

Varengold Bank AG

with its registered office in Hamburg

Securities identification number (WKN) 547 930

ISIN DE0005479307

We herewith invite our Company's shareholders to the

Ordinary General Meeting

on

Wednesday 28 August 2019 at 10.00am

(entry from 9:00am)

at

Haus der Wirtschaft Service GmbH

Kapstadtring 10

22297 Hamburg.



I. Agenda

- 1. Presentation of the approved annual financial statements and management report for the 2018 financial year with the report of the Supervisory Board for the 2018 financial year**
- 2. Resolution on the formal approval of the actions of the members of the Board of Managing Directors for the 2018 financial year**

The Supervisory Board and Board of Managing Directors propose

to formally approve the actions of the members of the Board of Managing Directors in office during the 2018 financial year.

- 3. Resolution on the formal approval of the actions of the members of the Supervisory Board for financial year 2018**

The Board of Managing Directors and the Supervisory Board propose

to formally approve the actions of the members of the Supervisory Board in office during the 2018 financial year.

- 4. Appointment of auditors for the 2019 financial year**

The Supervisory Board proposes

to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, as auditor for the 2019 financial year.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has declared to the Supervisory Board that there are no professional, financial, personal or other relationships in place between itself, its executive bodies and staff responsible for the audit on the one hand, and Varengold Bank AG and its executive bodies on the other hand, that could cast doubt on its independence.

- 5. Election of new Supervisory Board**

The period of office of current Supervisory Board members will cease at the end of the General Meeting deciding on the formal approval of the actions of the Board for the 2018 financial year. Elections to the Supervisory Board will therefore be required.

According to Sections 95, 96 (1) sixth case and Section 101 (1) AktG [Aktiengesetz; German Stock Corporation Act] in conjunction with Article 9 of the Company's Articles of Association, the Supervisory Board comprises three shareholder representatives. Pursuant to Article 9 (2) of the Articles of Association, Supervisory Board members are elected for the period up to the close of the General Meeting which passes a resolution to formally approve the actions of the Supervisory Board members for the fourth financial year after the start of their period of office. The financial year in which the election is made is not counted. Pursuant to Article 9 (4) of the Articles of Association, a successor for a member who resigns from office prior to the end of his period of office shall be elected for the remainder of the period of office of the resigning member.

With the exception of Mr Michael Stephen Murphy, the serving members of the Supervisory Board are putting themselves forward for re-election.

The Supervisory Board proposes the following resolutions:

"a) Dr. Karl-Heinz Lemnitzer, independent auditor and tax consultant, and residing in Darmstadt (Germany), will be appointed to the Supervisory Board for a term starting from the close of this General Meeting until the close of the General Meeting formally approving the actions of the Supervisory Board for the fourth financial year following the start of the period of office; the financial year in which the period of office begins will not be included."

"b) Mr Vasil Stefanov, Director of Euro-Finance AD and Head of M&A at Euroins Insurance Group, and residing in Sofia (Bulgaria), will be appointed to the Supervisory Board for a term starting from the close of this General Meeting until the close of the General Meeting formally approving the actions of the Supervisory Board for the fourth financial year following the start of the period of office; the financial year in which the period of office begins will not be included."

"c) Mr Francesco Filia, member of the Board of Fasanara Capital Ltd., residing in London (United Kingdom), will be appointed to the Supervisory Board for a term starting from the close of this General Meeting until the close of the General Meeting formally approving the actions of the Supervisory Board for the fourth financial year following the start of the period of office; the financial year in which the period of office begins will not be included."

Additional information

Dr. Lemnitzer holds no further positions on other statutory supervisory boards or comparable supervisory bodies of domestic and foreign companies.

Mr Stefanov is a member of the following statutory supervisory boards or similar German or international supervisory bodies pursuant to Section 125 (1) (5) AktG:

- Supervisory Board member of First Investment Bank, Moscow, Russia

Mr Francesco Filia holds no other positions on statutory supervisory boards or similar German or foreign supervisory bodies as defined by Section 125 (1) Sentence 5 of the AktG.

Dr Lemnitzer, Mr Stefanov and Mr Filia are familiar with the sector in which the Company is active according to Section 100 (5) AktG. Dr Lemnitzer possesses the necessary expertise in the fields of accounting and auditing according to Section 100 (5) AktG.

6. Resolution on an amendment to the Articles of Association regarding Section 2 ("Purpose of the Company")

The Company recently received a positive licence notification from the Federal Financial Supervisory Authority ("**BaFin**") in order to operate a multilateral trading facility ("**OTF**" - Section 1 (1a) Sentence 2 No. 1d KWG). Accordingly, Article 2 (1) of the Articles of Association will contain the following seventh bullet point under "the following banking business":

"operation of a multilateral facility which is not an organised market or a multilateral trading facility and which combines the interests of a large number of third parties in the purchase and sale of debt securities, structured financial products, emission certificates or derivatives within the facility in a manner that leads to an agreement regarding the purchase of these financial instruments (organised trading facility [OTF] pursuant to Section 1 (1a) (2) (1d) KWG)".

There has been no use of this licence to date. The Board of Managing Directors does not plan to operate a multilateral trading facility in future either. After having consulted with BaFin, the licence is due to be returned in accordance with Section 1 (1a) Sentence 2 No. 1d KWG and the purpose of the Company will be amended accordingly in Article 2 (1) of the Articles of Association.

The Board of Managing Directors and Supervisory Board propose amending Article 2 (1) of the Articles of Association as follows:

Article 2 (1) of the Articles of Association (Purpose of the Company) is amended as follows:

The first sentence of Article 2 (1) of the Articles of Association, as stated under “the following banking business”, which reads:

“operation of a multilateral facility which is not an organised market or a multilateral trading facility and which combines the interests of a large number of third parties in the purchase and sale of debt securities, structured financial products, emission certificates or derivatives within the facility in a manner that leads to an agreement regarding the purchase of these financial instruments (organised trading facility [OTF] pursuant to Section 1 (1a) (2) (1d) KWG)”

will be removed and not replaced.

7. Resolution on the creation of new Authorised Capital 2019 with the authorisation to exclude subscription rights and corresponding amendments to the Articles of Association

According to Article 4 (2) of the Articles of Association, the Board of Managing Directors was authorised to increase the Company's share capital until 20 August 2023, with the approval of the Supervisory Board, on one or more occasions, up to a total of EUR 3,105,211.00 by issuing up to a total of 3,105,211 new no-par value bearer shares (“**ordinary shares**”), each with a proportionate share in the share capital of EUR 1.00 each, against cash or non-cash contributions (“**Authorised Capital 2018**”). There has been no use of this authorisation to date.

The extent of the existing authorisation does not fully exploit the framework permitted by law. The Company also intends to be sufficiently flexible in the coming years to be able to react quickly to market conditions and adjust its equity capital resources in a flexible manner in line with the requirements that arise. For this purpose, a resolution is passed to create new Authorised Capital (“**Authorised Capital 2019**”) alongside the Authorised Capital 2018 as a new Article 4 (3) of the Articles of Association and amend the Articles of Association accordingly. The Authorised Capital 2019 should enable the Company's Board of Managing Directors to increase the share capital by up to EUR 1,552,606.00 through to **27 August 2024**, which, when combined with the extent of the remaining Authorised Capital 2018, makes up a total of 50% of the current share capital.

The Board of Managing Directors and the Supervisory Board therefore propose the following resolutions:



“(a) Creation of Authorised Capital 2019

The Board of Managing Directors is authorised until **27 August 2024** with the approval of the Supervisory Board to increase the Company's share capital on one or more occasions up to a total of EUR 1,552,606,00 by issuing a total of 1,552,606 new no-par value bearer shares (“**ordinary shares**”), each with a proportionate interest in the share capital of EUR 1.00 against cash or non-cash contributions (“**Authorised Capital 2019**”). Ordinary shares and/or non-voting preferential shares may be issued. The new shares can also be acquired by one or more banks stipulated by the Board of Managing Directors or a company which operates according to Section 53 (1) (1) or Section 53b (1) (1) or (7) KWG with the obligation to offer these to the shareholders (“**indirect subscription right**”). The Board of Managing Directors is empowered, with approval of the Supervisory Board, to exclude the subscription rights of shareholders, in particular in the following cases:

– for capital increases against contributions in kind for the granting of shares for the purpose of acquiring companies, operations, parts of companies or interests in companies or other assets, including any claims against the Company or its affiliated companies;

- to eliminate fractional shares;

– if, in the event of capital increases against cash contributions, the issuing amount for the new shares is not significantly lower than the stock market price of the already listed shares in the Company (of the same class and features) on the date on which the issuing amount is finally set within the meaning of Section 203 (1) and (2) and Section 186 (3) Sentence 4 AktG, and the issued shares do not exceed a total of 10 % of the share capital on the date this authorisation takes effect or on the date this authorisation was exercised. Shares sold under exclusion of subscription rights or issued and/or due to be issued during the term of this authorisation until the time of their utilisation on the basis of other authorisations in direct or analogous application of § 186 (3) Sentence 4 of AktG should also be counted against this limit;

– to the extent necessary to grant the holders of convertible bonds, convertible participation rights or options a subscription right of the same extent that they are due as a shareholder after exercising the conversion privilege and/or option right;

– for distribution of shares to members of the Board of Managing Directors, executive management organisations of the Company or affiliated companies within the meaning of Section 15 AktG, executives of the Company and/or affiliated companies, or employees of the Company and/or its affiliated companies under employee participation schemes. Where

shares are to be given to members of the Board of Managing Directors, this will be the sole responsibility of the Company's Supervisory Board

– in order to fulfil a greenshoe option agreed with issuing banks for the issue of the Company's shares.

A capital increase excluding subscription rights to implement employee equity participation schemes may only be performed at most in the amount of 10% of the share capital in existence when the New Shares are issued.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to define the further details and terms of the capital increases and share issue from authorised capital.

The Supervisory Board is authorised to change the wording of the Articles of Association in Article 4 in line with the corresponding use of the Authorised Capital or after the authorisation has expired.

(b) Amendment to Article 4 of the Articles of Association

Article 4 of the Company's Articles of Association is renumbered as follows:

Article 4 (3) of the Articles of Association of Varengold Bank AG will become Article 4 (4).

The following new Section 4 (3) will be added after Article 4 (2) of the Articles of Association of Varengold Bank AG:

“The Board of Managing Directors is authorised up until **27 August 2024** with the approval of the Supervisory Board to increase the Company's share capital on one or several occasions by up to EUR 1,552,606.00 by issuing up to 1,552,606 new no-par value bearer shares (“**ordinary shares**”), each with a proportionate interest in the share capital of EUR 1.00 against cash or non-cash contributions (“**Authorised Capital 2019**”). Ordinary shares and/or non-voting preferential shares may be issued. The new shares can also be acquired by one or more banks stipulated by the Board of Managing Directors or a company which operates according to Section 53 (1) (1) or Section 53b (1) (1) or (7) KWG with the obligation to offer these to the shareholders (“**indirect subscription right**”). The Board of Managing Directors is empowered, with approval of the Supervisory Board, to exclude the subscription rights of shareholders, in particular in the following cases:

– for capital increases against contributions in kind for the granting of shares for the purpose of acquiring companies, operations, parts of companies or interests in companies or other assets, including any claims against the Company or its affiliated companies;

- to eliminate fractional shares;

– if, in the event of capital increases against cash contributions, the issuing amount for the new shares is not significantly lower than the stock market price of the already listed shares in the Company (of the same class and features) on the date on which the issuing amount is finally set within the meaning of Section 203 (1) and (2) and Section 186 (3) Sentence 4 AktG, and the issued shares do not exceed a total of 10 % of the share capital on the date this authorisation takes effect or on the date this authorisation was exercised. Shares sold under exclusion of subscription rights or issued and/or due to be issued during the term of this authorisation until the time of their utilisation on the basis of other authorisations in direct or analogous application of § 186 (3) Sentence 4 of AktG should also be counted against this limit;

– to the extent necessary to grant the holders of convertible bonds, convertible participation rights or options a subscription right of the same extent that they are due as a shareholder after exercising the conversion privilege and/or option right;

– for distribution of shares to members of the Board of Managing Directors, executive management organisations of the Company or affiliated companies within the meaning of Section 15 AktG, executives of the Company and/or affiliated companies, or employees of the Company and/or its affiliated companies under employee participation schemes. Where shares are to be given to members of the Board of Managing Directors, this will be the sole responsibility of the Company's Supervisory Board

– in order to fulfil a greenshoe option agreed with issuing banks for the issue of the Company's shares.

A capital increase excluding subscription rights to implement employee profit-sharing schemes may only be performed up to a total of 10% of the share capital in existence when the new shares are issued.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to define the further details and terms of the capital increases and share issue from authorised capital.

The Supervisory Board is authorised to change the wording of the Articles of Association in Article 4 in line with the corresponding use of the Authorised Capital or after the authorisation has expired.

II. Notices and reports to the General Meeting

Report by the Board of Managing Directors according to Sections 186 (4) Sentence 2, 203 (1) and (2) AktG on agenda item 7 – Creation of Authorised Capital 2019

1. Creation of Authorised Capital 2019

With regard to agenda item 7., the Board of Managing Directors and Supervisory Board propose creating an Authorised Capital 2019. In terms of its size, the Authorised Capital 2019 relates to 50% of the Company's current share capital, minus the extent of the Authorised Capital 2018, and has a term through to **27 August 2024**. The Authorised Capital 2018 approved by the Ordinary General Meeting on 21 August 2018 remains unchanged.

2. Exclusion of subscription rights within the framework of Authorised Capital 2019

Within the framework of the Authorised Capital 2019 to be newly approved under agenda item 7, the Board of Managing Directors hereby submits the following report regarding the authorisation to exclude subscription rights.

a) Exclusion of subscription rights for capital increases against non-cash contributions

The option to exclude subscription rights in conjunction with corporate mergers or for the purpose of acquiring companies, operations, parts of companies or interests in companies or other assets, including any claims against the Company or its affiliated companies should help to allow such transactions to be performed in a timely manner which protects liquidity. The Company faces strong competition and has to be able to respond rapidly and flexibly to changes on the market in the interests of both the Company and its shareholders. This also includes the opportunity to merge with other companies or acquire companies, operations, parts of companies or interests in companies, and also to acquire strategic and other investors.

In individual cases, the Company must be able to rapidly implement a corporate merger or acquisition of a company, an operation, part of a company, interest in another company or other assets, including any claims against the Company or its affiliated companies, or to acquire an investor in the interests of both the Company and its investors. It is not unusual for

attractive acquisition opportunities to materialise only if the Company is able to offer shares with voting rights in return. In order to exploit such opportunities, the Company must be able to offer shares in return in a swift manner. The proposed authorisation to exclude subscription rights should provide the Company with the requisite ability to act in order to exploit opportunities that present themselves for such transactions quickly and flexibly. Excluding subscription rights would reduce the proportionate shareholding and the proportionate share of voting rights of the previous shareholders. However, if subscription rights were granted to shareholders, it would be impossible to fulfil the actual purpose of being able to react swiftly and flexibly.

At present, there are no specific acquisition plans that would require this authorisation to be exercised. If opportunities for a corporate merger or to acquire companies, operations, parts of companies or interests in companies or other assets or to acquire major investors should present themselves, the Board of Managing Directors will carefully review whether it will use the authorisation for a capital increase for this purpose. It will only use such an opportunity if conducting such a transaction, in particular the issue of new shares while excluding subscription rights, is in the Company's best interests. The Supervisory Board will only issue the requisite approval if these conditions have been met.

b) Exclusion of subscription rights for fractional amounts

The Board of Directors should also continue to be empowered, with the approval of the Supervisory Board, to exclude the statutory subscription rights of the shareholders for fractional shares. Such an exclusion of subscription rights should enable a viable subscription ratio and thus make technical processing of a capital increase easier. The value of fractional shares is typically low, whereas the expense for the issue of shares without the exclusion of subscription rights for fractional shares is often significantly higher. The costs of trade in subscription rights for fractional shares would not be beneficial to shareholders in any reasonable way. The new shares excluded from the shareholders' subscription rights as so-called "free fractions" will be realised in the manner most beneficial for the Company. The exclusion of subscription rights in such cases therefore aims to ensure practicability and make the implementation of an issuance easier.

c) Exclusion of subscription rights for capital increases against cash contributions

The Board of Managing Directors should be authorised with the approval of the Supervisory Board to exclude shareholders' subscription rights in the event of increases in capital in accordance with Section 203 (1) Sentence 1 and (2), and Section 186 (3) Sentence 4 AktG if the issue price of the new shares is not significantly lower than the stock market price of any shares already listed. Use of this option to exclude subscription rights may be appropriate in

order to be able to exploit favourable market conditions quickly and flexibly as well as cover at very short notice any capital requirements that arise here. The two-week subscription period required when granting subscription rights for shareholders (Section 203 (1) Sentence 1 AktG in conjunction with Section 186 (1) Sentence 2 AktG) does not allow for a comparable response at short notice to current market conditions. In addition, due to the volatility of the stock markets, market-based conditions can typically only be achieved if the Company is not tied to them over an extended period. When granting subscription rights, Section 203 (1) Sentence 1 AktG in conjunction with Section 186 (2) AktG stipulates that the final subscription price is disclosed at the latest three days prior to the end of the subscription period. As a result, there is a higher market risk when granting subscription rights – including in particular the risk of price change existing over several days – than in the case of an issue without subscription rights.

In order to ensure successful placement when granting subscription rights, it is therefore necessary to apply adequate haircuts to the current stock market price on a regular basis; this will typically lead to less favourable conditions for the Company than a capital increase completed subject to exclusion of subscription rights. Placement close to the stock market price is achieved by excluding subscription rights. It is also the case, when granting subscription rights due to uncertainty regarding the exercising of subscription rights by the beneficiary shareholders, that a complete placement cannot be readily ensured, and any subsequent placement involving third parties is typically associated with additional costs.

The amount of the share capital, which applies to shares issued excluding such subscription rights, must not exceed a total of 10% of the share capital on the date this authorisation takes effect or on the date this authorisation was exercised. Within this framework, the legislative authority works on the assumption that it is possible and appropriate for shareholders to maintain their shareholding by making purchases on the market.

This limit of 10% of the share capital must include the proportionate amount of share capital attributable to shares that are sold, subject to the exclusion of subscription rights, during the term of the Authorised Capital 2019, based on the authorisation to sell own shares in accordance with Section 71 (1) No. 8 Sentence 5, and Section 186 (3) Sentence 4 AktG. This must also include the proportionate amount of share capital attributable to shares that are issued, subject to the exclusion of shareholders' subscription rights, during the term of the Authorised Capital 2019, based on other authorisations to issue Company shares, doing so in direct or corresponding application of Section 186 (3) Sentence 4 AktG. Furthermore, this must also include the proportionate amount of share capital attributable to shares that are issued and/or may or need to be issued to service debt securities with conversion or option rights and/or conversion or option obligations, provided the debt securities are issued, subject to the exclusion of shareholders' subscription rights, during the term of the Authorised Capital 2019,

doing so in corresponding application of Section 186 (3) Sentence 4 AktG. These inclusions aim to protect shareholders in order to keep the dilution of their investment as low as possible. This inclusion model ensures that the shareholding of shareholders is not diluted by more than 10% , even if there is linking of capital measures and the issue of debt securities and/or the sale of own shares.

Shareholders will otherwise generally have the opportunity to acquire the shares required to maintain their shareholding at approximately the same conditions via the stock market, due to the fact that the new shares are issued at a near-market price and due to the size limit on the capital increase without subscription rights. This therefore ensures that, in accordance with the legal assessment in Section 186 (3) Sentence 4 AktG, asset-related and voting interests will remain appropriately protected in the event of utilisation of Authorised Capital 2019 excluding subscription rights, while the Company is given additional room for manoeuvre in the interests of all shareholders.

d) Exclusion of subscription rights for convertible bonds, convertible participation rights or option rights

In addition, provision is also made to allow the Board of Managing Directors to exclude shareholder subscription rights with the approval of the Supervisory Board when granting subscription rights to the holders of convertible bonds, convertible participation rights or options. This exclusion of subscription rights may be necessary in order to structure the terms and conditions of convertible bonds, convertible participation rights or options when issuing convertible bonds, convertible participation rights or options so these are accepted by the capital markets. The exclusion of subscription rights therefore also serves the interest of the shareholders in an optimum financial structure of their company.

The background to this is as follows: The economic value of the so-called debt securities with conversion or option rights and/or conversion or option obligations not only depends on the conversion and/or option price, but also particularly on the value of the Company shares that the conversion or option rights and/or conversion or option obligations relate to. In order to ensure successful placement of the relevant debt securities and/or avoid a corresponding price deduction upon placement, it is therefore typically the case that the bond terms and conditions will include so-called dilution protection clauses, which protect beneficiaries from a loss in value in their conversion or option rights as a result of dilution of the shares to be purchased.

Any subsequent share issues subject to granting of subscription rights would typically result in dilution without any dilution protection in place. The aforementioned dilution protection



provisions in the bond terms and conditions typically stipulate in such cases a reduction in the conversion or option price, with the consequence that funds received by the Company would reduce and/or the number of shares to be issued by the Company would increase in the event of the subsequent conversion or exercise of the option and/or subsequent fulfilment of a conversion or option obligation.

As an alternative, which aims to avoid a reduction in the conversion or option price, the dilution protection provisions will typically allow subscription rights for new shares to be granted to the beneficiaries from debt securities with conversion or option rights and/or conversion or option obligations, doing so to the extent they would be entitled to after exercising their own conversion and/or option rights and/or after fulfilling their conversion and/or option obligations. They are thus treated as though they had already been shareholders and beneficiaries to this extent as well by exercising the conversion and/or option rights and/or fulfilling the conversion and/or option obligations; as is the case for all shareholders already holding a stake, they would be compensated for the dilution by the value of the subscription rights.

The benefit to the Company for this second alternative form of granting dilution protection is the fact that the conversion or option price does not need to be reduced; it therefore ensures the greatest possible flow of funds in the event of any subsequent conversion or exercise of the option and/or subsequent fulfilment of a conversion or option obligation and/or reduces the number of shares to be issued in such cases. This also benefits the shareholders holding a stake so that they are compensated at the same time for the restriction in their subscription rights. Their subscription rights are retained as such and are only reduced proportionately to the extent in which subscription rights are granted both to the shareholders holding a stake as well as to the holders of conversion and/or option rights and/or debt securities with conversion or option obligations. This authorisation enables the Company, in cases where subscription rights are issued, to be able to choose from the alternative forms of granting dilution protection, as illustrated above, in taking into account the interests of shareholders and the Company.

e) Exclusion of subscription rights for employee participation schemes

It should also be possible to use the Authorised Capital 2019 to generate shares to serve employee equity participation programs. This should increase the Company's flexibility to be able to attract highly qualified executives over the short term.

It is standard practice, both in Germany and abroad, to offer performance-related incentives to the managers and employees of a company in order to retain their services for the company in the long term. The Board of Managing Directors and Supervisory Board consider a long-term employee profit-sharing scheme to be a necessary measure in order to ensure the Company

remains an attractive choice in future for highly qualified managers and employees. The Company should therefore be able to offer selected managers and employees suitable remuneration components for purchasing shares. This should help to further enhance the Company's profile as an attractive option in the competition for managers and employees.

In particular, the option to purchase shares as part of a long-term employee profit-sharing scheme should help to create a special performance incentive, which is measured in the form of the price of the Company's stock and the increasing value of the Company. As a result, the interests of managers and employees, as well as the interests of shareholders, are focused on increasing the value of the Company. This also benefits shareholders through the resulting positive impact on the stock market price. Managers and employees can participate in this by having the option to purchase shares.

In this case, the scope of a capital increase from the Authorised Capital 2019 excluding subscription rights to service employee profit-sharing schemes shall be restricted to 10% of the existing share capital. Where shares are to be given to members of the Board of Managing Directors, this shall be the sole responsibility of the Company's Supervisory Board.

Given the circumstances set out above, and considering both the Company's and the shareholders' interests, the Board of Managing Directors and the Supervisory Board believe that excluding subscription rights in these cases is justified and reasonable.

f) Exclusion of subscription rights in the case of cash capital increases with greenshoe option

Finally, an exclusion of subscription rights shall also be permitted in order to fulfil a greenshoe option agreed with issuing banks for the issue of shares as part of a cash capital increase. A capital increase made against cash contributions allows the Company's capital requirements to be covered in an easy and flexible manner, something which is of particular importance given the potential for future expansion of the Company. The so-called greenshoe is an over-allotment option that is used when issuing Company shares to precisely determine placement volume and stabilise price. Here, the issuing banks not only assign the planned placement volume, but also a certain number of additional shares made available in a different manner (typically up to 15% of the actual planned placement volume). In the case of shares with a narrow market, there may initially be significant price fluctuations following share issues as stable market equilibrium has yet to be established. This can result in pressure to sell which is not desirable from the perspective of the Company and the shareholders.

As a result, it is useful for the issuing bank(s) to introduce price stabilising measures. Issuing banks can purchase shares on the market in order to cushion any fall in price occurring directly after

placement. As regards such stabilisation measures, other Company shares may also be allotted to investors by the issuing banks in addition to the new shares offered as part of the offering ('**Over-allotment**'). In order to cover this over-allotment, shares from the holdings of existing shareholders will be made available to the issuing banks through securities loans. If there is no buy-back of shares on the market by the issuing banks, the cash capital increase from Authorised Capital excluding subscription rights will be used to enable the issuing bank(s) to fulfil their reassignment obligation arising from the securities loans, either in full or in part. The number of shares required for this purpose cannot generally be acquired in a similarly cost-effective manner elsewhere. As a result, covering purchases on the market at higher prices and the resulting losses can be avoided.

Consequently, a greenshoe over-allotment option enables better exploitation of market potential with regard to pricing. Given that this provides investors with a certain degree of security regarding price development in their own interests, they are often willing to pay a higher subscription price. Thanks to this stabilisation, the over-allotment option also leads to an increase in revenue generated from the issue and is consequently in the interests of both the Company and the shareholders. This exclusion of subscription rights is therefore deemed appropriate and necessary to fulfil the purpose in question, and must also be regarded as appropriate when weighing up the interests of the Company against the interests of the shareholders.

It has not yet been possible to provide details of the respective issue amounts. These shall be set at an appropriate level by the Board of Managing Directors with the approval of the Supervisory Board, taking into account the interests of the Company and shareholders and the respective purpose when exercising authorisation.

3. Report by the Board of Managing Directors on the use of Authorised Capital 2019

At present, there are no specific plans that would require this authorisation to be exercised.

In each individual case, the Board of Managing Directors will carefully check whether it will make use of the respective authorisation for a capital increase while excluding shareholders' subscription rights. It will only do this if the Board of Managing Directors and Supervisory Board consider this to be in the interests of the Company and, thus, shareholders, taking into account the terms and conditions of the capital increase. The Board of Managing Directors shall inform the shareholders of any use of Authorised Capital 2019 in each case at the following Ordinary General Meeting.

4. Availability of this report



Prior to this General Meeting being convened, the previous report by the Board of Managing Directors in accordance with Section 186 (4) Sentence 2 and Section 203 (1) and (2) AktG can also be obtained online at www.varengold.de -> About Varengold -> Investor Relations -> General Meeting. It shall also be provided at the General Meeting.

III. Availability of documents

The documents to be made available to the shareholders can be examined by shareholders from the date on which the General Meeting is convened at the Company's premises at Große Elbstraße 14, 22767 Hamburg, Germany, on working days (Monday to Friday) between 9:00am and 5:00pm. Where stipulated by law, these documents shall also be available at the General Meeting and copies shall be sent immediately, free of charge, to each shareholder by the Company upon a request to this effect.

The contact address for this purpose is as follows:

Varengold Bank AG
Große Elbstraße 14
22767 Hamburg, Germany
Fax: +49 (40) 66 86 49 49
Email: hv@varengold.de

IV. Conditions of attendance

1. Attendance at the General Meeting and exercise of voting rights

Only shareholders who have registered for the General Meeting in good time and provided proof of their shareholding shall be entitled to attend the General Meeting, exercise voting rights and table motions. Registration must be in written (Section 126 BGB) or electronic form (Section 126b BGB) in German or English. Shareholders prove their eligibility to attend General Meetings using a shareholding certificate issued by their custodian bank in electronic form (Section 126b BGB) in German or English procured at the beginning of the 21st day prior to the Ordinary General Meeting, i.e. **Wednesday 07 August 2019, 0:00 am**. This registration and shareholding certificate must be received at the following address at the latest by **midnight on Wednesday 21 August 2019:**

Varengold Bank AG
c/o UBJ GmbH
Varengold Bank 2019 Ordinary General Meeting
Kapstadtring 10
22297 Hamburg, Germany
Fax: +49 (40) 6378 5423
Email: hv@ubj.de

2. Proxy

Shareholders who do not attend the General Meeting in person may arrange for their voting right and other rights at the General Meeting to be exercised by an authorised representative by delegating the relevant authority, or by a consortium of shareholders or a bank. In such cases, shareholders must also register for the General Meeting in a timely manner presenting the specific proof of their shareholding. The delegation of authority, its revocation and proof of authorisation to the Company must be in written or electronic form (Section 126b BGB). The delegation of authority may also be revoked by attending the General Meeting in person. If a shareholder authorises more than one person to represent him/her, the Company may reject one or more of these persons. A proxy voting form can be found on the reverse of the admission ticket.

When authorising a bank, a shareholders' association or an equivalent person or institution according to Section 135 AktG distinctions shall apply. In such cases, shareholders are requested to come to an agreement with the party to be appointed as authorised representative in good time regarding the form of authority that such party may require.

3. Proxies appointed by and reporting to the Company

We offer our shareholders the option to authorise a proxy appointed by and reporting to the Company prior to the General Meeting. Shareholders wishing to authorise a proxy appointed by and reporting to the Company must also register for the General Meeting before the deadline and provide proof of their shareholding. A proxy appointed by and reporting the Company shall only be available to exercise the shareholder's voting rights, not to exercise other rights. If the proxy appointed by and reporting to the Company is given authorisation, the proxy must be given instructions on how to exercise voting rights in every case. If the proxy appointed by and reporting to the Company is not given individual instructions, the proxy cannot exercise the authorisation given to them. A proxy bound by instructions shall be obliged to vote in line with instructions given. For organisational reasons, these powers of attorney and instructions to the proxy named by the Company and who is bound by voting instructions which



are not issued in the General Meeting must be sent, together with the entry ticket (a copy is sufficient), to the following address at the latest by **Tuesday 27 August 2019, 2:00pm**:

Varengold Bank AG
Investor Relations – 2019 Ordinary General Meeting
Große Elbstraße 14
22767 Hamburg, Germany
Fax: +49 (40) 66 86 49 49
Email: hv@varengold.de

Alternatively, it is also possible to hand over to a proxy bound by instructions during the General Meeting. Shareholders can download a form for issuing powers of attorney and instructions to the proxy named by the Company and subject to voting instructions online at www.varengold.de under About Varengold -> Investor Relations -> General Meeting or this can be requested (Mon to Fri) between 9:00am and 5:00pm using the phone number (+49) (40) 66 86 49 0.

4. Motions and nominations by shareholders

Motions from shareholders pursuant to Section 126 AktG or nominations pursuant to Section 127 AktG must be sent exclusively to the following address:

Varengold Bank AG
Investor Relations – 2019 Ordinary General Meeting
Große Elbstraße 14
22767 Hamburg, Germany
Fax: +49 (40) 66 86 49 49
Email: hv@varengold.de

Counter-motions or election proposals from shareholders that are received at the above address at the latest by **midnight on Tuesday 13 August 2019** will be made accessible online at www.varengold.de -> About Varengold -> Investor Relations -> General Meeting subject to the conditions of Sections 126, 127 AktG. Any management statements can also be found there.



V. Information on data privacy for shareholders

New data protection regulations will apply across Europe from 25 May 2018 due to entry into force of the European Data Protection Regulation. The privacy of your data and its processing in a legally compliant manner is extremely important to us.

We contract UBJ GmbH, Kapstadtring 10, 22297 Hamburg, Germany to process the personal data provided by you in your application to attend the General Meeting in order to enable you to exercise your rights at the General Meeting. Detailed information regarding the processing of your personal data is explained clearly in one place in our new data privacy policy. This can be accessed or downloaded from the Company's website at

<https://www.varengold.de/rechtliches/datenschutz/>

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Hamburg, July 2019

Varengold Bank AG
Board of Managing Directors

