

## UmweltBank AG<sup>\*1,4,5a,6a,7,11</sup>

### Management Board presents convincing growth scenario at the Capital Markets Day

**Sector:** Financial services

**Focus:** ecological financial investments, financing of environmentally friendly projects

**Foundation:** 1997

**Employees:** 347 (30/06/2024)

**Company headquarters:** Nuremberg

**Management Board:** Goran Bašić, Dietmar von Blücher, Heike Schmitz

UmweltBank AG stands for banking transactions with ecological and social responsibility. It offers investors transparent ecological investments and supports private individuals and commercial customers throughout Germany by financing environmentally friendly projects. By exclusively offering a green product range, UmweltBank AG consistently puts its ecological orientation into action. In addition to the traditional savings account, the company also offers green fund products and finances green projects. UmweltBank AG operates as a direct bank without the traditional branch business. Over 25,000 loan projects have been supported since the bank was founded in 1997. At the end of 2023, environmental loans (including open commitments) totalled EUR 3.7 billion. The vast majority of their loan volume consists of solar energy financing, residential property and wind power projects.

in € million	FY 22	FY 23	FY 24e	FY 25e	FY 26e
Net interest income	58.79	41.11	43.44	65.22	73.68
Financial result	24.83	-2.64	20.90	5.20	5.72
Net commission and trading income	9.35	9.05	5.60	6.75	6.92
Earnings before taxes	39.21	-5.60	-5.76	7.54	21.69
Earnings after taxes	30.55	0.73	-3.92	5.13	14.75
Earnings per share	0.86	0.02	-0.11	0.14	0.41
Dividend per share	0.33	0.00	0.00	0.00	0.00
Total capital	528.90	524.00	520.08	525.21	534.06
Return on capital (before taxes)	5.9%	0.1%	-0.7%	1.0%	2.8%
Cost-income ratio	58.0%	111.2%	125.9%	90.3%	75.1%

#### Investment Case

- The expansion of the private customer business and thus the deposit business is at the centre of the corporate strategy. According to the company, an interest margin of around 100 basis points can be achieved by investing customer funds at matching maturities (ECB investment).
- Deposits from private customers rose to € 3.5 billion in 2024 (2023: € 2.5 billion) and are expected to increase further to around € 5.9 billion by 2028.
- In the corporate client business, demand for loans from the property sector and the wind and solar industries remains high. The limiting factor here is equity. Additional equity is to be generated on the one hand from the reduction in the higher capital surcharge for lending set by BaFin. On the other hand, it is to come from the planned complete sale of equity investments by 2026.
- The volume of new loans is expected to rise visibly again after around € 245 million in 2024. New loans improve the interest margin. In addition, the syndicated loan business is to be expanded, which will be accompanied by a more attractive risk weighting of the loans.
- Significant increase in net interest income and net commission and trading income expected. The expansion of the deposit business should contribute to this.
- Following the completion of the transformation, costs should develop at a slower rate than income. The aim is to achieve a cost-income ratio of less than 60% by 2028.
- GBC forecasts and target price confirmed.

**Rating:** BUY

**Target price:** EUR 10.00

#### Share and master data



Current price (closing)	EUR 6.12
Stock exchange	XETRA
ISIN	DE0005570808
WKN	UBKG
Number of shares (in m)	35.66
MCap (in EUR million)	218.24
Transparency level	Regulated unofficial
Market segment	m:access
End of FY	31.12.
Accounting	HGB

#### Shareholder structure

GLS Bank	15%
Free float	85%

#### Financial dates

31.03.25	Preliminary figures for 2024
30.04.25	Q1 figures 2025
31.07.25	Half-year figures 2025
27.08.25	Annual General Meeting
28.08.25	Q3 figures 2025

#### Analysts

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Marcel Goldmann (goldmann@gbc-ag.de)

#### Last GBC Research

Date: Publication / Target price in EUR / Rating  
15/11/2024: RS / 10.00/ BUY  
12/08/2024: RS / 9.63 / BUY  
26/06/2024: RS / 9.60 / BUY  
26/03/2024: RS / 9.60 / BUY  
The research studies listed above can be viewed at [www.gbc-ag.de](http://www.gbc-ag.de)

Completion: 27.01.2025 (08:56 a.m.)  
First publication: 27.01.2025 (2:30 p.m.)

Validity of the price target: until 31/12/2025 at the latest

\* Catalogue of possible conflicts of interest on p6

## CAPITAL MARKETS DAY 2025

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At the Capital Markets Day, which UmweltBank AG held for the first time on 15 January 2025, the company provided an update on its strategic direction up to the 2028 financial year and a rudimentary review of the past 2024 financial year. The preliminary figures will be published on 31 March 2024. In addition to a presentation by Dietmar von Blücher who, on that very day, reached the one-year mark as a member of Umweltbank's Executive Board, having begun on 15 January 2024, the heads of the various departments (Private Clients, HR, Corporate Clients) gave keynote speeches, providing a good insight into the inner workings of the bank.

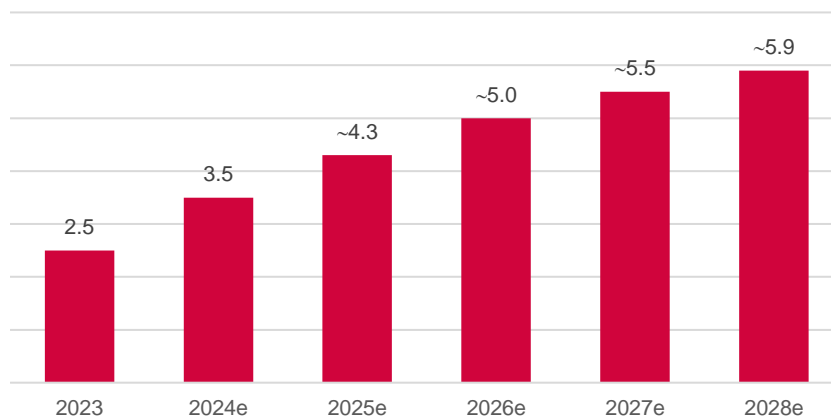
### Private customer business

The expansion of the liabilities side, i.e. the deposit business, is an important cornerstone of their corporate strategy and should contribute significantly to the growth of net interest and commission income in the future. According to the company, an interest margin of around 100 basis points can be achieved by investing customer funds at matching maturities (ECB investment). Against this backdrop, the expansion of private customer deposits to around € 3.5 billion in 2024 (2023: € 2.5 billion) should be seen as a good basis for an expected increase in the financial result. The "UmweltFlexkonto" call money (currently: 2.0% interest) in particular is likely to have generated high demand.

UmweltBank AG laid the foundation for customer and, therefore deposit growth in the past 2024 financial year with the successful conversion of the core banking system. Key process steps can now be handled digitally by customers themselves. In addition, the company has redesigned its brand image and intensified its marketing measures. This is reflected in a significant increase in marketing expenses to around € 10 million (2023: € 2.5 million).

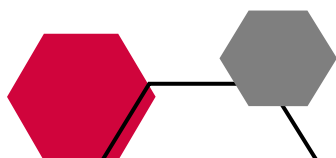
### Private customer deposits (in € billion)

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Sources: UmweltBank AG; GBC AG

The company continues to focus on growing private customer deposits. The introduction of the current account in the second quarter of 2025 is intended to strengthen customer loyalty and thus increase the overall attractiveness of the bank as a private customer bank. Possible cross-selling effects should provide additional impetus in the coming financial years, for example, in the fund business and in investment advice. Against this backdrop, the company anticipates an increase in the number of customers to 500,000 (2028) and a corresponding



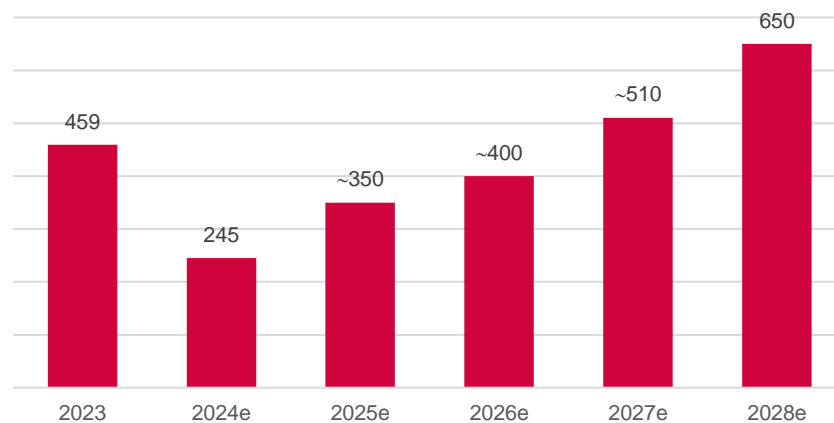
increase in private customer deposits to up to € 5.9 billion. In its previous scenario, the company had assumed that customer deposits would grow to € 5.3 billion in 2028. A higher growth dynamic is now assumed here.

## Corporate client business

While deposits from private customers are growing dynamically, growth in the corporate customer business, which primarily comprises loan financing for sustainable projects (property, wind, solar), is dependent on the restrictive equity factor. With a total capital ratio of 16.9% (30 October 2024), there is a sufficient capital buffer to the regulatory value of 15.5%, but strong growth in credit volume cannot be achieved without additional equity. On the one hand, additional equity is to be obtained by reducing the higher capital surcharge for lending set by BaFin. On the other hand, it is to come from the planned complete sale of equity investments by 2026.

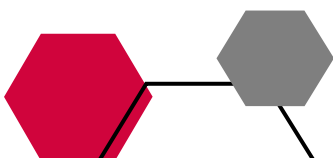
For the next two financial years, UmweltBank AG initially anticipates a sideways movement in lending volume. However, the redemption or repayment of existing loans should be offset by an increase in new lending business at the currently attractive conditions. In general, the bank is experiencing continued high demand from both the property sector and the renewable energy sector. In future, the financing of battery storage systems is also to be taken on and the syndicated loan business (more attractive risk weighting for loans) is to be expanded.

### Gross new lending business (in € million)



Sources: UmweltBank AG; GBC AG

In contrast to the last scenario presented, the projected development of gross new lending does not include any capital measures and can therefore be considered much more meaningful. In the previous scenario, a new credit volume of over €1 billion was expected by the 2028 financial year.



## Forecast and valuation

million €	FY 2023	FY 2024e	FY 2025e	FY 2026e
Net interest income	41.11	43.44	65.22	73.68
Financial result	-2.64	20.90	5.20	5.72
Net commission and trading income	9.05	5.60	6.75	6.92
Earnings before taxes	-5.60	-5.76	7.54	21.69
Earnings after taxes	0.73	-3.92	5.13	14.75

Sources: UmweltBank. AG; GBC AG

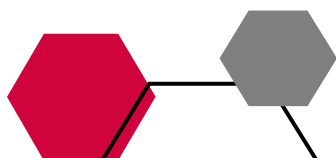
At the Capital Markets Day, Dietmar von Blücher also presented a detailed earnings and expenses scenario up to the financial year 2028. Net interest income is expected to rise significantly again from the current financial year 2025 onwards, having bottomed out in 2023 and 2024. The scenario graphic presented at the Capital Markets Day indicates a range of € 60 – € 70 million for the current financial year 2025 and of around € 70 – € 80 million for the coming financial year 2026. The main driver for this growth is expected to be a significant increase in the deposit business, which can then be invested risk-free at the ECB at improved conditions.

At the same time, net interest income should benefit from an improvement in the interest margin in the corporate customer business, i.e. in the lending business. Expiring loans will be replaced by new loans with improved conditions. By 2028, the annual new lending business is expected to increase from around € 245 million in 2024 to over € 650 million. At the same time, the ratio of lending to capital commitment is to be improved by, among other things, taking out syndicated loans.

The company expects net commission and trading income to benefit from rising income in the securities and lending business. In the middle of the past financial year, the successful issue of the first UmweltBank ETF was added to their own issues business. Further ETFs and the expansion of their fund business should lead to an increase in commission and trading income.

The expected increase in net interest income and net commission and trading income is likely to be offset by a disproportionately low increase in administrative expenses. This is particularly true in light of the transformation implemented in recent years, which should lead to a significant reduction in administrative expenses from 2025 onwards. The target of achieving a cost-income ratio of less than 60% by the 2028 financial year is therefore confirmed. Compared to the previous growth scenario, the Management Board of UmweltBank expects a flatter increase in earnings before taxes, particularly from the 2027 financial year onwards. This is primarily due to lower momentum in the lending business.

Our previous estimates (see Research Comment dated 15 November 2024), which cover the forecast period from 2024 to 2026, are largely in line with the company's updated scenario. We therefore confirm these and at the same time the price target of €10.00 determined within the framework of a residual income model. The rating remains BUY.



## ANNEX

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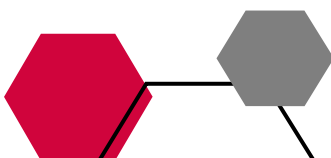
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BUY	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$ .
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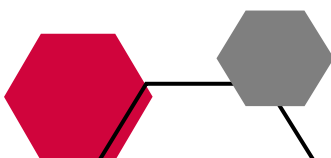
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