

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

Rating: BUY

Target price: € 10.00
(previously: € 9.63)

current price: € 6.00
14.11.24 / XETRA / 5:30 pm
Currency: EUR

Key data:

ISIN: DE0005570808

WKN: 557080

Stock exchange symbol:

UBKG

Number of shares³: 35.66

Marketcap³: 213.96

in million / in million EUR

Free float: 85 %

Transparency level:

Regulated unofficial market

Market segment:

m:access

Accounting:

HGB

Financial year: 31.12.

Company profile

Industry: financial services

Focus: ecological investments, financing environmentally friendly projects

Employees: 347 (30/06/2024)

Foundation: 1997

Company headquarters: Nuremberg

Board of Directors: 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 implements its ecological orientation. In addition to the traditional savings account, the company also offers green fund products and finances green projects. UmweltBank AG operates as a direct bank without the traditional branch business. Over 25,000 loan projects have been supported since the bank was founded in 1997. At the end of 2023, environmental loans (including open commitments) totalled EUR 3.7 billion. The vast majority of the loan volume consists of solar energy financing, residential property and wind power projects.

Income statement in € million	FY 2022	FY 2023	FY 2024e	FY 2025e	FY 2026e
Interest result	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

Key figures in EUR					
EPS	0.86	0.02	-0.11	0.14	0.41
Dividend per share	0.33	0.00	0.00	0.00	0.00

Key balance sheet figures in € million					
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%

Financial dates

25.-26.11.2024: EKF

**Latest research from GBC:

Date: Publication / Target price in EUR / Rating

12/08/2024: RS / 9.63 / BUY

26/06/2024: RS / 9.60 / BUY

26/03/2024: RS / 9.60 / BUY

14.08.2023: RS / 13.80 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany

* Catalogue of possible conflicts of interest on page 5

Date (time) Completion:
15.11.24 (7:30 am)

Date (time) first transmission:
15.11.24 (10:00 am)

Validity of the price target: until
max. 31.12.2025

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

Nine months 2024: operating performance in line with expectations; sharp increase in interest result expected from 2025

For the current financial year 2024, UmweltBank AG has started to report the most important key figures on a quarterly basis for the first time. Even though the Q3 figures presented here are missing a comparable figure from the previous year, they still provide a good interim status for the current financial year.

After nine months, UmweltBank AG reports net interest income of €28.80 million and is thus well on track to achieve the expected increase over the previous year's figure for the year as a whole. The basis for the increase in net interest income during the year lies, on the one hand, in the rise in customer deposits to €3.7 billion (31 December 2020: €2.8 billion), which were invested in a higher interest rate environment at higher interest rates. In addition, legacy treasury holdings were reinvested, which, according to the company, accounts for a difference of up to 100 basis points. Although the company recorded new lending business of €115 million in the first three quarters, the total volume of loans fell to €3.50 billion (31 December 2023: €3.72 billion) due to repayments and redemptions. Net interest income is therefore likely to have benefited in particular from the reallocation of own investments and the investment of customer deposits.

At the same time, the credit institution reported a financial result of €18.10 million after nine months of 2024. This includes the sale of a total of six wind farm investments and two real estate investments. In principle, UmweltBank AG plans to sell its investment portfolio in the next three financial years in order to release equity. Further investment disposals are planned for the fourth quarter, although the expected income from these cannot yet be quantified.

Together with commission and trading income of €3.10 million, the company reports total income of around €50 million after nine months. This is offset by total expenses of €45.4 million. The expenses also include increased expenses in connection with investments in marketing and IT. According to the company, expenses in the range of €7-10 million are expected to be of a one-off nature by the end of the 2024 financial year. Earnings before taxes as of 30 September 2024 were €3.6 million.

Forecasts

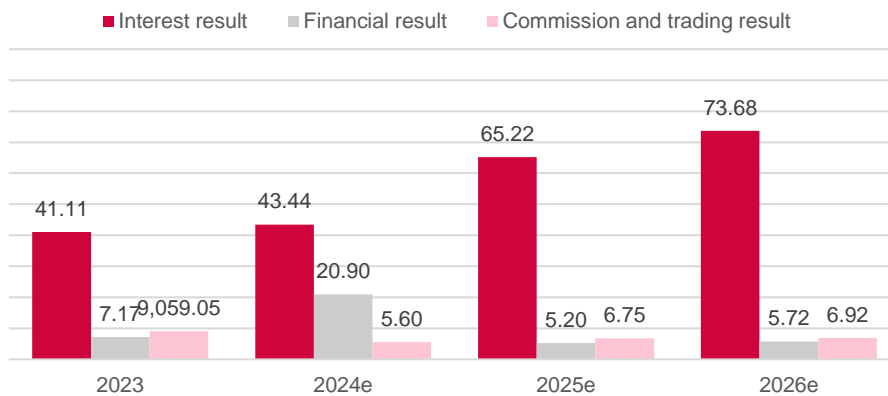
in €m	FY 24e (old)	FY 24e (new)	FY 25e (old)	FY 25 (new)	FY 26e (old)	FY 26e (new)
Interest result	42.40	43.44	48.54	65.22	56.71	73.68
Commission and trading result	3.39	5.60	12.75	6.75	13.07	6.92
Financial result	18.50	20.90	12.50	5.20	13.75	5.72
Total costs	72.55	76.50	68.84	70.44	63.84	65.44
EBT	-7.46	-5.76	5.75	7.54	20.49	21.69
EAT	-5.08	-3.92	3.91	5.13	13.93	14.75

Sources: UmweltBank AG; GBC AG

With the publication of the Q3 figures for 2024, the management of UmweltBank confirmed the guidance, according to which a pre-tax result between € -5 million and € -10 million is to be achieved for the current financial year 2024. Total income of around €70m is expected to be offset by total expenses of around €75m (including the bank deposit). In the coming financial year 2025, an improvement in total income should even be accompanied by a decline in total expenses, which should lead to a significantly positive pre-tax result again.

During the presentation of the Q3 figures, UmweltBank's CEO Dietmar von Blücher showed how net interest income should benefit from the repositioning in treasury. In particular, new investments at better conditions should improve net interest income in the 2025 financial year to between €65 million and €70 million, an increase of over €20 million compared to the previous year. By contrast, the financial result, which is still benefiting in the current financial year from a high contribution from the sale of investments, is expected to decline. Although the company still plans to gradually reduce its investment portfolio, it is not possible at present to forecast the expected contribution to earnings.

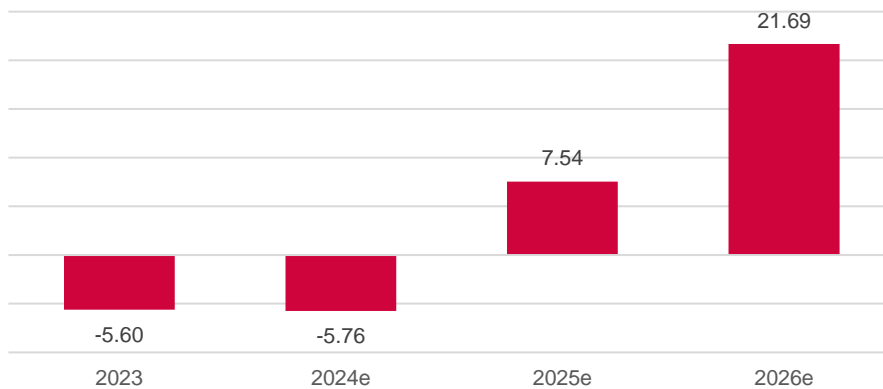
Breakdown of total income (in € million)



Source: GBC AG

In our adjusted forecasts, we take into account a stronger development of the interest result, particularly for the estimate years 2025 and 2026, but at the same time reduce our forecasts of the financial result. Overall, we expect total income to increase from €57.33m (2023) to €70.74m (2024e), €77.97m (2025e) and €87.13m (2026e). As we expect costs to rise at a disproportionately low rate from 2025, UmweltBank AG should return to profit.

Forecast EBT before reserves (in € million)



Source: GBC AG

On the basis of the adjusted valuation according to the residual income model, we have determined a new fair value of €10.00 (previously: €9.63). We are maintaining our BUY rating.

APPENDIX

I.

Research under MiFID II

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The respective recommendations/ classifications/ ratings are associated with the following expectations:

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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The analysts responsible for this analysis are:

Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Chief Analyst
Marcel Goldmann, M.Sc., M.A., Financial Analyst

Other person involved in this study:

Jörg Grunwald, Executive Board

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