltBank ordered by the Federal Financial Supervisory Authority and a fall in new lending business as a result. The decrease on the assets side was also primarily due to the fall in bonds and other fixed-interest securities of €342 million and the decrease in cash and cash balances of €217 million, which was compensated for to some extent by the increase in receivables from customers of €218 million. On the liabilities side, there was a decrease especially in liabilities to customers of €322 million.

The **result for the year before taxes** of €-5,603 thousand was significantly lower than the level in the previous year and thus considerably below the updated forecast published on 3 September 2023. Net interest income was significantly down on the previous year’s figure and was slightly below the forecast. Net commission and trading income remained at the same level as in the previous year and was below the forecast. It was not possible to achieve the forecast for the financial result due to a decision by the Management Board to delay the sale of investment projects that was planned in the second half of 2023 in the hope of an improvement in prices on the market and due to write-downs

on fixed-interest securities in the non-current assets. Risk provisions fell in line with the forecast. Personnel expenses and general administrative expenses increased in comparison to the previous year, as forecast.

The ratio of the volume of utilised environmental loans, note loans for a specific purpose, participating interests and green/social bonds to the deposit volume provides a coverage of 102.2% (**fulfilment of the UmweltGarantie (environmental guarantee)**) as at 31 December 2023 (31.12.2022: 107.2%). The CO₂ savings made by UmweltBank in 2023 were around 1,340,000 tCO₂e, which was slightly higher than in the previous year of 1,160,000 tCO₂e. For this calculation, all greenhouse gas emissions caused by the company, whether directly or indirectly, were offset against the savings from projects in the field of renewable energy sources, as electricity from renewable energy sources saves carbon compared with the substituted energy sources. Since 2022, UmweltBank has also included emissions from investments in Portfolio A in its CO₂ accounting. The calculation was made on the basis of the Global GHG Accounting and Reporting Standard of the Partnership for Carbon Accounting Financials (PCAF).

3 Risk reporting

Risk management system

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

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

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

- Credit risks
- Market price risks
- Liquidity risks
- Operating risks
- Income and cost risks

Risk concentrations within a risk type (“intra”), risk concentrations overarching risk types (“inter”) and reputational risks are not quantified and managed as individual types of risk but instead considered and assessed as a risk factor, for example as a cross-section of all relevant risk type subcategories.

Real estate risks and energy price risks within the investment portfolio are measured and managed as part of credit risk in the sense of credit-substituting participating interests. The real estate risk of the Bank’s own real estate is included in the market price risk.

Following the migration to the Atruvia system, the risk report has been created using Atruvia/parclT systems since the reporting date of 31.12.2023.

Risk management pursues the objective of identifying risks at an early stage, keep existing risks under control in a targeted manner, thus safeguarding the Bank’s economic existence.

The risk-bearing capacity is calculated in accordance with regulatory guidelines from a normative and economic perspective.

The Bank determines and compares the development of the existing and required equity based on the integrated strategy and planning processes. Information on the development of the equity ratios in the planning scenario is supplemented with an assessment of potential adverse developments and together this provides the normative perspective.

For the economic perspective, the present value of the exposure for the material risks determined in the Bank’s own risk calculation is compared to the current cash value of the risk-bearing capacity. Value-at-risk models are used to calculate the risk levels with a confidence level of 99.9% and a holding period of one year.

Risks are measured for the economic perspective using defined scenarios or models on at least a quarterly basis. Appropriate measures are used to guarantee that material risks are covered by the risk-bearing capacity at all times.

The utilisation of the Bank’s overall risk bearing capacity is determined by summing the individual risks without taking account of or utilising diversification and correlation effects across risk types.

As it is not possible to appropriately limit the insolvency risk through the risk-bearing capacity, it is not included in the risk-bearing capacity concept. Nevertheless, the insolvency risk is taken into account outside of the risk-bearing capacity concept using risk management and controlling methods such as calculating the liquidity risk-bearing capacity, preparing a liquidity gap report and continuously monitoring the regulatory and supervisory requirements and guidelines with respect to liquidity.

The material risks, the development of the risk-bearing capacity and the utilisation of risk limits are presented in the controlling report on a quarterly basis. Risks are managed on an ongoing basis using reports created at least every quarter and/or as required in response to certain events.

As at 31 December 2023, the risk-bearing capacity in the economic perspective breaks down as follows:

Total risk-bearing capacity in € millions	446,308
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The regular controlling report and ad hoc reporting provides the management with information about UmweltBank’s risk situation. The Supervisory Board is informed about the Bank’s risk utilisation before each of its meetings.

Alongside measuring risk-bearing capacity, UmweltBank additionally performs various regular and ad hoc **stress tests**. These include simulations of a severe economic downturn, a market and liquidity crisis and a real estate crisis. In all cases, continuation of business activities is possible without substantial restrictions. Once a year, additional reverse stress tests are deployed to develop extreme scenarios that take the risk-bearing capacity to the extreme in order to uncover potential gaps in the existing risk management system. In addition, sensitivity analyses were carried out on the risk types. The management and the Supervisory Board are informed on a regular basis on the outcome of the stress tests.

Credit risk

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

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

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

UmweltBank’s own economic **rating system** consists of six credit ratings and is applied equally for credit exposures, the provision of mezzanine and equity capital as well as participating interests. This overall economic assessment is based on customers’ personal credit rating, their income level and their financial circumstances, each weighted as one-third. As part of the Atruvia migration project, UmweltBank’s own rating system was replaced by the Atruvia system for the evaluation of economic creditworthiness. On the reporting date of 31.12.2023, 6% of borrowers and 67% of the lending volume were evaluated using this new system. This new system uses 25 rating categories for creditworthiness and assigns a probability of default to each rating category. Creditworthiness is determined methodologically using the rating methods VR rating for private customers, VR rating for corporate customers / large companies, VR rating for real estate and the VR rating for renewable energies.

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

As part of the Bank’s ongoing credit monitoring system, the borrowers’ economic circumstances and the recoverability of the collateral they provided are reviewed on a regular basis. Over and above this, UmweltBank has a risk early warning system in place. For this purpose, borrowers’ account management is monitored on an ongoing basis. For instance, the IT system prepares daily overdraft lists for all exposures; these are reviewed and processed by the responsible account managers. This procedure is intended to identify emerging risks at an early stage and to allow suitable measures to be taken.

In the event of risk provisioning becoming necessary, an allowance is created on the unsecured portion of the loan. The unsecured portion is determined by deducting the aggregate of the collateral values of all liable collateral from the utilisation of the loan. To determine the current collateral value of the collateral, the valuation approaches must be reviewed and adjusted as necessary.

As part of the calculation of risk-bearing capacity, a measurement of **rating migration risk and counterparty default risk for customer loans** is regularly performed using a Monte Carlo simulation in combination with a value-at-risk approach based on the credit portfolio view method. Alongside the recognition of specific allowances according to the regulatory definition of default, a default event also includes other events (for example a payment overdue for more than 90 days), while the cash impact of every simulated rating migration is included in the calculation.

In addition, the credit risk is also taken into consideration in investments and participating interests. Credit risk is subdivided into counterparty default risk and credit rating risk of items with an additional external rating (such as Pfandbriefs or term deposits at other banks) and into counterparty default risk of items without an external rating (participating interests, for example). S&P, Moody's and Fitch are used as external rating agencies.

The risks related to participating interests in real estate and energy generation projects are measured by integrating the credit-substituting participating interest into the cash credit portfolio model. Participating interests of the subsidiary UPG are included using the look-through approach.

A separate limit is set for each issuer. Compliance with the limits is monitored on a daily basis by an office independent of trading.

The **rating migration risk and counterparty default risk of securities and receivables from banks with an external rating** is simulated according to the credit metrics method. The change in value is depicted by integrating the change in creditworthiness and the potential change in value based on variations in the market-wide and individual credit spread into the simulation. In this context, the Bank enters into country risks only to a minor extent.

Guardrails have been put in place for the Bank's liquidity reserves and investments in securities with the aim of minimising risk. Investments are made in central bank deposits, fixed and variable-interest securities, Pfandbriefs, public bonds or deposits at banks.

Alongside a liquid market and good economic and ecological ratings of the issuers, importance is attached to the returns. UmweltBank's trading activities always fulfil the criteria of Article 94 (1) of Regulation (EU) No. 575/2013 (CRR) for small trading book business.

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

Market price risks

The market price risk is defined as the risk of a change in the market price or market interest rates.

The **market price risk and interest rate exposure strategy** forms the basis for managing the market price risk as part of the business and risk strategy. Market price risks at UmweltBank take the form of interest rate exposure in particular. In the normative perspective, interest rate exposure includes interest-rate induced price change risks and fluctuations in net interest income, while in the economic perspective it includes the present value of all interest-bearing transactions at the bank. In addition, there is a manageable portfolio of equities and currency items that consequently involve the corresponding foreign exchange risks. UmweltBank is not exposed to commodity and any other price risks.

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

The **interest rate exposure** generally consists of cash losses on securities and on cash-flow for the whole bank as a result of a change in interest rates, as well as higher interest expenses potentially arising from changing market interest rates that are not counter-

balanced by a corresponding rise in interest income, since the interest rates for assets cannot be increased in all cases due to the application of fixed rates. The differences in the fixed interest rates arise primarily on account of differing customer interests in the area of financial investment and in the area of borrowing. Consequently, UmweltBank performs traditional maturity transformation in order to satisfy customer requirements.

To determine the risk exposure to market price risks for calculating risk-bearing capacity, UmweltBank’s **interest rate exposure in terms of present value** is also determined in the regular risk report (in accordance with “Circular 06/2019 (BA) – Interest rate risk in the banking book”). The simulation is based on historical interest rate trends, which give notable risk values after the inclusion of the significant interest rate rises in 2022 and 2023. In addition, six scenarios specified by the Federal Financial Supervisory Authority (BaFin) are examined. On the reporting date of 31.12.2023, the scenario with the highest risk value is the “interest rate shock +200 basis points”.

As at the 31 December 2023 reporting date, the risk-bearing capacity in terms of present value, provided with a set of scenarios specified by the regulatory authorities, is as follows:

On account of minor currency items, there is also a **foreign exchange risk**. The foreign exchange risk describes the danger that the value of an item reacts to changes in foreign exchange rates and the changes in the exchange rates give rise to impairment of the item. On the basis of the historical development of exchange rates, a value-at-risk approach is used to determine a potential value fluctuation with a confidence level of 99.9% and multiplied by the current market value.

Equity risks are calculated in a similar manner to currency item risks and, within the

Interest rate exposure in terms of present value	Interest rate shock +200 basis points	Interest rate shock -200 basis points
Change in present value in € thousands	-38,403	37,538
Change in present value in relation to equity in %	-7.2	7.0

economic perspective of the risk-bearing capacity, a limit is determined as part of the market price risks.

The **real estate risk** for the Bank’s own real estate (UmweltHaus and UmweltQuartier) describes the risk that a revaluation will be necessary in the event of a change in market conditions. The risk is derived from fluctuations in selected real estate indices.

Liquidity risks

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

The insolvency risk is determined on a quarterly basis using forward liquidity exposure statements of several risk scenarios by reviewing whether the strategic survival horizon can be maintained. The basis for the risk scenarios is the liquidity planning with a time horizon of five years, which is derived from the medium-term budgeting and thus represents the expected cash flows. For determining risk, the cumulated net cash flow is set against the existing liquidity potential, thus reviewing the Bank’s solvency.

The refinancing cost risk, which is covered by the risk-bearing capacity, is calculated by means of a spread premium on the liquidity cash flow.

For **liquidity management** purposes, UmweltBank held as at 31 December 2023 a credit balance with Deutsche Bundesbank, and especially liquid Pfandbriefs and bonds issued by public bodies or banks. Significant sources of the Bank’s funding are the deposit-taking business and refinancing through development banks, specifically the KfW and Landwirtschaftliche Rentenbank. As at the 31 December 2023 reporting date, the liquidity situation is as follows:

Planning scenario	In € millions
Especially liquid funds (liquidity potential)	1,398
Cumulated liquidity exposure (within 6 months)	164

The risk measurement of liquidity risks is closely integrated into the medium-term planning and thus constitutes the refinancing plan required by the MaRisk.

Operating risks

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

The strategic objective consists of **limiting operating risks** and the associated losses to an acceptable residual risk, provided that the measures necessary for this are economically justified from a cost/benefit perspective. UmweltBank’s operating risks mainly arise from information technology (IT), from political, statutory or regulatory developments in the banking sector, from how structures and procedures are organised and from the loss of employees with special expertise or experience. Operating damage is recorded in a damage incident database. This makes it possible to perform a subsequent evaluation of all operating damage in a calendar year and to establish any preventive measures. Damage above a threshold of €50,000 is automatically reported to the Management Board on an ad hoc basis when it is entered in the database.

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

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

Within the scope of the annual structured **self-assessment**, the Bank draws up a risk map. Departmental and central unit managements and other central offices prepare prospective danger assessments on the basis of conceivable constellations with an operating risk. This makes it possible to identify material operating risk drivers and derive

any risk mitigation and management measures. In addition, the probability of occurrence and a potential damage amount is recorded for each case.

The risk value is determined using a Monte Carlo simulation of all possible cases.

Other risks

The income risk and cost risk have been identified as material risks in the area of other risks. The monitoring of these (planning deviation) risks takes place within the scope of the quarterly reporting process in the controlling report and as part of stress testing.

Risk concentrations

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

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

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

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

Result of the analysis of risk-bearing capacity

As at the reporting date of 31 December 2023, the risks and limits for the economic perspective of the risk-bearing capacity are as follows:

Risk type	Risk in € millions	Limit in € millions	Utilisation of limit
Credit risks	205,776	250,000	82.3%
Market price risks	110,906	142,000	78.1%
Liquidity risks	0	5,000	0.0%
Operating risks	20,127	25,000	80.5%
Aggregate of risks and limits	336,809	422,000	79.8%

Summary assessment of the Bank’s risk position

UmweltBank’s risk position did not change significantly in 2023. The risk-bearing capacity of UmweltBank was ensured at all times. Following the transition to the Atruvia system, the risk models provided by parclT were used for the first time as at the reporting date of 31.12.2023 and used as the basis for calculating the risk-bearing capacity in the controlling report.

4 Forecast report

Macroeconomic expectations

The omens for the German economy were far from positive at the beginning of 2024. The export-oriented economy continues to suffer from the weak global economy. At the same time, high energy prices are placing pressure on energy-intensive industry, which accounts for a comparatively high proportion of the economy. Last but not least, the budgetary crisis last year will continue to have an impact in 2024 because the German federal government is shifting towards austerity measures. Meanwhile, the war in Ukraine is ongoing and there is currently no end in sight. Another trouble spot emerged at the end of 2023 with the war in the Gaza strip, which could still escalate and draw in other actors in the future. 2024 will also be characterised by multiple crises, which will make it impossible to make a reliable forecast on macroeconomic developments. This is also reflected in the diverging economic forecasts by leading economic research institutes. Estimates on the development of gross domestic product currently range from –0.5% to 0.7% (as at: 5 February 2024).

The ifo Institute’s most recent forecast for 2024 (as at 24 January 2024) predicted a growth in gross domestic product of 0.7%. On the one hand, the institute stresses that the course for the German economy is set for recovery but, on the other hand, the mood among private households and companies is poor. This will result in a slow economic recovery. A significant reduction in the federal budget, where savings of around €20 billion must be made according to a judgement by the Federal Constitutional Court, will also act as a brake on the economy. This will place a greater burden on and offer less relief to private households and companies. The economists also expect inflation to fall substantially in 2024. The institute in Munich expects an inflation rate of 3.4%, compared to 5.9% in the previous year. At the same time, the rate of unemployment for 2024 is estimated at 5.9% (2023: 5.7%), which means it will remain low.

Industry-specific framework conditions

A series of concurrent crises are expected in 2024. There is still no end in sight to the Ukraine war and the further course of the conflict and its impact on Europe and Germany is just as unclear. Another conflict arose in 2023 with the war in Gaza and it is still uncertain what effect it will have on stability in the Middle East. Due to UmweltBank’s focus on the Federal Republic of Germany, there are no expectations of any direct negative

effects on the business of UmweltBank from these wars. High energy prices, persistently high inflation and the uncertain economic outlook are nevertheless placing a burden on companies and private households, which in turn is impacting the creditworthiness of existing borrowers and could dampen demand for loans and financial investments. The longer the multiple crises last, the more likely there is to be an increase in non-performing loans and ultimately also a reduction in earnings from resulting defaults.

The **banking sector in Germany** is still proving to be resilient despite the multiple global crises. The sector has been under pressure for some considerable time as a result of tough competition, investment in digitalisation, rising costs due to regulation and higher credit default risks. The low interest phase also placed a burden on results at banks for a long time. However, the long-awaited reversal in interest rate policy by the ECB was a double-edged sword. On the one hand, many banks were able to report significant increases in their net interest last year, while on the other hand, the speed and extent with which the interest rates increased forced some banks to make uncompromising write-downs and impairments on their existing securities. In the meantime, market observers are now already expecting a reversal of the reversal in interest rates in 2024. It is thus possible that the ECB will already start to lower base rates from spring onwards. Framework conditions will also increase credit default risk. The high inflation level reduces consumers’ purchasing power and thus also their ability to repay existing loans. In addition, higher financing costs and construction prices already led to a slump in demand for building loans and mortgages in previous years. Experts do not expect any quick improvement for 2024. Companies are also suffering under these challenging framework conditions – from high energy prices and rising financing costs through to a skills shortage. This not only applies to smaller companies but also increasingly to medium-sized and large companies. In 2023, Creditreform reported an increase in company insolvencies of 23.5% to 18,100 cases (2022: 14,660 cases). Furthermore, the number of consumer insolvencies remains at the same level as in the previous year. The labour market is still characterised by high levels of employment. Numerous sizeable collective bargaining agreements were also concluded in 2023, which should serve to largely maintain employees purchasing power despite the high level of inflation. For 2024, experts are anticipating rising insolvency figures, both private and commercial. After the ECB introduced a reversal in interest rate policy in 2022 and increased the key interest rate in ten steps to reach the current rate of 4.5% (as at 9 February 2024), market observers anticipate that interest rates will stagnate for at least a period of time in the current year and may even be reduced for the first time. For example, Commerzbank anticipates that interest rates will be cut for the first time in summer 2024 by 25 basis points, followed by three further reductions of the same amount up to spring 2025.

The multiple crises facing Germany continue to make it difficult to make reliable forecasts about how **real estate and land prices** will develop. The challenges prevailing in previous years – shortage of skilled labour, supply bottlenecks, high costs for new builds and renovation work as well as rising financing costs – will influence the real estate sector once again in 2024. The gloomy economic outlook and a high risk of recession in Germany are additional factors. This complex situation darkens the outlook for commercial and residential real estate. The latter has experienced a historic fall in prices in the last year. According to the Kiel Institute for the World Economy (Institut für Weltwirtschaft – IfW), there has never been such a sharp drop in prices observed in such a short period of time across all sectors of the housing market – owner-occupied flats and single and multi-family houses. A positive development highlighted by the Kiel Institute was the fact that prices stabilised somewhat in the last quarter of 2023 and the rate at which prices were falling had slowed. The prospects of the market bottoming out have thus improved. At the same time, market observers still expect surplus demand for housing and sharp rises in rents. Due to the stagnating volume of housing construction and the return to rising population figures – especially due to immigration – demand is significantly higher than the supply of accommodation in large towns and cities. Rising rents could be an increasing incentive to invest in new properties in the medium term. This will be supported by lower financing costs, which have fallen noticeably in recent times from their peak in 2023.

Thanks to UmweltBank's focus on ecological and affordable residential real estate, UmweltBank anticipates sound demand for financing again in 2024 – in the **commercial sector**. With a view to demographics, the focus of the real estate sector is likely to shift towards the needs of seniors and greater need for care in future. For this reason, UmweltBank sees significant growth potential in the area of nursing care properties which it entered in 2020.

The expansion of **renewable energy sources** in Germany will continue as it is politically desired. Alongside a positive contribution to climate protection, regenerative energy sources have gained appreciably in importance again for reasons of energy security since the outbreak of the Ukraine war. With the most recent amendment to the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG), which came into effect as of 1 January 2023, and “Solar Package I”, the federal government intends to greatly accelerate the construction of renewable energy plants. The plans are for photovoltaic systems with an output of around 215 gigawatts to go online by 2030. This would correspond to an annual addition of 22 GW – three times the 7.2 GW added in

2022. In addition, 2% of the land area of Germany is to be made available for expanding wind power by 2032 – the figure currently stands at 0.8%, of which only 0.5% is actually available, however. Over and above this, there are plans to remove obstacles and to accelerate planning and approval procedures. One positive factor in this development is the fact that, since 29 July 2022, it has been enshrined in law that renewable energy sources are predominantly in the public interest and serve public safety. This means that they will have priority over other interests in impact assessments. Similarly, the reduction in the supply of electricity from nuclear power and coal is likely to further improve the competitiveness of renewable energy sources over the next few years. Large-scale photovoltaic systems are currently marketable without government subsidies.

The expansion of onshore **wind energy** in Germany is currently being forecast at more than 4 gigawatts for 2024, which would constitute a significant increase in comparison to 2023. There is justified hope emerging in the industry that the addition of new output will significantly pick up speed again in future. New output of 7.5 gigawatts was approved in 2023 alone. However, the sector is warning that there are still too many hurdles to overcome in realising such projects. It has called on the German federal government to take appropriate action to support the achievement of their ambitious expansion plans – especially by removing existing political and bureaucratic hurdles and making areas for construction available. This is the only way that the expansion objectives of the amendments made in 2023 to the EEG involving 115 GW of cumulated output for onshore wind turbines by 2030 can be achieved. The long-term outlook for the wind market is positive on the basis of the EEG 2023 and the envisaged climate neutrality in Germany by 2045. The decarbonisation of industry and securing energy supplies can only be ensured with further additional output.

The German federal government has set the expansion target for photovoltaics in 2024 at 13 gigawatts. Half of this expansion will be in open-field sites and the other half in rooftop systems. The Solar Package, which was approved by the German cabinet on 16.08.2023, is a key step in achieving the ambitious expansion targets by 2030. It should make the installation of photovoltaic systems significantly simpler and less bureaucratic. The auction volumes for EEG-funded power plants of 1 MWp and above will increase up to 9 gigawatts in 2024. Following the removal of the exemption that allowed open-field photovoltaic power plants up to 100 megawatts (instead of 20 megawatts) to participate in the auctions in 2023, a record year for subsidy-free power purchase agreements is now anticipated. UmweltBank believes that it is very well positioned in the segments

described above and should also continue to benefit from the accelerated expansion of photovoltaics.

Opportunities

Opportunities for UmweltBank result from the **rigorous implementation of the new business strategy agreed in early 2024**. With its focus on the Bank’s core competencies of financing environmental projects for its commercial customers and offering sustainable financial investments for private customers, the Bank is benefiting from a megatrend that also has the highest political priority.

This focus on core competencies includes cutting back existing strategic business fields. For example, the investment portfolio will not be expanded but rather downsized in future. This will reduce future complexities and increase other hidden reserves. In the private customer business, UmweltBank will continue to exclusively focus on digitally scalable business areas, which is why the Bank will gradually cut back its private building finance business instead of expanding it.

In Germany, the energy transition is in full swing. With a view to achieving the climate objectives, implementation of **renewable energy projects** will not only continue but, according to the plans of the federal government, their expansion is even to be significantly accelerated. Last but not least in this context, the Ukraine war has made a contribution to renewable energy sources significantly gaining in importance once again for reasons of energy security. As a partner with proven expertise in the financing of wind energy and photovoltaic power plants, UmweltBank has very good opportunities to retain its market share in this sector and expand it in the medium to long term. Last but not least, the expansion of renewable energies must be accompanied by an increase in storage capacities. UmweltBank will gradually enter into this new business field over the coming years.

The real estate sector will play a prominent role in achieving the German federal government’s ambitious target of becoming climate neutral by 2045. New **residential and commercial buildings** are ever increasingly being planned and built in Germany according to ecological and social criteria. However, the real estate sector has slipped into crisis over the last two years and has suffered in particular from the sharp increase in financing costs, high construction costs and a shortage of materials and skilled workers. This has resulted in a slump in new construction activity but there are now various signs that the mood in this sector is slowly starting to turn. For example, financing costs fell again at

the end of 2023 and the bottlenecks with respect to material and labour also appear to be improving. Last but not least, there has been a sharp increase in rentals, especially in urban areas, which will make the new construction of homes and apartments more attractive to investors. This recovery scenario offers UmweltBank a variety of opportunities because it specialises in financing real estate projects with an ecological and social focus and also has many years of experience to fall back on.

In the **private customer business**, UmweltBank offers digital and sustainable products that are closely tailored to the needs of customers. Using attractively designed products, efficient marketing strategies and a completely digital customer experience, the Bank believes that it has strong opportunities for growth in this area. Under the UmweltSpektrum brand, UmweltBank is positioning itself in the growing market for sustainable funds and will thus be able to tap into additional earnings potential.

Risks

Many companies in Germany are suffering as a result of the multiple global crises and are facing an uncertain economic outlook. High energy costs and a lack of skilled workers are placing a particular strain on Germany. A poor **economic situation** can have a negative impact on the banking sector overall.

In the **real estate sector**, it is necessary to differentiate between the financing of rental residential real estate and owner-occupied real estate. The vast majority of the **rental residential real estate** financed by UmweltBank is let at below-market-cost rent. This makes the accommodation more affordable even in times of crisis. However, a higher level of rent default risk cannot be excluded. While many households are finding themselves confronted with increases in the cost of living, the number of persons in gainful employment in Germany is at a record high at the same time. According to the Federal Statistical Office, real wages increased by 0.1% in 2023 despite high levels of inflation. **Commercial real estate** is of subordinate importance for UmweltBank. The direct impact of the multiple crises on the financing of **owner-occupied real estate** should still remain manageable. But over the medium term, a major economic crisis may lead to appreciable arrears in payments. Although the amount of lending against the financed real estate tends to be moderate, a situation may increasingly arise where the proceeds from realisation of real estate are insufficient to cover the loan receivables, meaning that a higher level than usual of credit defaults filters through to UmweltBank to date. New business risks will arise in particular due to the ongoing crisis in the real estate sector. The sharp rise in interest rates combined with high construction costs are continuing to slow

new construction activity. Bottlenecks in the supply of materials and the lack of skilled staff are also having a negative effect. But also political decisions such as the sudden stop to KfW funding in 2022 are causing uncertainty on the housing market. Likewise, stricter criteria for KfW funding programmes have the potential to slow new business.

There are also real estate risks in the **Bank’s own direct and indirect portfolio**, which could result in a revaluation in the event of a change in market conditions.

The expansion of **renewable energies** is being heavily promoted and supported politically. Political changes to the subsidy regime will pose a risk to UmweltBank’s loan portfolio and also its new business. In particular, a retroactive reduction or complete removal of the guaranteed feed-in payments under the Renewable Energies Act (EEG) could have a negative impact on the loan portfolio. The resulting loss in trust could also have huge negative effects on willingness to invest in these types of projects in the future, which will in turn impact UmweltBank’s new business. However, this risk is currently considered to be low due to the ambitious expansion targets set by the German federal government. The Bank’s new business also faces risks as a result of factors that could restrict the expansion of renewable energies in the future. These factors include the grid infrastructure, which must be expanded at the same pace, and potential restrictions due to disruptions in supply chains and above all the dependence on raw materials, technologies and products from abroad.

There remain risks from the **trajectory of the interest rate structure**, for which potential scenarios are calculated. In 2022, the ECB decided to reverse its interest rate policy and has since then raised the key interest rate from 0% to 4.5% (as at 28 February 2024). Over the short term, the rapid and sharp rise in the interest rate is putting pressure on the interest result. This is due to a situation in the lending business where a large portfolio of existing long-term loans at low interest rates meet predominantly short-term savings deposits and flexible interest rates. Over the medium to long term, the net interest income should benefit, as UmweltBank can issue new loans and renewals at significantly higher rates than before the reversal in interest rate policy. Furthermore, the treasury department will be able to make investments at more attractive interest rates. If interest rate levels were to continue rising as rapidly and sharply, however, the Bank’s interest result could remain under pressure. However, market observers believe it is more likely that interest rates will fall in 2024. The Bank’s liquidity is currently within the usual range. A sharp rise in liquidity requirements may necessitate the sale of fixed-interest securities that in light of the fall in prices would only be sellable at a loss.

Future financial position, cash flows and financial performance

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

UmweltBank is currently undergoing a period of transformation and forging a new strategic alignment. It plans to focus more strongly on its core business fields in future. In particular, the Bank will significantly expand its deposits business to utilise the considerable potential for growth in customer numbers and deposits. On the financing side, the Bank will use its long-standing and comprehensive expertise in project business for further growth, especially in the rapidly growing renewable energies segment. UmweltBank will discontinue new business in consumer loans and also gradually reduce its business in investments.

The volume of business at the end of the 2024 financial year is expected to reach around €6.7 billion. This significant increase in comparison to the previous year (2023: €6.1 billion) will be due, in particular, to the planned strong growth of the private customer business. The Bank will strive to substantially increase its customer deposits and expects to attract around 27,000 new customers in 2024. In the current financial year, UmweltBank expects to issue new environmental loans with a volume of at least €250 million, which will only be limited by the greater requirements currently placed on the company’s capital.

The fact that it is inherent in UmweltBank’s business model that benefits from the reversal of the interest rate policy will only be felt with a delay means there will still be an impact in 2024. Net interest is expected to rise slightly in 2024, supported by higher interest rates overall and by the continuous reduction in the old portfolio of loans with low interest rates. It is anticipated that the financial result will be significantly higher than in the previous year due to the planned sale of participating interests. Commission and net trading income is expected to be slightly lower than in the previous year due to lower commission in the loan business. In the securities business, the new brokerage service, increasing sales activities for the Bank’s own funds and the expansion of the issuance business will make a substantial contribution to net commission income. Following substantial growth in the previous year, personnel expenses will remain largely stable

in 2024. In contrast, administrative expenses will increase noticeably once again. This will include planned downstream costs for the migration of the core banking system of €4 million. The Bank will also be making significant investments in the development of efficient and digital processes, optimising its organisational structure and strengthening its marketing activities.

Overall, the Management Board of UmweltBank anticipates earnings before tax of between minus €10 million and minus €5 million in the 2024 financial year. The Bank has significant contingency reserves for general banking risks of €140 million, which will be partially released to produce a positive net result in 2024. The Management Board believes that the new strategic alignment will ensure that business will develop much more positively from 2025 onwards.

The Management Board reviews other options to strengthen the core capital on a regular basis, whether through a capital increase or through the issuing of additional core capital instruments.

Nuremberg, 1 August 2024

UmweltBank AG, Nuremberg

The Management Board


Goran Bašić


Dietmar von Blücher


Heike Schmitz



Amended balance sheet of UmweltBank AG,
Nuremberg, 31 December 2023

Assets side					
		€	€	Financial year €	Previous year € thousand
1	Cash and cash balances				
	a) Cash balances			0.00	0
	b) Credit balance at central banks			116,294,842.47	332,806
	thereof: at Deutsche Bundesbank	116,294,842.47			(332,806)
	c) Credit balance at post office banks			0.00	0
2	Debt issued by public-sector borrowers and bills of exchanges eligible for refinancing at central banks				
	a) Treasury bills and discounted treasury notes, as well as similar debt issues by public-sector borrowers			0.00	0
	thereof: at Deutsche Bundesbank				
	Refinanceable	0.00			0
	b) Bills of exchange			0.00	0
3	Receivables from banks				
	a) due daily			10,532,865.66	2,890
	b) other receivables			0.00	0
4	Receivables from customers			3,356,646,093.01	3,139,025
	thereof:				
	secured by mortgages	533,450,546.90			0
	Municipal loans	3,529,114.32			0
5	Bonds and other fixed-interest securities				
	a) Money market papers				
	aa) of public issuers		0.00		0
	thereof: acceptable as collateral at Deutsche Bundesbank	0.00			0
	ab) of other issuers		0.00	0.00	0
	thereof: acceptable as collateral at Deutsche Bundesbank	0.00			0
	b) Bonds				
	ba) of public issuers		0.00		0
	thereof: acceptable as collateral at Deutsche Bundesbank	0.00			0
	bb) of other issuers		2,023,041,539.69	2,023,041,539.69	2,365,307
	thereof: acceptable as collateral at Deutsche Bundesbank	1,636,590,887.47			0
	c) Own bonds			0.00	0
	Nominal value	0.00			0
6	Equities and other non-fixed-interest securities			21,334,795.17	21,542
6a.	Trading portfolio			5,572,102.74	10,471
7	Participating interests			16,358,107.88	16,926
	thereof:				
	in banks	7,577,896.62			0
	in financial services institutions	0.00			0
	in securities institutes	0.00			0
8	Shares in affiliated companies			18,701,190.94	18,841
	thereof:				
	in banks	0.00			0
	in financial services institutions	0.00			0
	in securities institutes	0.00			0
9	Trust assets			0.00	0
	thereof: trust loans	0.00			0
10	Equalisation claims against public authorities including bonds resulting from their conversion			0.00	0
11	Intangible assets				
	a) Self-created industrial property rights and similar rights and values		0.00		0
	b) Franchises acquired for monetary consideration, industrial rights and similar rights and assets as well as licences in such rights and assets		123,885.00		283
	c) Goodwill		0.00		0
	d) Prepayments made		678,399.85	802,284.85	312
12	Property, plant and equipment			85,818,879.33	58,342
13	Called-up capital not paid			0.00	0
14	Other assets			27,033,869.28	10,043
15	Prepaid expenses			121,712.35	323
16	Deferred tax assets			5,879,416.49	3,503
	Total assets			5,688,137,699.86	5,980,615

Equity and liabilities side					
		€	€	Financial year €	Previous year € thousand
1	Liabilities to banks				
	a) due daily			7,046,212.49	53
	b) with agreed maturity or notice period			2,271,915,696.52	2,278,961,909.01
2	Liabilities to customers				
	a) savings deposits				
	aa) with agreed maturity of three months	638,074,383.04			576,466
	ab) with agreed maturity of more than three months	4,877,171.99	642,951,555.03		233,467
	b) other liabilities				
	ba) due daily	1,772,608,419.46			2,172,885
	bb) with an agreed maturity or notice period	438,759,543.90	2,211,367,963.36	2,854,319,518.39	193,577
3	Securitised liabilities				
	a) Bonds issued		0.00		0
	b) Other securitised liabilities		0.00		0
	thereof:				
	Money market papers	0.00			(0)
	Own acceptances and promissory notes outstanding	0.00			(0)
3a.	Trading portfolio			0.00	0
4	Trust liabilities			0.00	0
	thereof: trust loans	0.00			(0)
5	Other liabilities				12,260,532.30
6	Prepaid expenses				370,812.41
6a.	Deferred tax liabilities				0.00
7	Provisions				
	a) Provisions for pension and similar obligations			0.00	0
	b) Tax provisions			754,603.30	2,160
	c) Other provisions			17,049,292.97	13,954
8	[deleted]			0.00	0
9	Lower-ranking liabilities				88,821,170.43
10	Profit participation rights				44,831,840.13
	thereof: due before the end of two years				
		0.00			(0)
11	Fund for general banking risks				141,622,563.71
	thereof: special item according to Section 340e (4) HGB				
		965,480.49			(931)
12	Equity				
	a) Called-up capital				
	Subscribed capital	36,058,412.00			0
	less uncalled				
	outstanding capital contributions	0.00			0
	less treasury shares or own shares	11,221.00	36,047,191.00		35,663
	b) capital reserves		108,673,829.58		105,278
	c) retained earnings				
	ca) statutory reserves	26.20			0
	cb) Reserve for shares in companies in which the Bank has a controlling or majority interest	0.00			0
	cd) other retained earnings	103,738,449.76	103,738,475.96		103,048
	d) distributable profit		685,960.67	249,145,457.21	12,511
	Total equity and liabilities			5,688,137,699.86	5,980,615
1 Contingent liabilities					
	a) Contingent liabilities from rediscounted bills of exchange				
			0.00		0
	b) Liabilities from guarantees and warranty agreements		84,103,891.86		86,177
	c) Liability arising from the provision of collateral for third-party liabilities		0.00	84,103,891.86	0
2 Other obligations					
	a) Repurchase obligations from non-genuine repurchase agreements				
			0.00		0
	b) Placement and underwriting obligations		0.00		0
	c) Irrevocable loan commitments	346,800,525.73	346,800,525.73		535,302
	thereof: Delivery obligations arising from interest-related forward transactions	0.00			0

Amended income statement

of UmweltBank AG,

Nuremberg, for the period from 1 January to 31 December 2023

		€	€	€	01.01 – 31.12.2023 €	01.01 31.12.2022 € thousand
1	Interest income from					
	a) lending and money market business		81,423,134.10			63,315
	b) fixed-interest securities and debt register claims		19,573,954.11	100,997,088.21		11,085
	thereof: negative interest in a) and b)	0.00				0
2	Interest expenses			59,891,274.64	41,105,813.57	15,610
	thereof: negative interest received	73,492.90				0
3	Current income from					
	a) equities and other non-fixed-interest securities			180,768.50		181
	b) participating interests			2,278,433.92		2,367
	c) shares in affiliated companies			5,244,157.64	7,703,360.06	2,431
4	Income from profit pooling, profit transfer or partial profit transfer agreements				0.00	0
5	Commission income			8,926,229.27		7,494
6	Commission expenses			470,649.72	8,455,579.55	417
7	Net income from trading portfolio				596,250.39	2,269
8	Other operating income				459,482.19	381
9	[deleted]				0.00	0
10	General administrative expenses					
	a) personnel expenses					
	aa) wages and salaries		21,917,756.55			16,873
	ab) social security, pension and other benefit costs		3,706,345.25	25,624,101.80		3,007
	thereof: for pensions	270,644.16				0
	b) other administrative expenses			31,510,351.79	57,134,453.59	21,575
11	Amortisation, depreciation and impairment on intangible assets and property, plant and equipment				697,130.22	708
12	Other operating expenses				435,311.46	2,397
13	Amortisation and impairment of receivables and certain securities and additions to provisions in the lending business			0.00		9,576
14	Income from write-ups to claims and certain securities as well as the reversal of provisions in the loan business			4,655,847.54	4,655,847.54	0

		€	€	€	01.01 – 31.12.2023 €	01.01 31.12.2022 € thousand
15	Depreciation and impairment of participating interests, shares in affiliated companies and securities treated as non-current assets			10,344,238.20		0
16	Income from write-ups on participating interests, shares in affiliated companies and securities treated as non-current assets			0.00	-10,344,238.20	19,850
17	Expenses from assumption of losses				0.00	0
18	[deleted]				0.00	0
19th	Result from normal business activities				-5,634,800.17	39,210
20	Extraordinary income			0.00		0
21	Extraordinary expenses			0.00		0
22	Extraordinary result				0.00	0
23	Income taxes			- 1,804,744.09		8,661
	thereof deferred taxes	-2,376,660.95				1,728
24	Other taxes, if not disclosed in Item 12			-31,902.46	-1,836,646.55	0
24a.	Income from the reversal of provisions in the fund for general banking risks				4,527,436.29	-11,000
27	Net result				729,282.67	19,549
28	Profit carryforward from the previous year				0.00	0
					729,282.67	19,549
30	Withdrawals from retained earnings					
	a) from the statutory reserves			0.00		0
	b) from the reserve for shares in companies in which the bank has a controlling or majority interest			0.00		0
	from the reserves under the Articles of Association			0.00		0
	d) from other retained earnings			0.00	0.00	0
					729,282.67	19,549
32	Transfers to retained earnings					
	a) to the statutory reserves			0.00		0
	b) to the reserve for shares in companies in which the bank has a controlling or majority interest			0.00		0
	c) to the reserves under the Articles of Association			0.00		0
	d) to other retained earnings			43,322.00	43,322.00	7,038
34	Distributable profit				685,960.67	12,511

Amended notes to the financial statements of UmweltBank AG,

Nuremberg, for the annual financial statements as at
31 December 2023

Notes on the amended financial statements for the financial year 01.01.2023 - 31.12.2023

During the preparation of the consolidated financial statements for the 2023 financial year, matters came to our attention that necessitated an amendment to the original financial statements for UmweltBank AG for the 2023 financial year published on 25 April 2024:

In the first quarter of 2024, UmweltBank sold fixed-interest securities, which had been classified as non-current assets in the annual financial statements as at 31.12.2023 before the amendments and measured at the less strict lowest-value principle, at a loss. This loss indicates permanent impairment of the securities, which is why these fixed-interest securities were already written down to their lower attributable value on the reporting date of 31.12.2023. This is reflected in these amended financial statements.

As part of the amendments, write-downs of €9,814 thousand were carried out that resulted in balance sheet item “5. Bonds and other fixed-interest securities” decreasing by the same amount. The write-downs are disclosed on the income statement in the item “15. Depreciation and impairment of participating interests, shares in affiliated companies and securities treated as non-current assets”.

In order to compensate for the resulting loss in the amended annual financial statements, UmweltBank decided to reverse contingency reserves pursuant to Section 340f HGB of €3,088 thousand and provisions from the fund for general banking risks pursuant to Section 340g (1) HGB of €4,562 thousand.

The reversal of the contingency reserves pursuant to Section 340f HGB gives a corresponding increase in the balance sheet item “4. Receivables from customers”. The corresponding change in value through profit and loss is reflected on the income statement in item “14. Income from write-ups to claims and certain securities as well as the reversal of provisions in the loan business”.

The reversal of the provisions from the fund for general banking risks pursuant to Section 340g (1) HGB is reflected on the liabilities side in item “11. Fund for general banking risks” and on the income statement in item “24a. Income from the reversal of provisions in the fund for general banking risks”.

The write-downs on the fixed-interest securities and the reversal of the contingency reserves pursuant to Section 340f HGB also give an increase in item “16. Deferred tax assets” of €2,164 thousand to €5,879 thousand. The change to items on the asset side is reflected on the income statement in item “23. Income taxes – thereof deferred taxes”.

As a result of the amendments described above, the statement of changes in non-current assets and also the explanatory notes on receivables from customers, on bonds and other fixed-interest securities and on deferred tax assets have been updated accordingly to take account of the write-down on the fixed-interest securities.

I. General information

UmweltBank AG is a stock corporation incorporated under German law with its registered office in Nuremberg. It is registered in the commercial register at Nuremberg local court under the number HR B 12.678.

The annual financial statements as at 31 December 2023 were prepared observing the relevant provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the relevant provisions of stock corporation law and the Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute – RechKredV). The unneeded items provided for in forms 1 and 2 of the RechKredV were not taken into consideration pursuant to Section 265 (8) HGB.

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

II. Accounting and valuation methods

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

Working capital assets

Receivables from banks, receivables from customers, working capital assets and other assets due daily were measured at their nominal value or according to the strict lowest-value principle. All identifiable risks were taken into account by means of appropriate reductions in value in the form of specific valuation allowances. Specific valuation allowances were always recognised in the amount of the unsecured portion if the borrower is no longer able to service their debt in the long term.

General allowances pursuant to IDW AuS BFA 7 have been recognised for counterparty default risks in the lending business relating to individual borrowers that are foreseeable but have not yet arisen. Alongside all receivables from customers (customer loans outstanding, less loan relationship on which specific allowances have been recognised) and credit commitments and contingent liabilities that have not been utilised.

For this purpose, UmweltBank applies the simplified method (recognition of general allowance in the amount of the expected loss determined without offsetting rating premiums). The expected credit default risk (expected loss = EL) was determined as at 31 December 2023 using a Monte Carlo simulation.

Non-current assets

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

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

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

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

Intangible assets as well as property, plant and equipment are written down pro rata temporis. Low-value assets up to €250 are posted as expenses. Low-value assets of between €250.01 and €1,000.00 were fully written off in the year of acquisition and presented as a disposal.

Trading portfolio

The trading portfolio was valued at fair value less a risk discount pursuant to Section 340e (3) HGB. Pursuant to Section 255 (4) HGB, the fair value corresponds to the market price. Where there was no active market, the fair value was determined using generally accepted valuation methods. The risk discount is set at the amount of the unrealised valuation result. The criteria for the inclusion of financial instruments in the trading portfolio were not changed in the 2023 financial year.

Deferred tax assets

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

Liabilities

Liabilities were recognised at their settlement amount.

Lower-ranking liabilities / profit participation rights

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

Provisions

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

UmweltBank’s banking book was reviewed pursuant to IDW AuS BFA 3 with regard to the necessity for a provision for pending losses. For this, the interest-driven present values were compared with the carrying amounts and the risk and portfolio administrative

costs deducted from any positive excess. A provision for pending losses was recognised for any remaining net loss. Correspondingly, no provision had to be recognised at the reporting date.

Contingent liabilities

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

Irrevocable loan commitments

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

Foreign currency translation

All monetary assets and liabilities denominated in foreign currency are translated into the functional currency (euros) at the reporting date. The effects from foreign currency translation are reported through profit and loss in write-downs and write-ups from participating interests, bonds in affiliated companies and securities treated as non-current assets.

III. Notes to and explanations of the balance sheet

Assets side of the balance sheet

Receivables from banks

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

	31.12.2023 € thousand	31.12.2022 € thousand
up to three months	-	-
more than three months up to one year	-	-
more than one year up to five years	-	-
more than five years	-	-
due daily	10,533	2,890
Total	10,533	2,890

Receivables from customers

Receivables from customers break down by residual term as follows:

	31.12.2023 € thousand	31.12.2022 € thousand
up to three months	80,431	67,865
more than three months up to one year	280,988	225,199
more than one year up to five years	971,128	1,002,724
more than five years	2,000,011	1,840,615
with indefinite term	24,088	2,622
Total	3,356,646	3,139,025

Receivables from reduced interest rate promotional loans with a volume of €1,773,677 thousand (31.12.2022: €1,489,109 thousand) have been assigned to the refinancing public development banks.

The receivables from customers contain receivables from companies in which a participating interest is held of €11,948 thousand (31.12.2022: €12,292 thousand) and receivables from affiliated companies of €33,772 thousand (31.12.2022: €12,431 thousand).

Bonds and other fixed-interest securities

This item breaks down as follows:

	31.12.2023 € thousand	31.12.2022 € thousand
marketable fixed-interest securities	2,022,553	2,219,984
thereof listed	1,851,878	2,151,943
thereof not listed	170,675	213,364
non-marketable fixed-interest securities	489	145,323

Bonds and other fixed-interest securities with a nominal value of €571,729 thousand (31.12.2022: €407,136 thousand) will mature in the year following the reporting date. The fixed-interest securities in the investment portfolio with a carrying amount (including pro rata interest) of €2,008,040 thousand (31.12.2021: €2,335,366 thousand) were valued according to the less strict lowest-value principle and kept in separate securities accounts. The write-downs avoided on these securities as at 31 December 2023 amounted to €105,710 thousand (31.12.2022: €183,282 thousand). Write-downs according to Section 253 (3) Sentence 4 HGB were not carried out for these securities because they will be paid back at par value and there is no indication that the repayments will be reduced. The hidden reserves in the bonds and other fixed-interest securities amounted to €243 thousand as at 31 December 2023 (31.12.2022: €932 thousand).

Write downs of €9,814 thousand were carried out on securities in the investment portfolio with a carrying amount (including pro rata interest) of €420,836 thousand (31.12.2023: €0 thousand) due to a permanent impairment in value.

Overall, fixed-interest securities with a nominal value of €125,827 thousand (31.12.2022: €120,000 thousand) were provided as collateral to development banks to secure liabilities.

Equities and other non-fixed-interest securities

This item breaks down as follows:

	31.12.2023 € thousand	31.12.2022 € thousand
Marketable shares and other non-fixed-interest securities	21,291	21,498
thereof listed	–	–
thereof not listed	21,291	21,498
Non-marketable shares and other non-fixed-interest securities	44	44

The item contains shares of more than 10% in the following funds:

UmweltSpektrum Mensch B, ISIN: LU2373429922

An equity fund where the market value of the shares as at 31.12.2023 was €4,466 thousand. The carrying amount of the shares is €5,000 thousand (31.12.2022: €5,000 thousand, difference to carrying amount €–534 thousand). The goal of the “UmweltSpektrum Mensch” (partial fund) investment policy is to achieve appropriate capital growth in the currency of the partial fund, taking investor risk into consideration, and make a positive contribution to the sustainable development goals (SDGs) of the United Nations, especially the partial goals that promote socially relevant issues such as “no poverty”, “no hunger”, “quality education” and “health and well-being”.

UmweltSpektrum Natur; ISIN: LU2373430268

An equity fund where the market value of the shares as at 31.12.2023 was €5,251 thousand. The carrying amount of the shares is €5,000 thousand (31.12.2022: €5,000 thousand, difference to carrying amount €+251 thousand). The goal of the “UmweltSpektrum Natur” (partial fund) investment policy is to achieve appropriate capital growth in the currency of the partial fund, taking investor risk into consideration, and make a positive contribution to the sustainable development goals (SDGs) of the United Nations, especially the partial goals that promote environmentally relevant issues such as “clean water”, “climate protection measures”, “affordable and clean energy” and “life on land”.

In all funds, there were no restrictions on returning the shares in a fund in the 2023 financial year.

Trading portfolio

The trading portfolio is disclosed taking account of a risk discount in the amount of the unrealised gains on valuation of €171 thousand.

Participating interests

There are participating interests in the following companies:

Company, registered office / earnings in € thousand / most recent financial year for which annual financial statements are available	Carrying amounts 31.12.2023 € thousand	Carrying amounts 31.12.2022 € thousand	Bank’s share in the company’s equity
3 Banka AD, Novi Sad / 2,118 / 2022	7,578	7,568	30.00%
Utopia GmbH, Munich / –1,423 / 2022	4,620	5,067	26.84%
Visavis Wohnungsbau GmbH & Co. KG, Berlin / 268 / 2022	1,494	1,494	45.00%
Eno Windpark GmbH & Co. Wilmersdorf KG, Ostseebad Rerik / 1,266 / 2022	967	1,098	29.31%
ENERTRAG Windpark Neuenfeld GmbH & Co. KG, Schenkenberg / 1,946 / 2022	877	877	28.71%
Umwelt Wind Energie UWE GmbH & Co. Bergen/ Nordenham KG, Cuxhaven / 693 / 2022	305	305	27.42%
Naturata AG, Marbach / 665 / 2022	212	212	13.44%
KWA Solarkraftwerk Arenborn GmbH & Co. KG, Bietigheim-Bissingen / 303 / 2022	168	168	36.96%
Windpark Fonds Amesdorf-Wellen GmbH & Co. KG, Mettmann / 667 / 2022	137	137	26.72%
Total	16,358	16,926	

None of the participating interests is marketable.

Shares in affiliated companies

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

Company, registered office / earnings in € thousand / most recent financial year for which annual financial statements are available	Carrying amounts 31.12.2023 € thousand	Carrying amounts 31.12.2022 € thousand	Bank's share in the company's equity
UPG UmweltProjekt GmbH, Nuremberg / 479 / 2021	15,520	15,520	100.00%
Gisela 36 Wohnungsbau GmbH & Co. KG, Berlin / 121 / 2022	1,823	1,823	90.00%
StadtWerk Berlin KG Beteiligungsgesellschaft für Projekte in der Stadterneuerung, Berlin / –68 / 2021	783	783	77.32%
Emilienstraße 3 GmbH & Co. KG, Nuremberg / 92.1 / 2022	385	385	100.00%
UmweltKontakt GmbH, Nuremberg / 3 / 2021	190	305	100.00%
UmweltProjekt Verwaltungs GmbH, Nuremberg / 3 / 2022	–	25	0.00%
Total	18,701	18,841	

The shares in affiliated companies are non-marketable shares.

Statement of changes in non-current assets

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

Property, plant and equipment mainly relates to equipment, furniture and fixtures of €1,412 thousand (31.12.2022: €1,521 thousand) and land and buildings used by the Bank of €84,406 thousand (31.12.2022: €56,821 thousand).

	Cost				Write-ups		Depreciation			Carrying amounts		
	01.01.2023 € thousand	Additions € thou- sand	Disposals € thousand	Transfers € thousand	Current year € thousand	Disposals € thousand	Cumulated balance of write- ups/-downs, 01.01.2023 € thousand	Disposals (-)/ additions (+) € thousand	Current year € thousand	31.12.2023 cumulated € thousand	31.12.2023 € thousand	31.12.2022 € thousand
Bonds	2,335,366	109,510	427,021	–	–		0	–	9,814	0	2,008,041	2,335,366
Equities and other non-fixed- interest securities	21,335	0	0	–	–		0	–	0	0	21,335	21,335
Participating interests	17,012	0	130	–	15	–	86	–	453	524	16,358	16,926
Shares in affiliated companies	19,386	0	25	–		–	546	–	115	661	18,701	18,841
Property, plant and equipment	61,799	28,024	120	–	–	–	3,465	119	538	3,884	85,819	58,342
Intangible assets												
Franchises acquired for monetary consider- ation, industrial rights and similar rights and assets as well as licences in such rights and assets	3,657	366	0	–	–		3,060	–	159	3,219	802	595

Other assets

The other assets item contains the following important individual amounts:

	31.12.2023 € thousand	31.12.2022 € thousand
Clearing account for payment transactions, direct debits	8,555	-
Right to tax refund	6,193	2,590
Dividend resolution UPG Income 2022	3,742	500
Shares in cooperatives	2,510	2,510
Emilienstraße 3 GmbH & Co KG	1,481	92
Single Resolution Board (SRB)	962	502
Commission receivables	521	455

Prepaid expenses

Prepaid expenses of €122 thousand (31.12.2022: €261 thousand) primarily consist of advance payments for software leases.

Deferred taxes

ASSETS	deductible temporary differences 31.12.2023 € thousand	taxable temporary differences 31.12.2023 € thousand	Deferred tax assets € thousand	deferred tax liabilities € thousand
Receivables from banks	3	-	1	-
Receivables from customers	8,572	-	2,758	-
Bonds	8,372	-	2,693	-
Partnerships (subject to trade tax)	269	-	43	-
losses that can be offset in future pursuant to Sec. 15a German Income Tax Act (Einkommensteuergesetz – EStG)	1	-	-	-
LIABILITIES				
Other provisions	1,197	1	385	0
Total	18,414	1	5,880	0
Netting			0	0
Balance 31.12.2023			5,880	0
01.01.2023			3,503	
Addition to deferred tax assets as at 31.12.2023			2,377	

Assets denominated in foreign currency

As at 31 December 2023, there were assets in foreign currency of RSD 887,930,185 (31.12.2022: RSD 887,930,185).

Equity and liabilities side of the balance sheet

Liabilities to banks

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

	31.12.2023 € thousand	31.12.2022 € thousand
up to three months	493,764	20,800
more than three months up to one year	92,557	361,941
more than one year up to five years	460,769	841,964
more than five years	1,224,826	1,022,947
Total	2,271,916	2,247,652

The liabilities to banks with an agreed maturity or notice period are reduced interest rate loans of development banks and funds in connection with targeted longer-term refinancing operations (TLTRO II and TLTRO III) of the Bundesbank of €470,000 thousand (31.12.2022: €770,000 thousand). The liabilities to banks are fully collateralised by assigned and pledged receivables with a nominal value totalling €1,773,677 thousand (31.12.2022: €1,489,109 thousand) and pledged fixed-interest securities with a nominal value of €856,182 thousand (31.12.2022: €1,165,355 thousand), of which €690,355 thousand (31.12.2022: €1,045,355 thousand) is deposited at the Bundesbank. These amounts primarily serve as collateral for the TLTRO funds taken out.

Liabilities to customers

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

	31.12.2023 € thousand	31.12.2022 € thousand
up to three months	-	233,467
more than three months up to one year	-	-
more than one year up to five years	4,877	-
more than five years	-	-
Total	4,877	233,467

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

	31.12.2023 € thousand	31.12.2022 € thousand
up to three months	8,260	9,307
more than three months up to one year	250,879	42,120
more than one year up to five years	113,142	93,212
more than five years	63,557	48,939
more than five years	2,921	-
Total	438,759	193,578

The liabilities to customers contain liabilities to companies in which a participating interest is held of €1,149 thousand (31.12.2022: €1,820 thousand) and liabilities to affiliated companies of €3,207 thousand (31.12.2022: €6,013 thousand).

Other liabilities

The other liabilities item contains the following important individual amounts:

	31.12.2023 € thousand	31.12.2022 € thousand
Advance payments for UmweltHaus and UmweltQuartier	4,649	-
Outstanding taxes	2,495	2,464
Trade payables	2,394	882

Deferred income

This item contains:

	31.12.2023 € thousand	31.12.2022 € thousand
Accrued interest from receivables	371	507

Tax provisions

The tax provisions include pro rata current income taxes of €0 thousand (31.12.2022: €1,062 thousand).

Other provisions

This item contains the following important individual amounts:

	31.12.2023 € thousand	31.12.2022 € thousand
Provisions for rising bonus and interest adjustments relating to the environmental savings plan (Umweltsparvertrag)	11,765	10,533
Provision for outstanding invoices for Atruvia and DZ Bank	1,514	-
Provisions for personnel expenses and social security contributions	707	152

Lower-ranking liabilities

Value date	Type, securities code, nominal amount in € thousand, expenses incurred in the financial year in € thousand	Number subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
01.12.2016	Lower-ranking contingent convertible bond (CoCo bond), securities code A2BN54, up to 40,000,640	103,815 units with a nominal value of €250.00	25,954	2.465 until 31.05.2026, then fixing on basis of the swap rate for euro swap transactions with a term of five years plus a constant margin of 2.717 percentage points	open-ended

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

Value date	Type, securities code, nominal amount in € thousand, expenses incurred in the financial year in € thousand	Number subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
30.6.2018	Bearer bonds with subordination agreement (UmweltBank Green Bond junior), WKN A2LQKU, up to 90,000, 839	41,951,397 units with a nominal value of €1.00 each	41,951	2,00 until 30.06.2024 thereafter fixing at a five-year interval on the basis of the swap rate for euro swap transactions with a term of five years plus a margin of a maximum of 100 basis points	open-ended
08.11.2018	Registered bonds with subordination agreement UmweltBank NSV 3.85% 2018 (28), 20,000, 770		20,000	3.85 for the whole Term	08.11.2028

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

Profit participation rights

According to the CRR, €44,132 thousand of the profit participation rights constitutes eligible equity. The profit participation rights holders receive an annual distribution of the stated interest rate in relation to the nominal amount of the profit participation rights that ranks higher than the shareholders’ profit entitlement.

Value date	Type, securities code, nominal amount in € thousand	Number subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
31.12.2011	Profit participation certificate, securities code A2PMFT, up to 5,539	5,538,500	5,539	3.50 until 31.12.2028, thereafter fixing on basis of six-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2028, thereafter every six years with a notice period of twelve months to 31.12. of the respective year
30.09.2011	Profit participation certificate, securities code A2PMFS up to 5,539	5,538,500	5,539	1.00 until 31.12.2026, thereafter fixing on basis of five-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2026, thereafter every five years with a notice period of twelve months to 31.12. of the respective year
31.12.2010	Profit participation certificate, securities code A2PMFR up to 5,539	5,538,500	5,539	0.90 until 31.12.2025, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer effective as at 31.12.2025, thereafter every four years with a notice period of two years to 31.12. of the respective year
01.04.2010	Profit participation right, registered profit participation right 000 505, up to 5,539	5,481,000	5,481	1.00 until 31.12.2024, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2024, thereafter every four years with a notice period of two years to 31.12. of the respective year
30.06.2009	Profit participation right, registered profit participation right 000 504, up to 5,539	5,538,500	5,539	1.75 until 31.12.2022, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2022, thereafter every four years with a notice period of two years to 31.12. of the respective year

Value date	Type, securities code, nominal amount in € thousand	Number subscribed	Nominal amount € thousand	Interest rate in % p.a.	Term
30.06.2008	Profit participation right, registered profit participation right 000 503, up to 5,538	5,519,240	5,519	0.80 until 31.12.2023 thereafter fixing on basis of two-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2023, thereafter every two years with a notice period of two years to 31.12. of the respective year
31.12.2007	Profit participation right, registered profit participation right 000 502, up to 5,538	5,491,240	5,491	1.00 until 31.12.2024, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2024, thereafter every four years with a notice period of two years to 31.12. of the respective year
31.03.2007	Profit participation right, registered profit participation right 000 501, up to 5,538	5,486,640	5,487	1.00 until 31.12.2023, thereafter fixing on basis of four-year federal bond plus 1.00 percentage points	Open-ended, can be terminated by issuer as at 31.12.2023, thereafter every four years with a notice period of two years to 31.12. of the respective year

Equity

The share capital comprises 36,058,412 no-par-value bearer shares with an imputed nominal value of €1.00 each.

The Management Board is authorised until 24 June 2025 to increase, with the consent of the Supervisory Board, the company’s capital stock by a total of up to €3,585,831.00 by issuing on one or more occasions up to 3,585,831 no-par-value bearer shares with a pro rata share in the capital stock of €1.00 each in return for cash consideration and/or contribution in kind (Authorised Capital 2020). The shareholders are generally entitled to the statutory subscription right. In this process, the new shares may also be assumed by one or more banks or companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the Banking Act (Kreditwesengesetz – KWG) specified by the Management Board with the obligation to offer them to the shareholders for subscription.

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

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

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

The Management Board is further authorised until 22 June 2027 to increase, with the consent of the Supervisory Board, the company’s capital stock by a total of up to €13,508,428.00 by issuing on one or more occasions up to 13,508,428 no-par-value bearer shares with a pro rata share in the capital stock of €1.00 each in return for cash consideration and/or contribution in kind (Authorised Capital 2022). The shareholders are generally entitled to the statutory subscription right. In this process, the new shares may also be assumed by one or more banks or companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the Banking Act (Kreditwesengesetz – KWG) specified by the Management Board with the obligation to offer them to the shareholders for subscription. The Management Board is further authorised, with the consent of the Supervisory Board, to exclude the shareholders’ subscription right in the following cases:

- to exclude fractional amounts from the shareholders’ subscription rights;
- in the case of capital increases in return for contribution in kind for the purpose of purchasing (also indirectly) companies, parts of companies or participating interests in companies, of other material operating resources or other assets, including receivables from the Company or its group companies;
- in the case of capital increases in return for cash contributions if the issue amount of the new shares does not fall significantly short of the quoted price at the time the issue amount is determined and the shares issued excluding the subscription right pursuant to Section 203 (1) and (2), Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz – AktG) at the time the authorisation becomes effective or – if such value is lower – at the time of utilisation of the authorisation do not exceed 10% of the capital stock. Those shares are to be offset against the upper limit that were or are to be issued during the term of this authorisation until the time of their utilisation to service option or convertible bonds to the extent that the bonds were issued subject to the corresponding application of Section 186 (3) Sentence 4 AktG excluding the subscription right as well as treasury shares that were acquired on the basis of an authorisation pursuant to Section 71 (1) No. 8 AktG and were sold excluding the subscription right of the shareholders pursuant to Section 186 (3) Sentence 4 AktG;

– to the extent that this is necessary to grant the holders of conversion rights or conversion obligations in circulation at the time of the utilisation of the approved capital 2022/I from convertible bonds already issued or to be issued in the future a subscription right to new shares to the extent to which they would be entitled as shareholders after exercise of the conversion right or after fulfilment of a conversion obligation;

– to perform what is known as a scrip dividend (dividend paid in shares), in which an offer is made to the shareholders to contribute their dividend entitlement to the company optionally (in full or in part) as a contribution in kind in return for the granting of new shares from the approved capital 2022/I;

– in order to issue employee shares to the company’s employees and Management Board members and to employees of the company’s affiliated companies. The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details and terms of the performance of capital increases from approved capital and the issue of shares. In this context, the dividend entitlement of the new shares can be designed in deviation from Section 60 (2) AktG; to the extent permitted by law, the new shares can be specifically assigned a dividend entitlement as of the beginning of the financial year preceding their issue if at the time of issue of the new shares a resolution on the appropriation of profit has not yet been passed by the Annual General Meeting relating to the profit for this financial year. After utilisation of the approved capital 2022/I or expiry of the deadline for utilisation of the approved capital 2022/I, the Supervisory Board is entitled to amend the wording of the Articles of Association.

By resolution of the Annual General Meeting of 29 June 2023, €746 thousand (previous year: €1,169 thousand) from the previous year’s distributable profit were added to retained earnings.

In capital increases, 395,700 new no-par-value bearer shares were issued with an imputed nominal value of €1.00 each. The capital reserves increased by €105,278 thousand, from €3,320 thousand to €108,598 thousand.

€43 thousand was appropriated to a special reserve (Section 204 (3) German Stock Corporation Act (Aktiengesetz – AktG)) for the issuing of employee shares.

The company holds 11,221 treasury shares as at the reporting date.

Notes under the bottom line of the balance sheet

Contingent liabilities

This item contains:

	31.12.2023 € thousand	31.12.2022 € thousand
Guarantees and warranties	84,104	86,177

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

Other obligations

This item contains:

	31.12.2023 € thousand	31.12.2022 € thousand
Irrevocable loan commitments	346,801	535,302

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

IV. Notes to the income statement

Net commissions

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

	01.01 – 31.12.2023 € thousand	01.01 –31.12.2021 € thousand
Securities/insurance business	4,578	3,618
Lending business	3,023	3,107
Payment transactions	276	235

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

Audit costs

The total fees charged by the independent auditor for the 2023 financial year contained in administrative expenses totals €451 thousand net (previous year: €405 thousand) and breaks down as follows:

	01.01 – 31.12.2023 € thousand	01.01 –31.12.2021 € thousand
Fees relating to audit of financial statements	256	220
Fees for other assurance services	195	185
Fees for tax advisory services	–	–

Other assurance services include in particular fees for the audit pursuant to Section 89 (1) German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), an audit pursuant to Section 183 (3) AktG and for a project-specific audit in connection with a planned IT migration.

V. Other financial obligations

Following repayments of limited partnership contributions, there are financial obligations of €3,661 thousand, of which €1,039 thousand to affiliated companies.

Furthermore, there are financial obligations under lease agreements of €2,026 thousand (31.12.2022: €937 thousand) p.a. and €7,424 thousand (31.12.2022: €2,164 thousand) p.a. from maintenance, servicing and licence agreements.

The total amount subject to a pay-out block amounted to €3,716 thousand as at the reporting date for the annual financial statements (31.12.2022: €1,964 thousand) and is attributable in full to deferred tax assets.

VI. Information on the company and its governing bodies

Employees

On an annual average (quarterly levels), the company’s headcount converted to full-time equivalents came to 302.7 (previous year: 272.6) employees pursuant to Section 267 (5) HGB. Of this figure, 291.3 (previous year: 262) were full-time or part-time employees and 11.4 (previous year: 10.6) part-time student workers.

Remuneration of governing bodies

The total remuneration of the Management Board for the 2023 financial year came to €986 thousand (previous year: €769 thousand). The remuneration paid to members of the Supervisory Board was unchanged on the previous year at €145 thousand.

Member of the Management Board

The following persons have been appointed to the Management Board:

Goran Bašić, Nürnberg,

Front-office function for the lending business according to the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk),

responsible for the areas of Financing Renewable Energies and Real Estate, Participating Interests, Treasury & Sustainability (as at 25.04.24)

Heike Schmitz, Seevetal and Nuremberg,

Back-office function for the lending business according to MaRisk, responsible for the areas of Reporting, Risk & Analytics, Accounting, Taxes & Operations, Legal & Compliance, Loan Management, Analysis & Management of Loan Portfolio, Organisational Management, Internal Audit (as at 25.04.24)

Appointed on 15 January 2024: Dietmar von Blücher, Viernheim and Nuremberg Spokesperson of the Management Board, responsible for Customer Care & Service, Securities Business, Marketing & PR, Human Resources, IT & Project Management and the Office of the Managing Board (as at 25.04.24)

Stepped down on 31 December 2023: Jürgen Koppmann, Nuremberg,

Spokesperson of the Management Board until leaving the board, responsibilities the same as the current responsibilities of Dietmar von Blücher (except for Human Resources)

Supervisory Board

The following individuals were members of the Supervisory Board in the 2023 financial year:

Susanne Horn, Senior Manager Corporate Social Responsibility and Corporate Development at DEHN SE, Neumarkt i.d.OPf.

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

Heinrich Klotz, Retired Notary

Dr Michael Maier, member of the management (Chief Technology Officer) of Habib Bank Ltd., Karachi (Pakistan)

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

Silke Stremlau, Chair of the Federal Government Sustainable Finance Advisory Com-

mittee and Senior Fellow of the Mercator Foundation, deputy chair of the Supervisory Board

Loans to Supervisory Board/Management Board

No loans, sureties or guarantees had been made to members of the Management Board or the Supervisory Board as at 31 December 2023.

VIII. Proposal for the appropriation of profit

The distributable profit of €685,960.67 is proposed to be added to other retained earnings.

VII. Report on subsequent events

There were no transactions after the reporting date that had a material impact on the financial position, cash flows and financial performance.

Nuremberg, 1 August 2024

UmweltBank AG, Nuremberg

The Management Board


Goran Bašić


Dietmar von Blücher


Heike Schmitz

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

AUDIT OPINION OF THE INDEPENDENT AUDITOR OF THE FINANCIAL STATEMENTS

To UmweltBank AG, Nuremberg

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

Audit judgement

We audited the annual financial statements of UmweltBank AG, Nuremberg – consisting of the balance sheet as at 31 December 2023, the income statement for the financial year from 1 January 2023 to 31 December 2023 as well as the notes to the financial statements, including the presentation of the accounting and valuation methods. Over and above this, we audited the management report of UmweltBank AG, Nuremberg, for the financial year from 1 January 2023 to 31 December 2023. In our assessment based on the findings obtained during the audit

- the enclosed annual financial statements comply in all material aspects to the provisions of German commercial law applicable to financial institutions and, observing the German generally accepted accounting principles, provide a true and accurate picture of the company’s assets and financial position as at 31 December 2023 as well as its financial performance for the financial year from 1 January 2023 to 31 December 2023 and the
- enclosed management report provides overall an accurate picture of the company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with the provisions of German law and accurately reflects the opportunities and risks of the future development.

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

Basis for the audit judgements

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

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

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

Especially important audit matters are such matters that in our professional judgement were the most significant in our audit of the annual financial statements for the financial year from 1 January 2023 to 31 December 2023. These matters were taken into consideration in the context of our audit of the annual financial statements as a whole and in the formation of our audit judgements on the same; we do not issue any separate audit judgements on these matters.

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

Lending business: measurement of receivables from customers

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

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

1)

UmweltBank AG grants loans to commercial customers in the area of project financing (including but not limited to solar plants and wind turbines, as well as real estate) and to private customers (including but not limited to real estate financing), primarily in Germany. At €3,353.6 million (PY: €3,139.0 million), receivables from customers was the Bank’s largest single item. Loans are granted according to a specified rating method. The accounting and valuation methods relating to the receivables from customers provide for measurement at nominal value and take account of risks through amortisation and impairment. For this purpose, classes of risk (with intermediate levels) have been formed, which, in summary, can be allocated to the following regulatory classifications: loans without identifiable risks, loans with increased latent

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

2)

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

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

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

3)

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement due to fraud or errors in the annual financial statements and the management report, plan and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit judgements. The risk that material misstatements are not detected is higher for violations than for inaccuracies, as violations can involve fraudulent collaboration, falsifications, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances but not with the objective of issuing an audit judgement on the effectiveness of these systems of the company.
- We assess the appropriateness of the financial reporting methods applied by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated information.
- We draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that raise

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considerable doubt as to the company’s ability to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are obliged to draw attention in the Audit Opinion to the relevant information in the annual financial statements and in the management report or, if such information is inappropriate, to modify the respective audit judgement we made. We draw our conclusions on the basis of the audit evidence obtained up until the date of our Audit Opinion. Future events or circumstances may, however, lead to a situation where the company is no longer able to continue as a going concern.

- We assess the presentation, the structure and the content of the annual financial statements including information provided and whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and accurate picture of the financial position, cash flows and financial performance of the company observing the German generally accepted accounting principles.
- We assess whether the management report is consistent with the annual financial statements, whether it complies with the pertinent legislation and the picture it conveys of the company’s situation.
- We perform audit procedures on the forward-looking statements presented by the legal representatives in the management report. In doing so, we employ sufficient suitable audit evidence to examine in particular the significant assumptions used as a basis by the legal representatives for the future-looking statements and assess whether the future-looking statements have been derived appropriately from such assumptions. We do not issue a stand-alone audit judgement on the forward-looking information and on the underlying assumptions. There is a considerable unavoidable risk that future events deviate materially from the forward-looking statements.

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

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

Of the matters we discussed with the persons responsible for monitoring, we determine those matters that were most significant in the audit of the annual financial statements for the current

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period under review and consequently constitute the especially important audit matters. We describe these matters in the Audit Opinion, unless laws or other statutory regulations prohibit disclosure to the public of such matters.

OTHER STATUTORY AND SUNDRY LEGAL REQUIREMENTS

Other information pursuant to Article 10 EU Audit Regulation

We were elected as auditors of the annual financial statements by the annual general meeting held on 29 June 2023. We were engaged by the Supervisory Board on 29 October 2023. We have acted as auditors of UmweltBank AG, Nuremberg, since the 2014 financial year without interruption.

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

NOTE ON THE SUPPLEMENTARY AUDIT

We issue this Audit Opinion on the amended annual financial statements and amended Management report based on our dutiful audit completed on May 3, 2024 and our supplementary audit completed on August 15, 2024, which relates to the changes to “debenture bonds and other fixed-income securities”, “depreciation and value adjustments on investments, shares in affiliated companies and securities treated as fixed assets”, “receivables from customers”, “income from the addition to receivables and certain securities as well as from the liquidation of Provisions in the lending business, “fund for general banking risks”, “income from the reversal of the fund for general banking risks”, “deferred tax assets” and “Income taxes – including deferred taxes”. Reference is made to the presentation of the changes by the legal representative in the amended notes and in the amended management report.

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RESPONSIBLE AUDITOR

Harald Melchior-Becker is the auditor responsible for the audit.

Nuremberg, 3 May 2024

Limited to the stated changes in the note to the supplementary audit:
Nuremberg, 15 August 2024

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr Fischer	Melchior-Becker
Auditor	Auditor

About this report

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

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

This report has been prepared with referencing to GRI Standards (GRI-referenced). It refers to the calendar year 2023. This also corresponds to UmweltBank’s financial year. No significant changes in the organisation or its supply chain occurred during the reporting period. Comparability of the data with the previous Sustainability and Annual Report is thus ensured.

Contacts for questions about the report

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GRI content index

GRI standard	Indicator	Comments	Page number
GRI 2: General Disclosures 2021	2-1 Organizational details		12, 13, 21, 32
	2-2 Entities included in the organization's sustainability reporting		120, 156, 167-169
	2-3 Reporting period, frequency and contact point		82, 187, 191
	2-4 Restatements of information	No restatements for the reporting period.	
	2-5 External assurance		52-55; 82-83;114-115; 183; 187-193
	2-6 Activities, value chain and other business relationships	UmweltBank operates almost exclusively in Germany. Both the projects financed and the customers are almost all based in Germany.	12, 15, 16, 18, 21-29, 39-40, 60-62, 125, 167-172
	2-7 Employees		100-109
	2-8 Workers who are not employees	Not currently reported	
	2-9 Governance structure and composition		44-45, 86-99, 106
	2-10 Nomination and selection of the highest governance body		14, 44-45, 89-94, 114-115
	2-11 Chair of the highest governance body	The Supervisory Board and Management Board are separate in Germany.	13
	2-12 Role of the highest governance body in overseeing the management of impacts		114-115
	2-13 Delegation of responsibility for managing impacts		52-55, 78-81
	2-14 Role of the highest governance body in sustainability reporting	Internal EMAS audit carried out annually by the internal audit department, findings are presented to the Supervisory Board.	54-55, 78-81; 114-115
	2-15 Conflicts of interest		114-115
	2-16 Communication of critical concerns		114-115
	2-17 Collective knowledge of the highest governance body	Not currently reported	
	2-18 Evaluation of the performance of the highest governance body	Not currently reported	
	2-19 Remuneration policies		184
	2-20 Process to determine remuneration		102
	2-21 Annual total compensation ratio	The ratio was 4.28 in 2023.	
	2-22 Statement on sustainable development strategy	No specific declaration of use available but the SDGs are integrated into the Bank's Articles of Association	
	2-23 Policy commitments		34-39, 106

GRI standard	Indicator	Comments	Page number
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	2-25 Processes to remediate negative impacts		34-39, 44-45, 52-55
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GRI standard	Indicator	Comments	Page number
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Performance figures for UmweltBank AG 2023

Economic position		31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023
Volume of business	€ million	4,518	5,393	6,451	6,602	6,119
Total assets	€ million	4,095	4,944	5,928	5,981	5,688
Customer deposits	€ million	2,529	2,694	2,954	3,176	2,854
Environmental loans (including open commitments)	€ million	2,997	3,247	3,543	3,703	3,722
Volume of customer securities accounts	€ million	569	682	949	791	687
Volume in UmweltSpektrum funds	€ million	–	42	100	131	151
Interest result	€ thousand	51,003	52,103	63,238	58,791	41,106
Financial result	€ thousand	6,124	3,377	2,965	24,829	–2,641
Risk provisions (expense (–) / income(+))	€ thousand	–2,162	–1,365	–3,263	–9,291	4,509
Valuation result (expense (–) / income(+))	€ thousand	–1	230	263	–285	146
Commission and net trading income	€ thousand	5,084	5,148	9,421	9,345	9,052
Other expenses (+) / other income (–)	€ thousand	319	6,148	55	–2,017	56
Earnings before administrative expenses and taxes	€ thousand	59,826	65,641	72,680	81,372	52,228
Personnel expenses	€ thousand	11,210	13,778	17,154	19,880	25,624
Other administrative expenses	€ thousand	10,432	13,288	16,512	21,574	31,510
thereof expenses for bank levy and deposit protection	€ thousand	1,798	2,684	4,096	3,695	3,235
thereof expenses for migration of core banking system	€ thousand	–	–	–	3,595	10,144
Depreciation and amortization on non-current assets	€ thousand	579	727	929	708	697
Total administrative expenses	€ thousand	22,221	27,793	34,595	42,162	57,831
Earnings before taxes	€ thousand	37,605	37,848	38,085	39,210	–5,603
Taxes	€ thousand	11,683	11,350	12,710	8,661	–1,805
Earnings (after taxes)	€ thousand	25,922	26,498	25,375	30,549	–3,798
Addition to reserve pursuant to Section 340g HGB	€ thousand	8,750	8,000	6,000	11,000	–4,527
Net result	€ thousand	17,172	18,498	19,374	19,549	729
Cost income ratio	%	39.2	43.1	47.7	68.6	111.2
Equity, regulatory	€ million	378	408	427	504	524
Total capital ratio, regulatory	%	14.5	14.6	14.0	15.7	15.6
Common Equity Tier 1 capital ratio, regulatory	%	10.0	9.8	9.5	11.5	11.6
Environment						
Financed loan projects since 1997	Number	23,371	23,881	24,513	24,949	25,122
Volume of new loans	€ million	543	689	845	623	459
Environmental loans (including open commitments)	€ million	2,997	3,247	3,543	3,703	3,722
thereof residential, social and commercial real estate	%	41.2	43.3	43.3	44.6	38.3
thereof solar power	%	34.2	32.9	34.0	33.5	34.6
thereof wind power	%	21.6	21.3	20.6	20.2	21.6
thereof other financing	%	3.0	2.5	2.1	1.7	5.5
CO ₂ avoidance achieved	tCO ₂ e	621,795	1,098,161	1,203,270	1,163,974	1,340,493
People						
Customers	Number	116,180	121,166	132,087	132,157	131,678
Employees	Number	201	250	299	332	354
Number of permanent employees	Number	185	221	263	301	327
Length of service (permanent employees)	Years	6.2	6.1	5.6	5.6	5.6
Employee performance (converted to full-time equivalents)	Positions	155.0	191.4	239.5	275.5	306

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