

Annual Report

2015



Varengold

BANK

Key Figures of Varengold Bank AG (German Commercial Tax Code)

	31.12.2015	31.12.2014	Change
Key figures per share	in EUR	in EUR	in EUR
Earnings per share	-6.78	0.12	-6.93
Market capitalisation	19,775,935	24,976,810	-5,200,875
	01.01.2015 to	01.01.2014 to	Change
	31.12.2015	31.12.2014	in TEUR
Profit and loss statement	in TEUR	in TEUR	in TEUR
Interest income	-2,408	635	-3,043
Commission income	3,908	4,978	-1,070
Net income from trading portfolio	11,117	8,670	+2,447
Other operating income	1,175	226	+949
Income from investments/securities	412	27	+385
Administrative expenses	-20,962	-12,778	-8,234
Depreciation and value adjustments	940	-1,226	+2,166
Income from normal business operations	-5,818	530	-6,398
Income/loss for the year	-13,217	209	-13,476
	31.12.2015	31.12.2014	Change
Balance sheet	in TEUR	in TEUR	in TEUR
Total assets	601,215	353,181	+248,034
Equity capital	2,400	12,078	-9,728

Disclaimer:

This English version of the annual report 2015 is for informational purposes only.

Legally binding is solely the German version of the Annual Report 2015.

02. LETTER TO THE SHAREHOLDERS	6 – 7
03. OUR SUCCESS STORY	8 – 9
04. OUR PRODUCTS AND SERVICES	10 – 13
PRIME BROKERAGE	11
COMMERCIAL BANKING / TREASURY	11
CAPITAL MARKETS BROKERAGE	13
05. VARENGOLD SHARES	14 – 15
06. SUPERVISORY BOARD REPORT	16 – 19
07. ANNUAL REPORT (HGB)	20 – 63
BALANCE SHEET	22 – 23
PROFIT AND LOSS STATEMENT	24 – 25
NOTES	26 – 41
MANAGEMENT'S DISCUSSION AND ANALYSIS	42 – 57
SEGMENT REPORTING	58 – 61
AUDITOR'S REPORT	62 – 63

Dear Shareholders

The global financial markets and economy in the year 2015 were on the whole stable, exhibiting somewhat reserved dynamism. In particular, the smoldering Ukraine conflict and the uncertainty regarding Greece's bankruptcy, as well as the discussion of the stability within Europe contributed to this situation. The European Central Bank and other leading central banks attempted to minimize the potential crisis factors with a generous liquidity provision. New challenges arose for market participants in the banking sector in the form of overriding regulatory developments. Varengold Bank could not extract itself completely from these events or their consequences.

In the past, the Bank had strongly invested in the growth and security of the international competitive advantage to build a solid foundation for the future. The related increased costs for the required development of internal structures resulted in an end of the business year loss. Results of normal business activities of Varengold Bank AG were in total –5,818 TEUR (previous year: 530 TEUR). In particular, the delayed development of the Prime Brokerage business area was primarily responsible for the high losses in 2015, due to the significant increase in general administrative costs based on higher personnel expenditures. In addition, significant extraordinary expenditures accrued, including approximately 4 EUR million to three former board members of the Bank for the dissolution of their board service contracts. This led to a total loss for the year in the amount of 13,217 TEUR (previous year-end profit 209 TEUR).

In the year 2015 and in the beginning of the year 2016, the capital buffer of the Bank was considerably strengthened. To begin with, in April 2015,

a bank capital increase resulting from the authorization decision of the extraordinary shareholder's meeting on January 20, 2015 took place. Thereby the nominal share capital of the organization increased from 1,771,405.00 EUR by cash investments of 1,948,368.00 EUR through the distribution of 176,963 new shares at an initial price of 20.00 EUR per share under warrant. An additional capital increase was approved at the general assembly of the shareholders in August 2015 which resulted in the raising of the Bank's capital in February 2016 from 1,948,368.00 with cash investments of 2,922,552.00 through the distribution of 974,184 new shares at an initial price of 13 EUR per share in a public rights offering and a subsequent private placement.

In the reporting period 2015, Varengold Bank experienced an intensive transformation phase, where the foundation was established for a new strategy. After the reduction in size of the Board from five to two board members as of the beginning of August 2015, a complete analysis was conducted of all business activities and all previous decisions were re-evaluated. This process resulted in a targeted, new positioning of the bank. Based on this strategic review, the Dubai location was closed at the end of the past year.

The strategic direction of Varengold Bank continues to be focused on growth and organisational stability. Therefore, in the future the bank will focus solely on the two core business areas of Commercial Banking and Prime Brokerage.

Over the last several months, the Bank has gradually directed the current focus onto the Prime Brokerage

area. "Equity strategies" were transferred to other asset classes such as "Real Estate" and "Short Term Receivables." Others will broaden the product palette of the Commercial Banking division. The development of the Credit Business and the naturally associated awarding of bank guarantees, as well as the treasury, have played a significant role in the revenue increase of the Bank since the beginning of the year.

The current supervisory board began to decisively implement the risk-reducing strategy of the end of 2015 and made it a goal to sustainably continue along these lines to ensure the stable development of Varengold Bank. The first successes have already been clearly observable and offer the supervisory board a confident glimpse into the future. Based on the successful implementation of the indicated business goals and the improvements in quality and efficiency, positive results are expected for the end

of the year 2016. Also during this important new orientation it is essential to keep a close eye on the ever more numerous regulatory requirements in order to further strengthen the Bank's mid-term equity capital.

The employees of Varengold Bank made very important contributions to the business development with their expertise, responsible practices and extraordinary engagement throughout this transition. The Board of Directors is particularly grateful to the entire staff. Furthermore, the Board wishes to thank the customers and business partners that have accompanied the bank's growth with their trust and cooperative teamwork. The Bank operates in a very dynamic market environment in which new possibilities are constantly emerging, which therefore means that customer orientation and flexibility will continue to be competitive advantages.

Hamburg, June 2016

The Board of Directors of Varengold Bank AG



Dr. Bernhard Fuhrmann



Frank Otten

Varengold Bank AG was founded in 1995 as an asset management boutique and focused on the development of unique, specialized hedge fund strategies from the managed futures space.

With its current core business areas Prime Brokerage, Commercial Banking and Capital Markets Brokerage Varengold Bank offers a wide portfolio of products and services.

Varengold Bank AG is listed on the Frankfurt Stock Exchange (Symbol: VG8) and is subject to regulation by the German Federal Financial Supervisory Authority (BaFin). In addition, Varengold is a member of the Deposit Guarantee Scheme of German Banks (EdB), whereby the deposits of each customer are legally protected up to a value of 100,000 Euro.

As an independent, German private bank, the company has enjoyed the trust of institutional and private customers, to whom, thanks to our expertise, we offer individual, transparent and performance-oriented solutions. Security and quality of service offerings is always a priority for us in our domestic and international activities and provide the foundation of our strategy of intelligent investments.

ALTERNATIVE INVESTMENTS AS CORE COMPETENCY

For a representative and diversified implementation of the planned strategies, the former founders of the company selected the derivative financial instrument of futures, because they

- can participate on falling, as well as rising markets
- are objectively valuable and fail-safe due to the stock market valuation in real-time
- guarantee a high liquidity through the stock market
- are available in all asset classes traded on the stock market (shares, loans, raw materials, currencies)
- are extremely cost efficient due to the dramatically lower transaction costs in relation to trading volume

Custom-developed trading strategies were implemented that concentrated on the systematic trade of raw materials and stock indices. Very quickly the use of diversification of the various trading strategies was recognized: the trading approach was expanded to include complimentary strategies on the funds of funds level for custom tailored portfolios which lead to a reduced risk-return profile. Varengold later launched the first German managed futures fund of funds and hedge fund to be approved for public sale; the HI Varengold CTA Hedge, which was recognised numerous times as the best German fund of funds/hedge fund. Today's Prime Brokerage business area in which featured external managed futures managers was born under the business area formerly known as Asset Management and later Capital Markets.

In the year 1999 the conversion of the legal structure from a "GmbH" to an incorporated company took place. Four years later Varengold received the additional license as a securities trading bank (§1 Para. 3d pg. 3 German Banking Act – "KWG").

Already in the first developmental years of the enterprise it was clear that transparency of the managed future strategies on the level of each individual transaction was necessary in order to secure successful monitoring and management in the sense of integrity of style and the trading strategies. For this purpose the development of a managed account platform was required through which the trading activities of the individual managers would be made visible. In so doing, Varengold Bank AG positioned itself as leader in financial innovations and development structures that enabled the real-time brokerage and online reporting. The Capital Markets Brokerage business area was thus established and attracted additional customers. Among these were not only professional traders and private investors, but also companies with international payment streams that sought to protect themselves against currency fluctuations. In the meantime, around 9,000 customers worldwide with a transaction volume of over 20 billion Euro annually, use the Varengold gateway to the international finance markets for securities, as well as non-securities products such as Forex and CFDs (Contracts for Differences) on a single trading platform – the worldwide most often used trading software: MetaTrader 4.

In the summer of 2013, Varengold continued its successful enterprising development through attaining the license extension for operation as a deposit credit institute and achieved its largest milestone in the history of the company. Through these actions, the new business area Commercial Banking was established and with it further product solutions were placed on the market.

STRATEGY ORIENTATION FOR THE FUTURE

In the future, Varengold Bank AG will concentrate on their offerings in the areas of Prime Brokerage and Commercial Banking. In line with this strategic focus, the decision was made to discontinue the Capital Markets Brokerage business area. The existing infrastructure allowed the bank to realise significant scale effects in these two core business areas within the growth strategy. The bank would like to develop into a specialized provider of trade financial solutions for business customers with a regional concentration in Eastern Europe and the Middle East, as well as to a professional Prime Brokerage partner for a variety of asset classes.

The Bank employed just over 80 employees at the end of 2015 and in addition to its headquarters in Hamburg, operates an additional location in London. The Bank was able to recruit many new qualified employees in the reporting year and can thereby ensure the fulfillment of its professional demands in the future.



PRIME BROKERAGE

The Prime Brokerage division benefits from over twenty years of Varengold Bank expertise in the area of alternative investments with comprehensive service offering in securities. Here Varengold Bank combines its existing know-how with innovative consulting approaches which enable their international business partners to strengthen old paths while successfully adopting new ones. The activities listed previously in the Asset Management and Capital Markets divisions will now be combined under the umbrella of the new division, Prime Brokerage.

Varengold Bank provides the full service package from traditional manager due diligence and analysing and rating international asset managers, to tailored institutional portfolios in individual structures and various consulting and research services. Through the independent operations of their own quantitative trading system in the early years and their resulting know-how in surveying trading systems, Varengold Bank created unique added value. This opportunity to peek behind the curtain enabled an optimization in manager selection. Thereby both quantitative, as well as qualitative criteria flow into the valuation procedure which is transparent to the customer at all times.

The Prime Brokerage division offers international asset and fund managers, high net worth individuals (HNWIs) and hedge fund managers the entire value-added chain for processing their trading businesses. The emphasis lies in meeting the requirements of the customer through offering tailor-made solutions, in order to optimally support the often complex and very individual trading strategies. Through the offering of additional structuring and financial solutions, the bank offers international customers a comprehensive range of services in this area, in addition to trading of derivatives and securities, which also includes clearing services, execution services, capital call facilities and capital introductions.

In addition to services for fund managers and pure trading processing of futures trading, securities and bond positions, as well as currency transactions, the bank also offers account services from one centralized source. The equity finance transactions round out the service-offering palette. Since 2016 the bank has successively started to shift its current focus to asset classes such as real estate and short-term receivables.

COMMERCIAL BANKING / TREASURY

In the area Commercial Banking, Varengold Bank presents itself as a global partner that offers individualised products and solutions for demanding customers and investors. Giving our business partners the opportunity to develop global transactions and trading activities with the help of our products and services is our mission.

We benefit in this segment from our long-term expertise, supported by the range of experience

of our employees, and based on our international competencies we offer custom-designed products and services for business customers. Varengold Bank is always a reliable partner regardless of where on the global market our customers are currently active or wish to be in the future. Receiving the license as a deposit-taking institution in June of 2013 from BaFin has enabled us to offer an expanded product palette of banking services, including global trading and the extension of Lombard loans and bank guarantees.

Deposit Accounts

The bank offers private customers free money market and fixed-term deposit accounts, which offer the full flexibility of a daily disposable and accordingly contracted deposit account with an attractive interest rate which provides a reliable basis for every investment portfolio. In addition to a guaranteed interest rate and monthly compounding, customers benefit from the statutory deposit guarantee of up to 100,000 Euro.

International payment transactions

Cross-border payment capabilities are becoming increasingly important due to the increasing requirements of the globalised world. Varengold Bank is addressing these requirements and offers customers around the world tailored solutions for international payment transactions. To be globally successful means being able to rely upon secure, efficient and transparent payment services - even across international borders.

Structured Finance

Companies are always faced with individual challenges that require customized financing structures. The specialists of Varengold Bank's Structured Finance division assist in financing projects of small and medium-sized publicly-listed and privately-owned companies. We attach great importance to working closely with our customers to ensure an optimal structure for provided solutions. Discretion and integrity are two of our most highly-valued characteristics, as is our constant striving to provide excellent quality of services.

Trade & Export Finance

In the Trade & Export Finance division, Varengold Bank bundles selected solutions for financing, as well as bank guarantees and letters of credit for international business activities. In addition to traditional payment guarantees, the guarantee business also includes warranty, delivery and performance guarantees.

CAPITAL MARKETS BROKERAGE

Since 2007 Varengold Bank has been offering the online trading of Forex and CFDs for institutional and private customers in the Capital Markets Brokerage division. In addition to having the benefits of an account with a German bank, customers have access to the market-leading trading platform with fully automatic, electronic transaction processing. The service is complemented by a multi-lingual order and support desk which is available 24 hours a day.

In March 2016 Varengold Bank decided to dissolve the Capital Markets Brokerage division. The reason for this was to limit risks and earnings volatility and to shift its main focus in future to the key business segments Prime Brokerage and Commercial Banking, which offer better risk-return profiles.

Varengold Bank AG remains an independent private bank even after its entry into the Entry Standard on the German Stock Market. The shares of the Varengold Bank (WKN: 547930) have been listed on the Frankfurt Stock Exchange since March 20, 2007. The stock is also traded on the Stuttgart, Düsseldorf, Berlin-Bremen and on the electronic trading system XETRA.

Key Figures

Stock	Varengold Bank AG
WKN	547930
ISIN	DE0005479307
Stock Symbol	VG8
Market segment	Free Trade
Transparency Level	Entry Standard
First Listing	20. March 2007
Share (Type)	No par-value shares
Number of	2,922,552 shares (As of 31.12.2015: 1,948,368 shares)
Total Capital	2,922,552 EUR (As of 31.12.2015: 1,948,368 EUR)
German Stock Market Listing	Dero Bank AG (Until 31 March 2016: Oddo Seydler Bank AG)
Designated Sponsor	Dero Bank AG (Until 31 March 2016: Oddo Seydler Bank AG)
Specialist	Baader Bank AG

Conditions and Development

The course of the global stock markets in the year 2015 can be described as experiencing unsettling peaks and valleys. While the stock markets profited from the low interest rates over the entire reporting period and the relatively weak Euro on the capital market, singular influences provided considerable resistance at times. Geopolitical scenarios, such as the ongoing speculation on the stability of the European area and economic situations, as was seen with the VW scandal, put the brakes on the overall positive mood of the stock market. While the European Central Bank continued to focus on a loosening monetary policy, the United States Central Bank concentrated on tightening the monetary policy at the end of the year.

The trading activity itself was, due to the high volatility of the German Stock Market, very high whereby the DAX reached a 9.6% increase compared to the previous year. The banking sector in particular, in addition to working with continued low interest rates and the resulting low revenue potential, was further inhibited by the intensification of the regulatory undertakings of the European Banking Authority which led to sporadic market losses.

Shares of Varengold Bank AG were listed at the beginning of the reporting period at a value of 14.10 EUR and lingered at this rate over the course of the first three months of the year. At the beginning of the second quarter the market sank and reached its lowest value in the summer months at about 9.60 EUR on June 26, 2015. Over the following second half of the year the share value fluctuated significantly and reached the year high of 20.00 EUR in July. After a very volatile third quarter, the course started to swing in a sideways direction again in October. At the end of the year the share value sank again and over the course of the remainder of 2016 listed a continuous loss leading to the 6.00 EUR mark.

The average stock price of Varengold shares increased in comparison to reporting year 2014 from 10.023 EUR to 14.312 EUR. The average daily traded number of shares in 2015 was 1,155 shares (previous year: 1,459 shares). The results of the share value sank in comparison to end of the year 2014 from +0.12 EUR to -6.816 EUR by the end of 2015. The market capitalisation was 19,775,935 EUR on the reference date of December 31, 2015.

Price History of Varengold Shares in 2015



Source: Bloomberg

Dear Shareholders,

The Supervisory Board wishes to thank all customers, business partners and shareholders of Varengold Bank AG for their trust during this challenging environment of forging a new path for the company. In addition, we would like to express our gratitude to the employees and the Board of Directors for their personal and professional commitment over the past business year.

Cooperation between the Supervisory Board and the Board of Directors

In the business year 2015 the Supervisory Board responsibilities included conducting a continuous review of the Board of Directors. The goals of this review process were oriented on the legal standards and were tailored specifically to internal and external developments over the course of the year. The information that was made available to the Supervisory Board was discussed in a circular resolution process in Supervisory Board meetings and was further verified by subsequent individual discussions. The Board of Directors always answered the Supervisory Board's questions and provided thorough explanations to the satisfaction of the Supervisory Board. In order to broaden the informational base and to expand their own impressions of the development of the company, the Supervisory Board also made inquiries among sources outside of the Board of Directors including Bank management and external consultants. The council was thereby always informed about the current business activities of the company and received monthly written reports on the current financial and risk situation of the bank. The always complete and timely written and oral reports provided by the Board of Directors complied with the requirements under section 90 of the AktG (German Stock Corporation Act).

Supervisory Board Meetings in 2015

Over the past business year five regular and two extraordinary meetings of the Supervisory Board took place on January 19, 2015; April 28, 2015; June 22, 2015; July 30, 2015; August 25, 2015; September 3, 2015 and December 22, 2015. All Supervisory Board members and at least one member of the Board of Directors were present at all Supervisory Board meetings. At each meeting the Board of Directors presented a report on the development of the financial and business situation of the previous months.

The meeting on January 19, 2015 dealt primarily with the specific development of individual business areas over the course of the previous year. In addition, among other topics, the sale of Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen was discussed and the compliance report was reviewed point by point. Finally, the members of the meeting discussed the new personnel strategy, as well as individual aspects of the business and risk strategies. The Board of Directors reported in detail on the recent proceedings and the fundamental possibilities to develop additional business portfolios for the Bank.

On April 28, 2015 the main focus of the agenda was specifically on the 2014 Annual Report in direct discussion with the auditor NPP Niethammer Posewang & Partner GmbH, the Board of Director's report on the completed validation of the Auditing Association of German Banks, as well as the continuous training activities of the Supervisory Board.

The concentration of the extraordinary meeting on June 22, 2015 was on the IT-environment of the Bank, which was also discussed at the extraordinary meeting on July 30, 2015. A further topic in July was the new business diversification plan, which would take effect in August 2015 after the reduction in size of the Board of Directors from five to two members.

The preparation of the regular main shareholder's meeting was the central topic on the agenda of the meeting on August 25, 2015.

The new election of the presiding member of the Supervisory Board and his representative, potential sales of financial interests, as well as the closing of the presence in Dubai were particularly emphasized in the meeting on September 3, 2015

In the last meeting of the year on December 22, 2015 the results of the development of the Bank over the past year were reviewed and the business plan for the year 2016 was discussed in detail. It was agreed that substantial changes were necessary to ensure the Bank's successful development.

In addition to these seven meetings of the Board of Directors and the Supervisory Board, the Supervisory Board met in "internal Supervisory Board meetings" and held telephone conferences at regular intervals to process the topics decided upon at the regular meetings and in order to be able to prepare topics relevant to upcoming regular meetings. The additional efforts were required due to the increasing complexity of corporate governance and compliance topics, as well as considerable legal aspects relevant to the Board's supervisory responsibilities.

The Supervisory Board, as in previous years, declined to form committees, due to the size of the company and the fact that the Supervisory Board consists of only three members.

Granting the Audit Engagement to PricewaterhouseCoopers AG

The auditing firm PricewaterhouseCoopers AG, Hamburg, was selected as auditors for financial year 2015 at the ordinary shareholders meeting on August 26, 2015. The Supervisory Board then awarded the contract to PricewaterhouseCoopers AG. The contract itself includes, among other aspects, clear rules regarding the specifics of annual audits including the scope of the audit, how the audit is performed and the goals of the cooperation.

Audit Committee Meeting on May 31, 2016

The Supervisory Board received a draft of the auditor's report 2015, as well as the management's discussion and analysis for review and examination. All open questions were able to be clarified on May 31, 2016 with the Board of Directors and the auditor from PricewaterhouseCoopers AG.

On June 17, 2016 the Supervisory Board received the final version of the auditor's report and the annual financial report 2015 along with the management report. Through a unanimous decision of the Supervisory Board on June 20, 2016, the annual financial report of Varengold Bank AG was audited and furnished with the auditor's unqualified opinion that the annual financial report, which was not materially revised since the draft, adheres to the statute Section 9 Paragraph 4 of the Varengold Bank AG Bylaws regarding circular resolution. The Varengold Bank AG's annual report is therefore complete.

The additional issues addressed at the audit committee meeting on May 31, 2016: the risk strategy of the Bank finalized in March, the new compensation system in accordance with the regulations for remuneration systems, the internal control system, the implementation of the market abuse regulation, as well as the requirements regarding consulting, controlling and supporting the Bank by the Supervisory Board also were conducted in accordance with the sense of Section 25d KWG.

Institutional Bodies

Since the middle of the year 2015 significant changes have taken place in the area of the governance of the Bank. Effective July 31, 2015, Mr. Yasin Sebastian Qureshi, Mr. Steffen Fix and Mr. Mohammad Hans Dastmaltchi resigned from the Board of Directors of Varengold Bank AG.

Furthermore, with Mr. RA Hans J. M. Manteufel, Prof. Dr. h.c. Peter Andree and StB Willi Müller, all members of the Supervisory Board, announced in July 2015 that they would resign their Supervisory Board positions at the end of the next regular shareholder's meeting on August 26, 2015. At the main shareholder's meeting on August 26, 2015, Messieurs Sanjay Shah, Michael Stephen Murphy and Edo Barac were elected to the Supervisory Board of Varengold Bank. Mr. Shah and Mr. Barac were sworn into their new positions in December 2015 and March 2016. Based on a decision of the Court of Hamburg on December 14, 2015, Dr. Karl-Heinz Lemnitzer was appointed to be a member on the Supervisory Board, and was then elected to the position of Supervisory Board Chairman. Finally the assignment of Mr. Alexander Körner took place based on a court decision on April 1, 2016.

The present Supervisory Board wishes to thank the former members for their exceedingly successful engagement. These members made extremely meaningful contributions to the development of the Bank over their many years of service.

For the Supervisory Board
Hamburg, 21 June 2016



Dr. Karl-Heinz Lemnitzer
Chairman of the Supervisory Board

In accordance with the German Commercial Tax Code (HGB)
for the year ending December 31, 2015

Varengold Bank AG

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BALANCE SHEET	22 – 23	MANAGEMENT'S DISCUSSION AND ANALYSIS	42 – 57
PROFIT AND LOSS STATEMENT	24 – 25	A. Fundamentals of Varengold Bank	43
NOTES	26 – 41	B. Economic Report	44 – 51
1. General Information	26	1. Macro-economic and Industry-related conditions	44
2. Accounting and valuation methods	26	2. Business development	45
3. Currency conversions	28	3. Company position	47
4. Notes to the balance sheet	29 – 36	3.1 Asset position	47
4.1 Overall disclosures	29	3.2 Financial position	48
4.2 Post-individual disclosures	30	3.3 Results of operations	50
5. Notes to the profit and loss statement	37 – 38	3.4 Financial performance indicator	51
5.1 Interest income	37	C. Supplementary Report	52
5.2 Income from shares and other fixed-income securities and equity investments	37	D. Outlook, Risk and Opportunity Report	52 - 57
5.3 Fee and commission income / expenses	37	1. Outlook report	52
5.4 Net income / expenses in the trading portfolio	37	2. Risk report	53
5.5 Other operating income	37	3. Opportunity report	56
5.6 Personnel costs	38	SEGMENT REPORTING	58 – 61
5.7 Other administrative expenses	38	AUDITOR'S REPORT	62 – 63
5.8 Extraordinary income	38		
6. Other information	39 – 41		
6.1 Institutional bodies	39		
6.2 Employees	40		
6.3 Disclosure report	40		
6.4 Irrevocable loan commitments and other financial obligations	40		
6.5 Forward contracts	40		
6.6 German Corporate Governance Code	40		

Varengold Bank AG, Hamburg

Balance Sheet as at 31 December 2015

Assets

	EUR	Financial year EUR	Previous year TEUR
1. Cash reserve			
a) Cash and cash equivalents	1,887.78		59.3
b) Balances with Central Banks	<u>217,082,427.17</u>		<u>15,349.0</u>
- of which: with the German Central Bank: TEUR 217,082.4 (previous year: TEUR 15,349.0)		217,084,314.95	15,408.3
2. Loans and advances to credit institutions			
a) Due on demand	29,210,547.45		73,650.8
b) Other receivables	<u>110,450.00</u>		<u>610.4</u>
		29,320,997.45	74,261.2
3. Customer receivables		24,361,297.57	20,123.1
- of which: Secured by mortgages TEUR 36.5 (previous year: EUR 40.8 thousand).			
4. Bonds and other fixed-income securities			
a) Bonds and debt			
aa) From public issuers	1,890,881.26		35,500.7
- of which: acceptable as collateral at the German Central Bank: TEUR 1,890.9 (previous year: EUR 35,500.7 thousand).			
ab) from other issuers	<u>2,500,000.00</u>		<u>7,500.0</u>
		4,390,881.26	43,000.7
5. Shares and other variable-yield securities		0.00	1.5
5a. Trading portfolio		315,906,834.67	187,345.4
6. Participating interests		547,642.57	451.0
7. Shares in affiliated companies		2,774,951.05	1,873.3
- of which: in financial services institutions TEUR 1,710 (previous year: TEUR 1,710)			
8. Trust assets		0.00	78.4
9. Intangible assets			
a) Self-created industrial and similar rights and assets	3,538.00		58.9
b) Concessions acquired for consideration, industrial property rights and similar rights and assets as well as licences on rights and assets	<u>358,912.00</u>		<u>413.5</u>
		362,450.00	472.4
10. Fixed assets		284,002.00	496.3
11. Other assets		3,680,926.54	3,683.2
12. Accruals and deferred income		203,181.48	3,689.1
13. Deferred tax assets		2,297,479.03	2,297.5
Total assets		<u><u>601,214,958.57</u></u>	<u><u>353,181.3</u></u>

Liabilities

	EUR	Financial year EUR	Previous year TEUR
1. Liabilities to banks			
a) Due on demand	576,014.00		3,530.8
b) With agreed maturity dates or periods of notice	<u>0.00</u>		<u>20,000.0</u>
		576,014.00	23,530.8
2. Amounts owed to customers			
a) Other liabilities			
aa) Due on demand	498,579,222.09		273,920.0
ab) With agreed maturity dates or periods of notice	<u>89,135,852.30</u>		<u>30,380.0</u>
		587,715,074.39	304,300.0
2a. Trading portfolio		926,336.46	2,252.3
3. Trust liabilities		0.00	78.4
4. Other liabilities		1,922,775.61	3,978.2
5. Accruals and deferred income		790,427.16	757.4
6. Provisions			
a) Reserves for pensions and similar obligations	53,190.00		0.0
b) Provisions for taxes	65,000.00		0.0
c) Other provisions	<u>1,766,553.48</u>		<u>1,206.4</u>
		1,884,743.48	1,206.4
7. Instruments of additional regulatory core capital		5,000,000.00	5,000.0
8. Share equity			
a) Subscribed capital		1,948,368.00	1,771.4
b) Capital reserves		18,917,165.80	15,554.9
c) Reserves			
ca) Legal reserve	1,700.00		1.7
cb) Other retained earnings	<u>16,700.00</u>	18,400.00	16.7
d) Net loss		-18,484,346.33	-5,266.9
Total liabilities		<u><u>601,214,958.57</u></u>	<u><u>353,181.3</u></u>
9. Other liabilities			
a) Irrevocable loan commitments		0.00	699.3

Varengold Bank AG, Hamburg

Profit and Loss Statement
for the period 1 January to
31 December 2015

	Financial year		Previous year		Financial year		Previous year
	EUR	EUR	TEUR		EUR	EUR	TEUR
1. Interest income from				15. Extraordinary expenses	-7,407,011.01		0.0
a) Credit and money market transactions	797,496.44		536.1	16. Extraordinary result		-7,334,135.87	0.0
less negative interest from bank balances	-329,185.14		0.0	17. Taxes on income and earnings	-63,939.45		-317.7
	468,311.30		536.1	18. Other taxes	-1,143.84		-3.0
b) Fixed-income securities and debt register claims	858,065.32		1,458.8			-65,083.29	-320.7
	1,326,376.62		1,994.9	19. Net annual loss/profit		-13,217,496.28	209.4
2. Interest expenses	-3,733,965.78		-1,360.4	20. Loss from previous year		-5,266,850.05	-5,476.2
		-2,407,589.16	634.5	21. Net loss		-18,484,346.33	-5,266.8
3. Current income from							
a) Shares and other variable-yield securities	36.20		26.9				
b) Shareholdings	411,935.14		0.0				
		411,971.34	26.9				
4. Commission revenues	5,242,509.68		5,639.5				
5. Commission expenses	-1,334,953.98		-661.8				
		3,907,555.70	4,977.7				
6. Net income from trading portfolio		11,117,117.98	8,670.3				
7. Other operating income		1,175,254.46	226.1				
8. General and administrative expenses							
a) Personnel expenses							
aa) Wages and salaries	-8,145,491.22		-5,302.2				
ab) Social security contributions and expenses for pensions and other employee benefits	-953,090.74		-533.3				
- of which: including for pensions TEUR 58.6 (previous year: EUR 4.2 thousand).	-9,098,581.96		-5,835.5				
b) Other administrative expenses	-11,863,668.08		-6,942.5				
		-20,962,250.04	-12,778.0				
9. Depreciation and amortisation of intangible assets and property		-435,926.75	-761.6				
10. Other operating expenses		-367,256.74	-50.2				
11. Depreciation and value adjustments on receivables and certain securities and additions to provisions in lending business		-1,510,092.80	-249.2				
12. Income from attribution of shares, shares in affiliated companies and asset traded securities		3,252,938.89	-166.4				
13. Income from ordinary activities		-5,818,277.12	530.1				
14. Extraordinary income	72,875.14		0.0				

NOTES

For the period from 1 January 2015
until 31 December 2015

1. General details

The annual financial statements are prepared in accordance with the German Commercial Tax Code (HGB), the Stock Corporation Act (AktG) and the Regulations on Accounting for Banks (RechKredV).

As all subsidiaries pursuant to Section 290 paragraph 2 HGB are of lesser importance for an appropriate view of the group's asset, financial and earnings position, even combined, use is made of the exemption clause on the preparation of group financial statements pursuant to Section 290 paragraph 5 HGB.

2. Accounting and valuation methods

The accounting and valuation methods remained unchanged compared to last year, except for the reporting of the results from foreign currency conversion. This had no effect on the earnings position.

For a better overview of specific unused items in the balance sheet and the profit and loss statement, these were shown separately in accordance with Section 265, paragraph 8 HGB.

In accordance with Section 248, paragraph 2 HGB, the right to elect to use 2010 to 2012 development costs as internally generated intangible assets over the years was activated. There were no further asset creations in the financial years 2013 to 2015. Write-downs for all internally generated intangible assets (TEUR 53) are shown under "Depreciation and write-downs of intangible and tangible assets." The internally generated intangible assets shall be written-off over four years according to their expected useful life. The asset conversion of these accounting aids is also subject to the distribution block according to Section 268, paragraph 8 HGB.

The cash position and deposits in central banks are recorded at nominal value.

Claims to banks and customers were recorded at nominal value. Where necessary, counterparty risks are covered by the formation of reserves for bad debt. Bad debts were written off. The latent credit risk was carried through the creation of value adjustments.

Bonds and other fixed-income securities are assigned to fixed assets valued according to the diluted lower of cost or market principle. The fair value of the corresponding securities on 31 December 2015 amounted to TEUR 1,904. Depreciation due to permanent impairment was not carried out. The differences pursuant to Section 340e paragraph 2 HGB are written back pro rata over the residual term.

Pursuant to Section 340e paragraph 1 sentence 3 HGB, financial instruments held for trading are valued at fair value less a deduction for risk. The fair value, according to Section 255, paragraph 4, sentence 1 HGB, is the market price of the financial instrument because there is an active market for all FX and CFD positions of Varengold Bank AG. The risk premium is determined using the value at risk method with a confidence level of 99%, a holding period of one day and an observation period of 260 days with a historical simulation. The calculation of the Value at Risk is identical to the method used for internal purposes of risk monitoring in accordance with MaRisk. As of 31 December 2015, the risk premium of TEUR 201 was adjusted by TEUR 85 and was reported according to Section 340c paragraph 1 HGB.

Investments are valued in accordance with the applicable rules for fixed assets at cost, if applicable, less any value impairments to the lower value.

Fixed assets and intangible assets are valued at acquisition cost, less scheduled linear depreciation according to expected useful life. Here the Bank relies closely on the usage periods specified by the tax authorities (depreciation table for general assets (depreciation table "AV").

Low value assets are recorded in accordance with the provisions of Section 6 paragraphs 2 and 2a EStG. The low value assets purchased at acquisition costs of between EUR 150 and EUR 1,000 are bundled into a compound item, which is written off in the financial year of formation and in the following four financial years at one fifth each. Assets with a value of less than EUR 150 are treated as immediate operating expenses.

Purchased software is recognised under intangible assets, and tangible assets classified as assets are measured at amortised cost less scheduled depreciation. The Bank uses the fiscal depreciation rates as a basis (asset depreciation) for expected useful life.

Other intangible assets are stated at their face value.

Active prepaid expenses (essentially prepaid rents and insurance) are stated in accordance with Section 250, paragraph 1 HGB. Accruals and deferred income (mainly interest received in advance) are reported in accordance with Section 250, paragraph 2 HGB and are written back over the residual term of the underlying transactions.

Deferred tax liabilities in the amount of TEUR 1 result from the capitalisation of internally generated intangible assets. This is offset by active deferred taxes amounting to TEUR 2,298 from taxable losses carried forward. The deferred tax assets are subject to the distribution block. The Management Board expects the full utilisation in the next five years of the deferred tax assets formed in previous years, which were based on losses carried forward of approximately EUR 7.1 million for corporate tax and EUR 7.2 million for commercial tax as at 31 December 2014. For the calculation of deferred taxes, a tax rate of 32.275% was applied, which is composed of corporate tax (15.0%), a solidarity surcharge (0.825%) and commercial tax (16.45%).

Liabilities are treated as deferred items with their repayable amount.

Provisions, including provisions for taxes, are measured at the amount expected to become payable in accordance with reasonable commercial judgement.

Pension provisions, which are mainly based on provisions for surviving dependents, are calculated according to actuarial principles using the 2005G guideline tables of Prof. Heubeck in accordance with the provisions of BilMoG (German Accounting Law Modernisation Act). For the valuation process, the modified part-value method was used. It was based on an actuarial interest rate of 3.89%, a salary and career trend of 2.0% and a fluctuation of 10%.

The interest-related transactions in the bank book are examined annually in their entirety for an excess liability. For this, a present value-based approach is used. The valuation showed no need to form a provision for expected losses.

According to Section 340e, paragraph 4, sentence 1 HGB, in each financial year an amount equal to at least 10 percent of the net income from the trading portfolio is booked to a special account on the balance sheet, the "Fund for general banking risks" in accordance with Section 340g HGB. According to Section 340e, paragraph 4, sentence no. 2 HGB, the amount is booked into the special account until it reaches 50 percent of the average of the last five years' net income from the trading portfolio (including a net gain in the year's trading portfolio) after adjusting for risk. The delivery of special items was recorded at the reporting date at the end of the financial year. Due to existing losses carried forward and an annual loss amount, pursuant to Section 340e, paragraph 4, sentence 2, nos. 2 and 3 HGB no allocation was made to the special account in the financial year.

The treatment of the results from the foreign currency conversion depends on whether the foreign currency transactions in the trading portfolio are separately hedged or not specially hedged transactions. In the case of the trading portfolio and if special hedging exists, both the expenditure and the income from foreign currency conversion are recognised as income. The conversion results from foreign currency conversion are included in the net income from the trading portfolio and in other operating income and expenses. Furthermore, waived foreign currency valuations from the Capital Markets Brokerage area were made up in previous years. This correction is reported under extraordinary expenses.

The irrevocable loan commitments, other financial obligations and all other balance sheet items are reported in their nominal amounts.

The Bank exercises its right of vote on the cross-offsetting option in accordance with Section 304f paragraph 3 HGB in conjunction with Section 32 and Section 33 of the Regulations on Accounting for Banks (RechKredV).

Income and expenses are limited on an accrual basis.

The amounts, unless otherwise indicated, are expressed in thousands of Euros.

3. Currency conversions

The amounts under "Commission revenues" and "Net trading income" apply to a considerable extent to the foreign currencies: U.S. dollar (USD), Swiss francs (CHF), British pound (GBP), Japanese Yen (JPY), Arabic dirham (AED), Australian dollar (AUD), Canadian dollar (CAD) and Hong Kong dollar (HKD). During the year, cash-settled income with the current exchange rates was booked in the profit and loss account. The resulting foreign currency items were converted on the reference date at the following closing rates in euros in accordance with Section 256a HGB:

1 EUR =	USD 1.0887
1 EUR =	CHF 1.0835
1 EUR =	GBP 0.73395
1 EUR =	JPY 131.07
1 EUR =	AED 4.0003
1 EUR =	CAD 1.5116
1 EUR =	AUD 1.4897
1 EUR =	HKD 8.4376

As of 31 December 2015 the foreign currency amounts listed below are included in the following balance sheet items:

Balance Sheet Items	31/12/2015 TEUR	31/12/2014 TEUR
Cash reserve	0	56
Loans and advances to credit institutions	13,960	32,280
Customer receivables	4,663	3,600
Trading portfolio (active)	23,563	0
Shares in affiliated companies	1,754	106
Participating interests	0	1,599
Trust assets	0	78
Other assets	2,308	1,091
Prepaid expenses	177	294
Liabilities to banks	1	3,531
Amounts owed to customers	41,590	55,209
Trust liabilities	0	78
Other liabilities	332	832
Deferred income (liabilities)	0	12
Provisions	41	369

4. Notes to the balance sheet

4.1 Overall disclosures

4.1.1 Relationships with companies in which an investment is held and to associated companies

	31/12/2015 TEUR	31/12/2014 TEUR
Customer receivables	24,361	20,123
of which from companies in which an interest is held	0	1
of which to associated companies	741	0

The "of which" item results from claims against Varengold Capital Holding, British Virgin Islands, Varengold Capital Asset Management Limited, Hong Kong and Varengold Capital Securities Limited, Hong Kong.

	31/12/2015 TEUR	31/12/2014 TEUR
Amounts owed to customers	587,715	304,300
of which to associated companies	743	0

The "of which" item results from liabilities owed to Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Varengold Capital Securities Limited, Hong Kong and VirtuFX GmbH, Hamburg.

4.1.2 Breakdown by remaining maturity

	31/12/2015 TEUR	31/12/2014 TEUR
Loans and advances to credit institutions	29,321	74,261
to three months	29,321	74,261
Customer receivables	24,361	20,123
to three months	4,971	3,614
more than three months to a year	3,348	2,104
more than a year to five years	16,001	8,580
more than five years	41	5,825
Notes and other fixed-income securities	4,391	43,001
of which due in the following year	2,779	11,998

Liabilities to banks	576	23,531
to three months	576	23,531
Amounts owed to customers	587,715	304,300
to three months	521,869	273,920
more than three months to a year	46,729	29,914
more than a year to five years	19,117	466

Except for loans to customers from the lending business in the amount of USD 3.3 million and HKD 1.1 million (maturity more than three months to one year), all loans to customers that are denominated in foreign currency are payable on demand.

4.1.3 Securities

The following table indicates the negotiable securities contained in the balance sheet items:

	31/12/2015	31/12/2014
	TEUR	TEUR
Notes and other fixed-income securities	4,391	43,001
unlisted	2,500	7,500
listed	1,891	35,501
- of which: publicly owned	1,891	35,501
Shares and other variable-yield securities	0	1
listed	0	1
- of which: publicly owned	0	1

4.1.4 Shares in investment funds

The portion of the domestic and international alternative investment funds in the trading portfolio constitute more than 10% combined. The book value corresponds to the fair value of TEUR 651. As these are accumulating funds, no distributions were made in 2015. A refund of the shares is possible on a monthly basis at the end of each month.

4.2 Post-individual disclosures

4.2.1 Claims and liabilities with customers

The customer receivables consist primarily of Lombard loans and commission claims.

The liabilities consist of call deposit accounts (EUR 181 million), transfer accounts (EUR 285 million), margins from the CMB business (EUR 31 million) and fixed-term deposits (EUR 89 million).

4.2.2 Bonds and other fixed-income securities

Apart from a loan against a borrower's note, this position contains exclusively European government bonds, total reserves of which were TEUR 13 on the reference day.

4.2.3 Equity ownership and shares in affiliated companies

Varengold Bank AG holds the following unlisted shareholdings:

Gesellschaft	Ownership interest		Share equity 21/12/2015 TEUR	Result 2015 TEUR
	Direct %	Indirect TEUR		
Hanseatic Brokerhouse Securities AG, Hamburg	33.00		2,126 ¹⁾	1,605 ¹⁾
Lava Trading Ltd., Valletta, Malta	49.79		0 ²⁾	-20 ²⁾
Peer Dealer Limited, London, Great Britain	35.00		- ³⁾	- ³⁾
Varengold Capital Holdings Limited, British Virgin Islands	100.00		320 ⁴⁾	-68 ⁴⁾
Varengold Capital Securities Limited, Hong Kong	100.00		4,782 ⁴⁾	-3,444 ⁴⁾
Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Hamburg	100.00		686 ⁵⁾	282 ⁶⁾
ViaLight Communications GmbH, Gilching	2.22		1,479 ⁷⁾	-912 ⁷⁾
VirtuFX GmbH (in liquidation), Hamburg	50.01		143 ¹⁾	-8 ¹⁾
Varengold Capital Advisory Limited, Hong Kong		100.00	283 ⁴⁾	-17 ⁴⁾
Varengold Capital Asset Management, Limited, Hong Kong		100.00	4,872 ⁴⁾	-128 ⁴⁾
Varengold Capital International Company Limited, British Virgin Islands		100.00	-28 ⁴⁾	-28 ⁴⁾
Varengold Capital Investment Company Limited, British Virgin Islands		100.00	49 ⁴⁾	-29 ⁴⁾
Varengold Capital Management Limited, British Virgin Islands		100.00	-3,084 ⁴⁾	-3,161 ⁴⁾

1) Preliminary annual financial statements as of 31/12/2015

2) Annual financial statements as of 31 March 2014 (different financial year)

3) No information available. Company was dissolved on 8 March 2016.

4) Stated in HKD based on preliminary annual financial statements as of 31 December 2015

5) Company's assets as of 30 November 2015 (different financial year)

6) Results as of 30 November 2015 (different financial year)

7) Financial statements as of 31 December 2015

Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen has issued company shares exclusively for the investment business assets. The capital of this sub-fund amounted to TEUR 686 as of 30 November 2015. Varengold Bank AG may assert claims against this sub-fund.

Hanseatic Brokerhouse Securities AG held shares in Varengold Bank AG in the amount of 2.67 % on the reference day.

4.2.4 Gross assets analysis

	Purchase costs			Depreciation			Residual book value	
	01/01/2015	Accruals 2015 TEUR	Uses / Re- classification 2015 TEUR	Cumulative TEUR	Accruals 2015 TEUR	Uses 2015 TEUR	31/12/2015 TEUR	31/12/2014 TEUR
Intangible assets								
Internally generated intellectual and similar rights and values	756	0	0	752	55	0	4	59
Concessions, intellectual property rights and similar rights and assets as well as licences to such rights and assets	3,382	183	482	2,725	198	443	358	413
Fixed assets	1,525	248	724	766	181	445	283	496
Total	5,663	431	1,206	4,243	436	888	645	968
Change^{*)}								
Notes and other fixed-income securities			-38,610				4,391	43,001
Shares and other variable-yield securities			-2				0	2
Participating interests			97				548	451
Shares in affiliated companies			902				2,775	1,873

*) In accordance with Section 34, paragraph 3 RechKredV, the permissible summary for financial information was used.

Intangible assets consist mainly of purchased software and licenses and intellectual property rights. The tangible assets are attributable to operating and office equipment (including leasehold improvements).

The accruals in the 2015 financial year are mainly attributable to the acquisition of shares of affiliated companies, of which TEUR 800 resulted from the acquisition of the remaining 51% of the now 100% share in Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen.

4.2.5 Trading portfolio

The trading portfolio is comprised of the following:

Assets	31/12/2015 TEUR	31/12/2014 TEUR
Derivative financial instruments		
Trading portfolio assets FX	1,849	2,216
Trading portfolio assets CFD	3,596	3,095
Sub-total	5,445	5,311
Trading portfolio fund shares	651	52,913
Trading portfolio securities	310,012	129,237
Risk discount	-201	-116
Total	315,907	187,345

Liabilities	31/12/2015 TEUR	31/12/2014 TEUR
Trading portfolio liabilities FX	324	1,108
Trading portfolio liabilities CFD	602	1,144
Total	926	2,252

Pursuant to Section 340e paragraph 1 sentence 3 HGB, financial instruments held for trading are valued at fair value less a deduction for risk.

Pursuant to Section 255 (4) (1) HGB, the fair value corresponds to the market price of the financial instrument because there is an active market for all trading portfolio positions at Varengold Bank AG.

4.2.6 Other assets

This position mainly includes receivables from initial margin payments against EUREX and Citibank (TEUR 3,147), receivables from not yet billed credit card receivables (TEUR 223), receivables from tax over-payments (TEUR 119), receivables from customers in loyalty programmes (TEUR 90), receivables from introducing brokers (TEUR 28) and receivables from paid security deposits (TEUR 62).

4.2.7 Other liabilities

Other liabilities all have a residual maturity of up to one year and are comprised of the following:

	31/12/2015 TEUR	31/12/2014 TEUR
Liabilities from received initial margin	14	0
Trade payables	1,345	2,241
Liabilities from bonus programs	90	258
Other liabilities	136	1,371
Liabilities from wages and salaries	0	8

Income tax liabilities	93	95
Social security liabilities	0	2
Liabilities for current year's sales tax	117	3
Liabilities for withholding tax	128	0
Total	1,923	3,978

The liabilities from provision of goods and services includes mainly not-yet mature receivables and outstanding commission payments to cooperating partners for services provided. Other liabilities include mainly liabilities towards introducing brokers as well as liabilities from the payment obligations in the equity capital of Varengold Capital Holdings Limited.

4.2.8 Reserves for pensions and similar obligations

Pension reserves have been formed for dependents. The obligations in place since 2013 have this year been accrued for the first time.

4.2.9 Provision for taxes

Tax provisions were formed in the amount of TEUR 65 for pro rata profits of the office in London on the basis of an income tax rate of 20%.

4.2.10 Other provisions

This line item is comprised of the following:

	31/12/2015 TEUR	31/12/2014 TEUR
Annual provisions	180	138
Vacation accrual	179	299
Variable remuneration	58	0
Surcharge for non-employment of disabled persons	13	0
Outstanding invoices for IT services	246	21
Audit and annual report costs	209	166
General Shareholders' Meetings	26	35
Temporary employment	0	12
Storage costs	8	5
Professional Association	10	10
Reserves for BaFin	0	11
DATEV costs	0	1
Prime brokerage fees	0	14
Legal and consulting costs	450	115
Commissions	0	344
Interest expenditure	2	0
Rental costs	0	2

Dismantling operations	26	0
Insurance	0	4
Other	360	29
Total	1,767	1,206

4.2.11 Instruments of additional regulatory core capital

On 19 August 2014, Varengold Bank AG issued additional Tier-1 bonds ("AT1 bonds") in the amount of EUR 5 million. The additional AT1 bonds constitute unsecured and subordinated bonds of Varengold Bank AG. The semi-annual interest payments for these debts are measured at their nominal values and the development of the EURIBOR. Varengold Bank AG is both obligated and has the right to decide on its own at any time whether to cancel interest payments. Interest payments are not cumulative and will not be increased in the coming year to compensate for possible cancelled interest payments in the previous year. The bonds have no date of maturity. They may be called by Varengold Bank AG only after five years after their date of issue and after each interest payment due date. Furthermore, under certain conditions, they may be prematurely called. The bond regulations include, among others, that Varengold Bank AG must call the bonds in their entirety, not in portions, as long as there are supervisory review process or tax reasons to do so. Each premature calling of the bonds requires the previous approval of the controlling authorities. The repayment and the nominal value of the bonds may be reduced by producing the facts of the situation. Such an instance of factual circumstances would be if the Tier-1 core capital ratio fell below 5.125%. The bonds may be attributed by providing documentation of the factual circumstances under certain conditions.

The limited interest expenses for these bonds was TEUR 2 on 31 December 2015 and is reported under other provisions.

On 31 December 2015, the outstanding additional Tier-1 bonds were the following:

Currency	Amount in EUR	Type	Date of issuance	Interest rate	Due dates
EUR	5,000,000	variable interest, cumulative subordinated	19 August 2014	Variable	without maturity date

4.2.12 Share equity

Fully paid-up share capital (TEUR 1,948) is divided as at the balance sheet date into 1,948,368 no-par value registered shares.

The capital reserve in the amount of TEUR 18,917 comes mainly from the capital increase that occurred in the first half of 2012 when 133,100 new shares were issued at a premium of EUR 40.35 per share (TEUR 5.371), from the capital increase in the second half of 2013 when 146,397 new shares were issued at a premium of EUR 22.90 per share (TEUR 3,352), and in the first half of 2014 when 159,571 new shares were issued at a premium of EUR 19.00 per share (TEUR 3,032). The Board of Directors was authorised by resolution of the extraordinary shareholders' meeting on 20 January 2015 to increase the share capital of the Company with the approval of the Supervisory Board from EUR 1,771,405.00 against cash contributions up to EUR 1,948,368.00 through new issues of up to a total of 176,963 new bearer shares with no-par value (unit shares), each with a pro rata share of the share capital of EUR 1.00 under exclusion of subscription rights. The Board of Directors with the approval of the Supervisory Board utilised this authorisation to issue 176,963 shares at a price of EUR 20.00 per share to an international investor. The recording of the capital increase took place on 20 April 2015. The capital reserve increased by a premium of EUR 19.00 per share to TEUR 3,362.

The Board of Directors was authorised in a resolution passed by the Annual General Meeting on 26 August 2015 to increase the Company's share capital by 25 August 2020, with the approval of the Supervisory Board, on one or more occasions, up to a total of EUR 974,184.00 by issuing up to a total of 974,184 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 2015"). Both ordinary shares and/or preferred shares without voting rights can be issued. The new shares can be acquired by one or several banks stipulated by the Management Board or a company which operates according to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) KWG with the obligation to offer these to the shareholders (indirect subscription right). The Board of Directors is authorised, with the approval of the Supervisory Board, to define the further details and terms of the capital increases from authorised capital and share issue and to exclude subscription rights of shareholders within the scope of the Articles of Association and legal regulations.

In the Annual General Meeting resolution on 8 August 2012, the Board of Directors was authorized, with the approval of the Supervisory Board, to issue by 7 August 2017, on one or on successive occasions, to the bearer and/or the bearers, convertible bonds, bonds

with warrants, convertible participatory rights, participation rights, participation rights and/or income bonds (hereinafter referred to as "instruments") in an aggregate principal amount of up to EUR 5,000,000.00 with a maturity not exceeding 15 years and to grant the holders of these financial instruments conversion or option rights to new no-par value bearer shares, with a pro rata amount of share capital of up to EUR 586,174.00 in accordance with the detailed measures of the instruments. The issuance of the instruments may be in exchange for cash and/or kind. In order to pay the instruments, the share capital was conditionally increased by resolution of the Annual General Meeting on 8 August 2012 by up to EUR 586,174.00, by issuing up to 586,174 no-par value bearer shares for the purpose of granting stock subscription rights (Conditional Capital 2012 I).

In an Annual General Meeting resolution on 8 August 2012, according to Section 4, paragraph 8 of the Articles of Association, there was a further increase in conditional share capital. The share capital was conditionally increased by up to EUR 140,000.00 by issuing up to 140,000 no-par value bearer shares ("Conditional Capital 2012 II"). The conditional capital increase will only be carried out insofar as the holders of stock options issued in accordance with the resolution of the General Meeting under the stock option programme of 2012 ("SOP 2012") in the period up to 8 August 2017 (inclusive) exercise their rights to subscribe shares of the Company and the Company does not fulfil the subscription rights of its own shares, or a cash settlement is granted. The new shares will participate in profits distribution from the beginning of the financial year in which they are created in the exercise of subscription rights. The Annual General Meeting 2012 serves as a target-oriented performance incentive for the programme participants and should simultaneously foster a bonding between the participants and the Company.

Within the context of the AOP in 2012, however, a total of up to 95,000 share options may be issued to members of the Company's Management Board and a further total of up to 45,000 share options to selected executives and other key personnel of the Company "Programme Participants". Each stock option contains the option to purchase the share of Varengold Bank AG stock at the exercise price. The strike price for a Varengold Bank AG share, i.e. the price payable when purchasing a share after exercising a stock option right, is the mathematical mean of the closing price of Varengold stock trading on Xetra on the thirty stock exchange trading days prior to the distribution of the stock options "exercise price." The distribution of the options will occur in at least three yearly instalments, whereby no instalment can exceed 50% of the total volume. The acquisition timeframe is 40 work days after receipt of the offer to purchase shares. The subscription rights of the stock options may only be exercised after the completion of a waiting period of at least four years after their distribution. Subscription rights may be exercised within seven years of the share option issue, outside the respective restriction periods, and such exercise requires that the price of the Varengold Bank AG share in Xetra trading has exceeded the exercise price by at least 30 % on the last thirty trading days prior to the exercise date.

Based on the existing authorisation, the Supervisory Board made a stock option offer of a total of 74,250 shares to management personnel of the Company at the end of the reporting period. In total 33,750 shares options were distributed to other particular high-performers. An additional 40,500 options were given to members of the Board of Directors; 31,000 of these could not be exercised due to the departure of the respective Board members. In 2015, no stock options were issued to management personnel of the Company.

The distribution block pursuant to Section 268, paragraph 8 HGB applies to the following items:

	Book value TEUR	Deferred tax liabilities TEUR	Restricted amount
Internally generated intangible assets and rights of use	4	1	3
Deferred tax assets			2,298
Total			2,301

5. Notes to the profit and loss statement

5.1 Interest income

The interest income is derived mainly from fixed-income securities and loans granted. Negative interest paid (mainly incurred at the German Central Bank) is openly deducted from interest income.

Interest expenses (daily, fixed-term deposits) mainly include interest on customer deposits (on-demand, fixed rates and term deposits).

In the previous year, interest income includes income from foreign currency conversion in the amount of TEUR 97, which were reported this year under other operating income.

5.2 Income from shares and other variable yield securities and from equity investments

Income from shares and other variable yield securities includes income from shares and investment funds. Income from investments arises entirely from the dividend distribution of Hanseatic Brokerhouse Securities AG, Hamburg.

5.3 Commission revenues/expenses

Commission income includes fees from the Capital Markets Brokerage division, the lending business and income from the Prime Brokerage division. The fee and commission expenses relate mainly to commissions from the deposit and lending business as well as expenses for payment services.

	31/12/2015 TEUR	31/12/2014 TEUR
Commission revenues	5,243	5,640
Commission expenses	1,335	662
Commission surplus	3,908	4,978

5.4 Net income in the trading portfolio

According to Section 340c, paragraph 1, sentence 1 HGB, the following income and expenses are included in the net result of the trading portfolio: valuation losses and gains for trading positions; commission expenses and commission revenues related to trading positions (e.g. expenses for distribution partners); reduction for risk; allocations to and releases from the special "Fund for general banking risks" item. The income from foreign currency conversion of the trading portfolio (-TEUR 595) is this year reported under net income in the trading portfolio for the first time.

	31/12/2015 TEUR	31/12/2014 TEUR
Income from trading portfolio	25,742	13,995
Expenses for trading portfolio	14,625	5,325
Net income from trading portfolio	11,117	8,670

5.5 Other operating income

Other operating income is mainly generated from income from foreign currency conversion, income from reversal of provisions and income during other periods.

5.6 Personnel costs

	31/12/2015 TEUR	31/12/2014 TEUR
Wages and salaries	8,146	5,302
Social benefits	894	529
Expenses for pensions and other employee benefits	59	4
Total	9,099	5,835

The increase in personnel expenses resulted mainly from the newly-hired employees.

5.7 Other Administrative Costs

	31/12/2015 TEUR	31/12/2014 TEUR
Occupancy costs	958	759
Premiums and insurance	284	107
Vehicle costs including leasing (without road tax)	169	143
Advertising, entertainment, travel expenses	763	579
IT expenses	2,555	1,358
Communications expenses	608	340
Office supplies, magazines, training	169	156
Consulting, accounting and auditing costs	3,807	2,155
Other management costs	2,551	1,345
Total	11,864	6,942

The total auditor's fees calculated and/or set aside for the financial year were TEUR 519. This total was comprised of TEUR 328 for controlling services, TEUR 89 for tax consulting services and TEUR 102 for other services.

5.8 Extraordinary result

In the financial year extraordinary expenses of TEUR 7,407 were incurred. These include TEUR 4,160 for severance payments to former Board members and employees, as well as legal and consulting fees of TEUR 225. A further TEUR 1,175 resulted from the elimination of set-off claims against introducing brokers due to the proposed closure of the Capital Markets Brokerage business division.

Extraordinary expenses in the amount of TEUR 1,846 relate to a correction in the current account pursuant to IDW RS HFA 6. These results from the foreign currency holdings from the Capital Markets Brokerage area carried forward from previous years on a simplified basis. These expenses represent a correction from previous years. This is offset with extraordinary income of TEUR 73 resulting from the elimination of liabilities towards introducing brokers.

6. Other Information

6.1 Institutions

6.1.1 Supervisory Board

Mr. Dr. Karl-Heinz Lemnitzer Tax advisor and auditor	Chairman
Mr. Michael Stephen Murphy Investment banker	Deputy Chairman
Mr. Edo Barac Investment banker	

The Supervisory Board members serving at the beginning of the 2015 financial year Mr. RA Hans J. M. Manteuffel, Prof. Dr. h.c. Peter Andree and Mr. Willi Müller resigned their memberships on the Supervisory Board effective at the end of the General Shareholders Meeting on 26 August 2015. By resolution of the Annual General Meeting of Varengold Bank AG on 26 August 2015, Mr. Michael Stephen Murphy, Mr. Edo Barac and Mr. Sanjay Shah were elected to the Supervisory Board for the period from the close of the Annual General Meeting 2015 to the end of the AGM that decides on discharge for the 2018 financial year. Mr. Shah meanwhile resigned his position as a member of the Supervisory Board of Varengold Bank taking effect on 7 December 2015. At the request of the Board of Directors, the Hamburg District Court by decision of 14 December 2015 legally appointed Dr. Karl-Heinz Lemnitzer as a member of the Supervisory Board. The Supervisory Board members also elected Dr. Lemnitzer as Chairman on 17 December 2015 and Mr. Michael Stephen Murphy as Deputy Chairman of the Supervisory Board.

Dr. Lemnitzer, Mr. Murphy and Mr. Barac have not accepted any other appointments to statutory supervisory boards or comparable control bodies as defined by Section 125, paragraph 1, sentence 5 of the AktG.

6.1.2 Management Board

Mr. Dr. Bernhard Fuhrmann Back office
Mr. Frank Otten Market

Effective July 31, 2015 Mr. Yasin Sebastian Qureshi, Mr. Steffen Fix and Mr. Mohammad Hans Dastmaltchi resigned from the Board of Directors of the Varengold Bank AG. Dr. Bernhard Fuhrmann and Mr. Frank Otten have since been directing the Bank's operations in an Executive Committee reduced from five to two members and are each entitled to represent the Company jointly with another Board member or an authorised representative.

In addition to his role as director of Varengold Bank AG, Dr. Fuhrmann is also Chairman of the Supervisory Board of Hanseatic Brokerhouse Securities AG, Hamburg and has a seat on the board of Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Hamburg. Dr. Fuhrmann resigned his seat as Chairman of the Supervisory Board of Hanseatic Brokerhouse Securities AG taking effect on 17 March 2016. Dr. Fuhrmann has also held a seat on the Board of Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Hamburg since 4 February 2015.

In addition to his activity as a Board member of Varengold Bank AG, Mr. Otten is also Chief Executive Officer (CEO) of the consulting firm Arensburg Consult UG, and a member of the Advisory Board of KERNenergie GmbH, Hamburg, as well as Chairman of the Supervisory Board of Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Hamburg.

Mr. Lukas Diehl, authorised representative of Varengold Bank AG, is also a member of the Board of Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Hamburg.

6.1.3 Remuneration and loans

Total remuneration of TEUR 5,916 was paid to the Board of Directors in the period 1 January 2015 to 31 December 2015 (31/12/2014: TEUR 1,490). This includes severance payments amounting to TEUR 4,046 to three former Board members.

For their work during the period 1 January 2015 to 31 December 2015, the members of the Board received total remuneration of TEUR 402 (31/12/2014: TEUR 139). This includes net remuneration of TEUR 298 (31/12/2014: TEUR 113). The difference results primarily from travel expenses incurred in addition to sales tax.

On the balance sheet date there are no loan receivables from the incumbent directors. There are receivables from former Board members totaling TEUR 70 (31/12/2014: TEUR 424). Interest of between 3.30% and 5.00% p.a. is charged on these loans. During the period 1 January 2015 to 31 December 2015, repayments in the amount of TEUR 354 were made.

Furthermore, as of the balance sheet date, there are credit claims against former Supervisory Board members in the amount of TEUR 36 (31/12/2014: TEUR 41). These are charged at an interest rate of 5.00% p.a. During the period 1 January 2015 to 31 December 2015, repayments in the amount of TEUR 5 were made.

6.2 Employees

The total average number of staff employed in the 2015 financial year was 93 (2014: 74), of which 32 (2014: 22) were female employees. With the exception of 21 employees, all staff work in Germany.

6.3 Disclosure report

Varengold Bank AG published a Disclosure Report as of 31 December 2014 pursuant to Section 26 a KWG in conjunction with Section 319 et seqq. SolV (Solvency Regulations).

6.4 Irrevocable loan commitments and other financial obligations

As of 31 December 2015 there were no irrevocable loan commitments: TEUR 0 (31/12/2014: TEUR 699).

Other financial liabilities in the amount of TEUR 2,025 (31/12/2014: TEUR 715) primarily include obligations from rental and leasing contracts with residual terms of up to 6 years.

6.5 Forward transactions

Forward transactions not yet processed on the balance sheet date are for trading purposes and exist in relation to customers and institutional counterparties (primarily central counterparties) and are recorded at fair value.

	Nominal TEUR	Positive market value TEUR	Negative market value TEUR
FX & precious metals	1,117,260.1	2,152.8	351.1
Shares and share indexes	14,582,976.1	3,024.7	699.7
Commodities	139,792.5	350.6	36.1
Interest	80,044.7	1,542.7	1,347.0

6.6 German Corporate Governance Code

Varengold Bank AG (ISIN DE0005479307) has been listed in the Entry Standard of the Frankfurt Stock Exchange since 20 March 2007. Varengold Bank AG is not obliged to publish a statement of compliance with the German Corporate Governance Code (Section 161 AktG), as the Company is not listed in Section 3 paragraph 2 of the Code.

Hamburg, 31 May 2016

Varengold Bank AG



Dr. Bernhard Fuhrmann



Frank Otten

MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Principles of Varengold Bank

Varengold Bank AG is a private German bank with its headquarters in Hamburg and an office in London. With the Prime Brokerage, Commercial Banking and Capital Markets Brokerage segments, Varengold Bank AG offers its customers and business partners a wide variety of products and services. The customers include institutional clients for whom the Varengold Bank AG operates in all business divisions, as well as private customers for whom call money and fixed-deposit products, in addition to online brokerage services for trading CFDs (Forex, stocks, etc.) are offered.

Since its founding in 1995, the core competencies of the organisation have been providing alternative and intelligent investment solutions. Today, the Prime Brokerage division covers this area, in addition to offering services for processing trading transactions. In 1998 the business activities of the Capital Markets Brokerage, which concentrated in particular on the platform-based Forex and CFD trade, expanded. With the extension of the banking license and the expansion of the Varengold Bank AG to a deposits bank in 2013, the area of Commercial Banking was established as an additional business division.

Over twenty years of Varengold Bank AG expertise in the area of alternative investments with a comprehensive service offering in the securities area takes its form in the Prime Brokerage division. Through the offering of additional structuring and financial solutions, the bank offers international customers the entire value-added chain in this area, in addition to trading of derivatives and securities.

Varengold Bank AG presents the Commercial Banking division as global partner that provides individualised products and solutions for demanding customers and investors. Giving our business partners the possibility to process transactions and trading activities over international borders with the help of our products and solutions, is for us not a question of responding to demand, but is a part of our self-image.

The Varengold Bank AG offers in the Capital Markets Brokerage area, the online trading of Forex and CFDs for institutional and private customers. In addition to having the benefits of an account with a German bank, customers have access to the market-leading trading platform with fully automatic, electronic transaction processing. The service is complemented by a multi-lingual order and support desk which is available 24 hours a day.

In February 2016 Varengold redefined its strategic direction. The Capital Markets Brokerage area is to be relinquished in order to limit risks and earnings volatility. The Bank will concentrate in the future on the two business areas Commercial Banking and Prime Brokerage, where higher risk-adjusted returns are expected.



B. Economic report

1. Macro-economic and industry-related conditions

The year 2015 was marked by dynamic events and moderate overall global development: refugee crisis, Euro crisis, terrorism, oil price slump and low interest rates. Many people have been unsettled by the increase of political conflicts within Europe, although Germany in particular, despite the continued weakness of the euro and considering the historically low interest rates, showed positive economic development. The real gross domestic product (GDP) recorded an increase of 1.7 percent compared to last year. This is due among other things to the consumption of private households and the income growth of these, which, inter alia, was strengthened by the introduction of the minimum wage in the past year.

On the stock markets, 2015 started with an upward movement in which the continued expansionary monetary policy of the European Central Bank (ECB) provided for new highs. Only in the second half of the year did this trend on international stock exchanges slow down significantly due to speculation about possible interest rate increases by the US Federal Reserve.

The most important geographical markets of the Varengold Group are currently Germany, the remaining European states and the MENA region (Middle-East-North-Africa). While the German market is relevant for the Company particularly with respect to private customers in terms of deposit business and with respect to corporate customers in terms of payment transactions and trade finance business, Great Britain remains of importance particularly for customers and business partners in the Prime Brokerage segment. The MENA region plays a significant role here for almost all business divisions of the Bank.

The German banking sector is also affected by almost all developments on the international financial markets. The business activities and the market environment of Varengold Bank itself have, as in previous years, been subject in particular to the impact of increased regulation. Continued low interest rates have also meant that it has been increasingly difficult in general for banks to place cash inflows from customer deposits profitably in the lending business or on the money and capital market, which has an adverse effect both on the profitability of deposit business, as well as on the volume of customer deposits.

The regulatory environment of Varengold Bank AG is characterised not only by general tightening of the supervisory requirements, but also by changes with respect to the sale of investment products and changes in tax law. The current tendency, as seen by the Company, towards further requirements may on the one hand lead to additional obligations being imposed on Varengold Bank AG. On the other hand, compliance with and implementation of amended supervisory guidelines is usually associated with an increased commitment of resources and a corresponding increase in administrative expenditure.

In addition, on the basis of the revised financial market guidelines "MIFID II" there are further regulatory impacts to be expected on the securities business.

2. Business development

2015 was in many ways a year of upheaval for Varengold Bank: a significant delay in the development of the Prime Brokerage area, with subsequent closure of the office in Dubai; departure of three Board members (founders of the Bank); resignation of three long-standing members and other changes to the Supervisory Board. Despite these changes, the serving Management Board was able to stabilise the Bank, streamline business processes and significantly strengthen the capital basis by EUR 12.7 million due to the capital increase carried out in February 2016.

This upheaval is also reflected in the figures of Varengold Bank: Earnings before tax decreased by approx. EUR 13.6 million on the previous year. At least half of this amount is made up of extraordinary expenses, with the largest item being EUR 4.1 million for severance pay to the three departing Board members. Administrative expenses rose by EUR 8.2 million (primarily from the development of Prime Brokerage and project costs, mainly incurred through regulations), whilst income increases were overcompensated by the higher interest costs. The delay in developing the Prime Brokerage area had a negative impact on interest income, as the Bank acquired early contributions without any profitable active businesses.

These undesirable developments were corrected at the end of 2015, although the first effects of this were only seen on the Bank's figures in the 2016 financial year.

The interest income earned by the bank fell from TEUR 1,995 in 2014 to TEUR 1,326 in 2015, while interest expenses rose due to newly acquired customer deposits, resulting in a negative interest surplus of -TEUR 2,408. Commission revenues remained stable year on year and reached an amount of TEUR 5,243. Commission expenses, however, doubled from TEUR 662 to TEUR 1,335. Income from the trading portfolio again recorded an increase from TEUR 13,995 in 2014 to TEUR 25,742 in 2015. The expenses for the trading portfolio reported at year-end amount to TEUR 14,625, giving a net income from the trading portfolio of TEUR 11,117.

Extraordinary expenses in the amount of TEUR 7,407 were incurred in the fiscal year, which also include an amount of EUR 4.1 million paid to three former members of the bank's Board of Directors for the early termination of their employment contracts. The general administration expenses of the Company increased by TEUR 8,184 to TEUR 20,962. The result from the ordinary business activities of Varengold Bank AG in the past 2015 financial year was -TEUR 5,818 (previous year: TEUR 530). In view of the extraordinary expenses, this resulted in a net loss for the year of TEUR 13,217 (previous year: annual net profit of TEUR 209).

In the middle of the first quarter of 2015, Varengold Bank increased its existing participation in the Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen from just under 49% to 100%.

The strengthening of the capital base of the Bank was also a focus of the past year.

On 20 January 2015, an extraordinary shareholder's meeting was held at which the shareholders voted with a majority of 99.99% to authorise, excluding the pre-emptive rights of the shareholders, an increase in the

capital stock against a cash contribution. Within the context of the approved capital increase 176,963 shares with an amount of EUR 20.00 per share were placed with an institutional investor in April 2015. The capital increase led to a cash inflow of TEUR 3,539.

At the Annual General Meeting on 26 August 2015, in addition to voting to engage PricewaterhouseCoopers Corporation as the accounting firm for the 2015 financial year, a new Approved Capital 2015 was agreed upon, as well as the authorisation to issue stock according to Section 71, Paragraph 1, Nos. 7 and 8 of the German Stock Corporation Act (AktG). Prior to the General Shareholder's Meeting, based on a shareholder request and according to Sections 122, Paragraph 2 and Section 124, Paragraph 1 of the AktG, the agenda was expanded to include a resolution with respect to the increase of equity against cash investment under the granting of a pre-emptive right through the issue of up to 974,184 new shares. The Bank initiated the implementation of the corresponding capital increase as early as in the fourth quarter of 2015 and executed it in February 2016, resulting in the recording of an inflow of almost EUR 12.7 million.

Effective July 31, 2015 Mr. Yasin Sebastian Qureshi, Mr. Steffen Fix and Mr. Mohammad Hans Dastmaltchi resigned from the Board of Directors of the Varengold Bank AG.

In addition, Mr. RA Hans J. M. Manteuffel, Prof. Dr. h.c. Peter Andree and StB Willi Müller announced to the membership of the Supervisory Board in July 2015 that they intended to resign their positions on the Supervisory Board at the end of the next Annual General Meeting on 26 August 2015. During the Annual General Meeting, Mr. Sanjay Shah, Mr. Michael Stephen Murphy and Mr. Edo Barac were elected to serve terms of just under four years on the Supervisory Board of Varengold Bank AG. Mr. Shah meanwhile resigned his position as a member of the Supervisory Board of Varengold Bank with effect from 7 December 2015. At the request of the Board of Directors, the Hamburg District Court by decision of 14 December 2015 legally appointed Dr. Karl-Heinz Lemnitzer as a member of the Supervisory Board. Dr. Lemnitzer was then on 17 December 2015 elected by the members of the Supervisory Board as its Chairman.

Following the resignation of three Board members, an intensive analysis of the business model was carried out, followed by a restructuring in order to structure the business divisions in a more sustainable way, to strengthen the focus of the business model and to increase profitability. At the end of the third quarter, the Board of Directors decided accordingly to relinquish the Dubai office and to close the sales office in Beirut in January/February 2016.

3. Position

3.1 Financial position

In 2015, the total assets increased by around 70% from TEUR 353,181 to TEUR 601,215. The increase in total assets is mainly due to the growth in customer deposits of TEUR 283,415. The application of funds led to an increase of the cash reserve, including credits with central banks of TEUR 201,676. Furthermore, the trading portfolio increased by TEUR 128,562, mainly due to increased securities holdings. In addition, receivables due from banks decreased by TEUR 44,940.

Asset and liability structure

The asset and liability structure compared to the previous year as follows:

Assets	31/12/2015	31/12/2014	Change
Short-term receivables (< 1 year)	95.6 %	82.8%	12.8
Medium-term receivables (1 to 5 years)	3.0 %	2.4 %	0.6
Long-term receivables (> 5 years)	0.0 %	1.6 %	-1.6
Equity ownership / shares in affiliated companies	0.6 %	0.7 %	-0.1
Fixed assets	0.8 %	12.4 %	-11.6

Exposures	31/12/2015	31/12/2014	Change
Short-term debt (< 1 year)	96.0 %	97.0 %	-1.1
Medium-term exposures (1 to 5 years)	3.2 %	1.5 %	-1.7
Long-term exposures (> 5 years)	0.8 %	1.5 %	-0.7

The core capital ratio (TIER 1) was 8.75% with preparation of the annual accounts and increased due to the capital increase to 16.46% with submission of regulatory reports dated on 31 March 2016.

In addition to the obligations to customers (TEUR 587,715; previous year: TEUR 304,300), there still remain obligations to banks (TEUR 576; previous year: TEUR 25,531), as well as other obligations to our suppliers and business partners (TEUR 1,923; previous year: TEUR 3,978) and provisions valued at TEUR 1,885 (previous year: TEUR 1,206). In the third quarter of 2014, the Company recorded subordinated liabilities in the amount of TEUR 5,000. The short-term debt (commitments and accrued liabilities) slightly exceed the short-term assets.

Varengold Bank AG has an orderly asset and capital structure at its disposal.

Use was made of the option to convert deferred tax assets as per Section 274 of the HGB, as tax loss carryforwards are considered to be recoverable within the next five years based on financial projections.

Total self-generated intangible assets amounting to TEUR 4 are recognised (previous year: TEUR 59), which will be amortised over four years. The payout block amounted to deferred taxes assets amounting to TEUR 2,302 after deduction of deferred taxes liabilities and addition of balanced surplus (previous year: TEUR 2,356).

3.2 Financial position

The financial position for 2015 is represented by the following cash flow statements, prepared in accordance with the rules of the German Association for Financial Analysis and Asset Management (DVFA)/Schmalenbach Society:

Varengold Bank AG, Hamburg	31/12/2015	31/12/2014	Change
<i>Cash flow statements as at 31 December 2015</i>	in EUR thousand	in EUR thousand	in EUR thousand
Year-end result	-13,217.4	209.3	-13,426.7
+/- Depreciation / Write-ups of fixed assets	758.4	928.4	-170.0
= Cash flow according to DVFA / SG standards	-12,459.0	1,137.7	-13,596.7
+/- Increase / Decrease in trading portfolio	84.7	68.7	16.0
+/- Increase / Decrease in banking provisions for risks	1,510.0	249.2	1260.8
+/- Increase / Decrease in funds for general banking risks	0	-859.5	859.5
- Income from the dissolution of accruals	-94.2	-144.2	50.0
+/- Deferred income taxes, net	0.0	318.2	-318.2
= Cash flow adjusted for income/expenses not affecting liquidity	-10,958.5	770.1	-11,728
-/+ Profit/loss from the disposal of fixed assets	46.3	0.0	46.3
+/- Increase / Decrease in reserves	772.4	333.5	438.9
-/+ Increase / Decrease in loans and advances to customers, other assets and miscellaneous assets	-2,259.7	-19,517.1	17,257.4
+/- Increase/decrease in customer liabilities, other accounts payable and other miscellaneous liabilities	281,392.4	285,699.5	-4,307.1
+/- Change in net trading assets	-129,972.1	-182,271.1	52,299.0
+/- Increase / Decrease of shares and other non-fixed interest securities	1.3	948.5	-947.2
+/- Increase / Decrease in debt securities	38,609.8	-23,812.2	62,422.00
+/- Increase / Decrease in debts to banks (not due on demand)	-20,000.0	2,400.0	-22,400
Cash flow from operating activities	168,590.4	63,781.1	104,809.3
Proceeds from disposal of fixed assets	270.9	66.9	204.0
- Payments for investments in fixed assets	-248.2	-307.9	59.7
- Disbursements for investments in intangible assets	-182.7	-148.4	-34.3
- Disbursements for investments in financial assets	-1,320.6	-2,004.6	684.0
= Cash flow from investment activities	-1,480.0	-2,394.0	913.4
Proceeds from capital (subscribed capital)	177.0	159.6	17.4
+ Proceeds from capital increases (capital reserves)	3,362.3	3,031.9	330.4
+ Proceeds from subordinated debt	0.0	5,000.0	-5,000.00
= Cash flow from financing activities	3,539.3	8,191.5	-4,652.2
Net change in cash and cash equivalents	159,690.6	70,348.7	89,341.9
+ Trade inventory at the start of the financial year	86,138.7	15,790.1	70,348.6
= Trade inventory at the start of the financial year	245,829.3	86,138.8	159,690.5
Composition of cash and cash equivalents at end of financial year:			
Cash reserve	217,084.3	15,408.3	201,676.0
Loans and advances to credit institutions	29,321.0	74,261.2	-44,940.2
Liabilities due to credit institutions (due on demand)	-576.0	-3,530.7	2,954.7
Trade inventory at the end of the financial year	245,829.3	86,138.8	159,690.5

In the 2015 financial year, the cash flow from business operating activities increased by a total of TEUR 104,809 to TEUR 168,590. The cash flow from financing activities in the amount of TEUR 3,539 came from the capital increase in the first half of 2015. New shares of stock numbering 176,963 were issued at a price of EUR 20.00 per share. Cash flow from investment activities (TEUR -1,480) were in the negative, because the Company used liquidity for investments in intangible financial and fixed assets. Consequently, the Company achieved a cash flow in the amount of TEUR 159,691 via customer deposits in 2015. Cash and cash equivalents increased from TEUR 86,139 at the beginning of the year to TEUR 245,829 accordingly at the end of the financial year. In addition to its amounts due from banks of TEUR 29,321 (previous year: TEUR 74,261), the Company had accounts with brokers which, according to the KWG, must be recorded as amounts due from customers. As of the balance sheet date, the Company held TEUR 1,310 (previous year: TEUR 339) in cash and cash equivalents at brokers.

3.3 Earnings position

The interest income of the Company decreased from TEUR 1,995 in 2014 to TEUR 1,326 in 2015. The decrease of TEUR 669 is mainly attributable to the change in the reporting of the result of foreign currency conversion (previous year TEUR 276), as well as the decrease by TEUR 601 in interest income from fixed-income investment securities resulting from reduced holdings. This is offset by an increase of TEUR 321 in interest income on loans extended in the Commercial Banking division, associated with the expansion in this business division. The interest income includes negative interest primarily for German Central Bank balances amounting to TEUR -329. In addition, the interest costs, based upon attracting customer deposits increased to TEUR 3,734, resulting in a negative interest surplus of TEUR 2,408.

In the first half of 2015, interest and dividend income from stock and fixed-income securities of TEUR 36 was generated (previous year: TEUR 27). The income obtained in the financial year from investments at TEUR 412 (previous year: TEUR 0) results entirely from the dividend distribution of Hanseatic Brokerhouse AG for the 2014 financial year.

Commission revenues remained virtually unchanged at TEUR 5,243 in 2015 compared to TEUR 5,639 in 2014. Commission expenses doubled from TEUR 662 to TEUR 1,335. Net commission was generated in almost equal shares in the three areas of the Bank.

The net income from the trading portfolio again demonstrated growth. Income increased from TEUR 13,995 in 2014 to TEUR 25,742 in 2015. Expenses from the trading portfolio of TEUR 14,625 were recorded at the end of the financial year (previous year: TEUR 5,325). The increases in income and expenses resulted in approximately equal parts from business activities of the Capital Markets Brokerage and Prime Brokerage divisions. The net income from the trading portfolio increased from TEUR 8,670 to TEUR 11,117.

Other operational income rose from TEUR 226 to TEUR 1,175. This includes, contrary to the reporting in the previous year (accounting in interest income) income of TEUR 548 from foreign currency conversion, which was reported under interest income in the previous year.

The general administration expenses of the Company rose by TEUR 8,184 (from TEUR 12,778 to TEUR 20,962). The reason for this were in particular the increase in personnel costs from TEUR 5,836 to TEUR 9,099, IT costs

from TEUR 1,358 to TEUR 2,555, as well as the consulting and audit fees (from TEUR 2,155 to TEUR 3,807). In addition, the remaining administrative expenses increased from TEUR 1,345 to TEUR 2,551; this was mainly associated with subcontracting and outsourced services. The increases result mainly from the development of the Prime Brokerage division.

Depreciation and write-downs of intangible and tangible fixed assets fell from TEUR 762 in the previous year to TEUR 436.

Other operating expenses increased from TEUR 50 in the previous year to TEUR 367 in 2015.

The item depreciation and write-downs on receivables increased primarily by recognising specific impairment provisions from TEUR 249 to TEUR 1,510.

For this, income from attribution of shares and assets traded values of TEUR 3,253 were generated in the financial year due to the sale of shares in Hanseatic Brokerhouse AG and the sale of investment securities (previous year: expenses of TEUR 166).

In total, the income from normal business activities of Varengold Bank AG amounted to TEUR 5,818 (previous year: TEUR 530).

In the financial year extraordinary expenses of TEUR 7,407 were incurred. These include TEUR 4,160 for severance payments to former Board members and employees, as well as legal and consulting fees of TEUR 225. A further TEUR 1,175 resulted from the elimination of set-off claims against introducing brokers due to the closure of the Capital Markets Brokerage business division. In addition, TEUR 1,846 includes expenses incurred in previous years from the failure to take account of foreign currency results from the Capital Markets Brokerage division. This is offset by extraordinary income of TEUR 73 from the elimination of liabilities towards introducing agents.

Taking the negative extraordinary result of TEUR 7,334 in account, a net annual loss of TEUR 13,217 results (previous year: annual net profit of TEUR 209).

3.4 Financial performance indicators

The key performance indicator is earnings before tax. Earnings before tax of TEUR 568 were planned for 2015. In addition to the aforementioned extraordinary expenses, the development of Prime Brokerage and project costs, which were primarily due to regulatory requirements, had a particular effect on the earnings position. The delay in developing the Prime Brokerage area had a negative impact on interest income, as the Bank acquired early contributions without any profitable active businesses.

C. Supplementary report

Varengold Bank AG implemented a capital increase in the middle of the first quarter of 2016 from the corresponding authorisation agreed at the Annual General Meeting of 26 August 2015. The Company's share capital was increased with the approval of the Supervisory Board against cash contributions by EUR 974,184.00 from EUR 1,948,368.00 to EUR 2,922,552.00 by issuing 974,184 new shares in a public subscription offer and a subsequent private placement. The shares were placed at an issue price of EUR 13.00 per share, resulting in a premium of TEUR 11,690. The recording of the capital increase in the commercial register took place on 23 February 2016.

After the implementation of the capital increase, the Company adjusted the new strategic direction of the Bank. It was thus announced to the capital market that the Capital Markets Brokerage division would be relinquished in order to limit risks and earnings volatility. The Bank would like to focus in the future on the two business areas Commercial Banking and Prime Brokerage, where higher risk-adjusted returns are expected.

In March 2016, Mr. Edo Barac resigned his mandate as a Board member of the Supervisory Board of Varengold Bank AG effective 31 March 2016. On 10 March 2016, the Board submitted an application to Hamburg District Court in accordance with Section 104 I 1 AktG to appoint Mr. Alexander Körner as a member of the Supervisory Board.

No other developments of particular importance occurred after completion of the 2015 financial year.

D. Outlook, risk and opportunity report

1. Outlook

In 2016, the world economy is likely to follow a slower growth trend. Experts in their observation of the GDP of the euro zone are assuming an increase, which is supported in particular by low oil prices and declining unemployment. The continued expansionary monetary policy of the ECB is also playing a contributing role. For the German economy, growth similar to 2015 is expected. While a positive development is also predicted for the economic growth of emerging markets, a rather more sideways movement is anticipated in the Asian region. At the same time, significant geopolitical risks regarding an escalation of the situation in the Middle East exist. The refugee crisis here could also exacerbate the political divisions within the European Union. On the global trading floor, the increasing differential between interest rates in the euro area and in the US could lead to renewed price fluctuation. The so-called "Brexit," a name given to the potential exit of Great Britain from the European Union (EU), would also have a significant impact on economic relations within the EU. In the case of a "Brexit," many major international banks with their headquarters in London would, for example, lose their business opportunities in other European countries which are currently regulated by EU law.

From a regulatory perspective the focus in the course of 2016 shall be, inter alia, the implementation of the EU Market Abuse Regulation (MAD/MAR). Furthermore, the implementation of the Investmentsteuer-

reformgesetz (Investment Tax Reform Act) currently under discussion would, as things stand, reduce the profitability of the products launched by the subsidiary Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen and thus be likely lead to lower revenue in these products. The Bank and the Board of Varengold Investmentaktiengesellschaft anticipated this development as part of the risk strategy and initiated appropriate countermeasures. Of particular note here is the focus on other asset classes in Prime Brokerage (real estate and short-term retail financing).

The implications of all internal and external factors on the 2016 financial year are not quantifiable at this time and allow no clearly defined prognosis to be drawn. No other trends, obligations or occurrences are known that could have a significant impact on the prospects of the Varengold Group in the 2016 financial year. The business divisions of the Bank are being streamlined and the individual product offerings expanded, so that the Bank can focus on the key customer relationships and locations in the future.

2. Risk report

In general, it is not possible to earn income in the banking business without entering into risks. In this respect, conscious action, proactive management and ongoing identification and monitoring of risks are core elements of success-oriented business management at Varengold Bank AG.

To control the internal and external risks associated with the business of the Company, the Bank applies a risk-control and risk-management system that conforms to the "Minimum Requirements for Risk Management" (MaRisk) of the Federal Financial Supervisory Authority (BaFin).

Events that are expected by definition carry a lower risk. The primary focus of this risk management system is the categorisation of significant risks into counter-party risk, liquidity risk, market risk, operational risk and other risks which, among other things, include the risk to reputation, strategic risks and risk concentrations.

To manage these risks, a regular monitoring and evaluation of the identified risks is carried out as part of the risk management system. The whole process includes the following steps which build on each other:

- Risk identification
- Risk measurement
- Risk management
- Risk control and risk reporting

The Board of Directors determines the amount of the allowable total risk and its categorisation among the various types of risk. In this context, care is permanently taken to ensure that the businesses are backed with adequate equity.

Varengold Bank AG is responsible for controlling risk to monitor adherence to the risk strategy. All risk reduction measures are transparently reported by the management in order to enable an adequate control mechanism.

Core elements of risk management at Varengold Bank AG are the risk strategy, the risk-bearing capacity concept, the limit system and monitoring processes which are oriented towards the business activities.

The business strategy must determine the essential goals of Varengold Bank AG for each business activity, as well as the measures for reaching these goals.

The risk strategy reflects the impact of the business strategy on the risk environment of Varengold Bank AG and describes the approach taken for existing risks and the ability to carry the risks.

Every potential future risk must be transparent from the beginning. Only with complete transparency can it be evaluated, whether a risk should be taken. This decision is made by the Management Board always under consideration of whether each particular risk can be expected to deliver reasonable returns and whether the associated risk can be carried. When a risk is taken, this takes place within the firmly established risk tolerance that is stipulated primarily in the risk-bearing capacity assessment and the compliance of which is continuously monitored.

Varengold Bank AG pursues a growth strategy. Part of the business strategy of Varengold Bank AG is to offer flexible competitive products and services and continuously to adjust to changing market conditions. In this fast-paced environment, Varengold Bank AG generated correspondingly volatile income. Therefore, the risk-bearing capacity analysis of risk monitoring took place on a monthly basis. The methodology of the analysis is continuously monitored for plausibility and to ensure that it adheres to the most current position of the regulatory environment.

To establish the risk-bearing capacity of Varengold Bank AG, the Going Concern Principle is applied. This pursues the aim of safeguarding the continuity of the Bank even when a loss of the general risk profile occurs during the observation period. Such an approach requires the Bank to have the necessary capital reserves. In order to cover such possible losses, this capital is not available to the risk-bearing capacity observation, to prevent it from being a part of the risk coverage potential.

Calculation of risk-bearing capacity for the going-concern approach at Varengold Bank AG is based on financial statement figures. Eighty percent of the risk-bearing potential of TEUR 5,917 calculated as of 31 December 2015 is used as risk-bearing capacity. The 20% not to be applied serves as a safety margin for covering risks that are particularly hard to quantify (strategic and reputational risks as well as other risks). As a rule, the maximum tolerated utilisation rate is limited to 100%. Utilisation rates exceeding 100% within the individual risk types require a response of the Board of Directors.

The utilisation rate of risk-bearing capacity in the financial year averaged 76%. Current models are used to monitor serious counterparty and market price risks.

The market price risk is quantified using the value at risk. For both the trading book and the banking book, this is assessed with a confidence level of 99%, a time horizon of one day and a lookback of 260 days via historical simulation. The surveillance and regulation of the market price risk is oriented on the limit

system, which is in turn derived from the risk coverage potential for the market price risk. Varengold Bank AG possesses a comprehensive set of limit systems, some of which are also computerised. This includes the "Exposure Tool," which provides a real-time view of MT4 portfolio positions. The limits for the liquidity and investment portfolio are addressed and specified by the respective investment guidelines. These are also monitored on a daily basis by the Risk Control unit.

For counterparty risk, quantification is performed using the key risk indicators of "expected loss" and "unexpected loss." Expected loss is determined on the basis of the likelihood of default under consideration of the loss given defaults (LGDs). Unexpected loss is quantified with the aid of a credit risk model for a confidence level of 99% and a time horizon of one year. The calculation utilises the Gordy model, which is applied by the Basel Committee on Banking Supervision for modelling bank capital adequacy on the terms of Basel II and the further provisions set out by Basel III. The credit risk model calculates the contributions from individual borrowers and shareholdings to the unexpected loss at portfolio level, which are then additively aggregated to an unexpected loss for the portfolio as a whole. In the process, any extant external or internal (as appropriate) probabilities of default are applied, as is the calculated transaction-specific LGD. Specification of the other model parameters is performed by applying the standard rules from Basel III. Alongside the probabilities of default and loss given defaults, correlation between the counterparties is also factored in, as are the residual terms and the granularity of the portfolio.

All provisions of risk limitation are fundamentally carried through in an economically sensible fashion which appropriately considers the size of the institution, the capital resources and the particular business model.

Within the scope of its business activities, Varengold Bank AG pursues its targeted market opportunities and engages in responsible risk-taking.

3. Opportunities report

The company has reinforced investment in the growth of the bank in the past in order to build a solid foundation in the long term. The cash inflows from the most recently implemented capital increases will be used in particular to further diversify the product portfolios of the two core business areas of Commercial Banking and Prime Brokerage.

The Bank will gradually shift its current focus in the Prime Brokerage segment from equity strategies to the other asset classes such as real estate and short-term receivables. In addition, the products in the Commercial Banking division will be expanded to include forfaiting. Letter of credit business and the associated issue of bank guarantees will also be further expanded, as will the Treasury.

In the coming years, the Bank aims to position itself as a specialist provider of Trade Finance solutions, especially for corporate customers with a regional focus on Eastern Europe and the MENA region, as well as a professional Prime Brokerage partner for institutional clients. Compared to the competition, the Bank shall position itself as a classic niche provider. In the Commercial Banking division all German banks which conduct foreign exchange transactions are part of the Company's competition in the field of international payment transactions. The Board is of the opinion that Varengold Bank AG has an advantage here, whereby as a result of its modest size it can acquire customers who do not appear profitable to traditional providers. In the Trade Finance division the Bank benefits from long-standing customer relationships.

In the Capital Markets division the Company is in competition in particular with European leverage providers and deposit banks, as well as German investment corporations. Varengold Bank differentiates itself here from its competitors in particular through short decision paths and tailored products within an established infrastructure.

Given the international nature of the Bank, the geopolitical environment continues to be one of the factors of uncertainty. Furthermore, the continuing tendency towards increasing regulatory requirements does not generally make it easy for smaller banks to compete profitably in the market. With this in mind, Varengold Bank has started to implement a re-oriented growth strategy, in which customer satisfaction and organisational stability play an important role. Varengold Bank's corporate culture will also be characterised in future by flexibility and creativity. In the business divisions of Commercial Banking and Prime Brokerage, the focus is on satisfying customer needs with niche products and delivering a customised product and service quality. In the medium to long term, the intention is still to increase the Company's equity through the accumulation of earnings and through the integration of additional investors. After a period of intense upheaval, the Company now feels strategically and operationally well positioned to achieve a stable development for Varengold Bank, which can successfully continue to exist with less risk in a market environment characterised by challenges and volatility.

Based on the successful implementation of the planned business objectives and the increase in operational efficiency, slightly positive earnings before tax (as a key financial performance indicator) in the amount of TEUR 200 is expected for 2016.

Hamburg, 31 May 2016

Varengold Bank AG

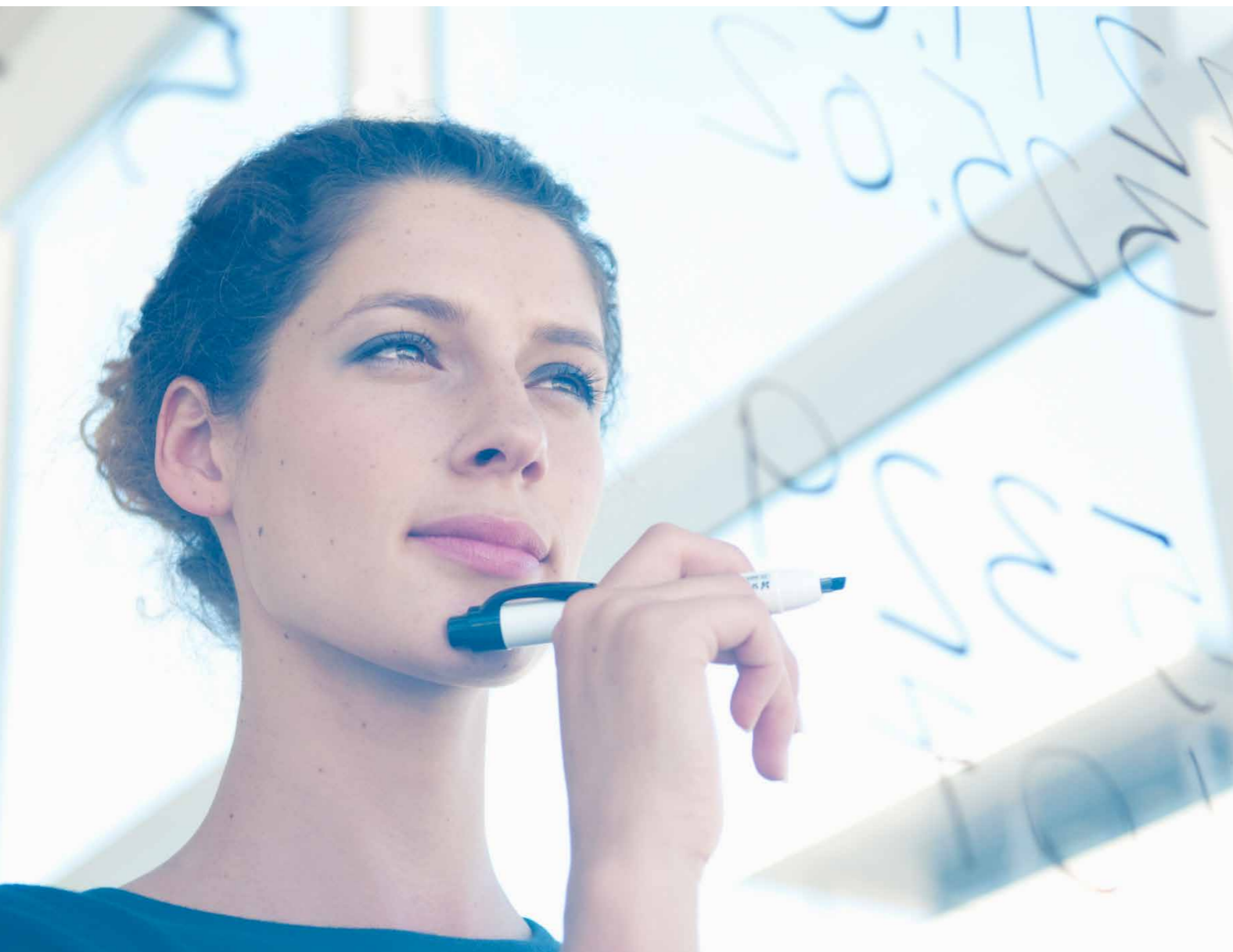


Dr. Bernhard Fuhrmann



Frank Otten

SEGMENT REPORTING



Reporting period 01.01. – 31.12.2015	Total	Capital Markets Brokerage	Prime Brokerage	Commercial Banking
	TEUR	TEUR	TEUR	TEUR
Interest income	1,326	-151	619	858
Interest expenses	3,734	38	3,603	93
Provisions income	5,243	1,868	1,292	2,083
Provisions expenses	1,335	303	475	557
Current income from shares	0	0	0	0
Securities and investments	412	412	0	0
Net income from trading portfolio	25,742	16,811	8,671	260
Net expenses from trading portfolio	14,625	10,730	3,895	0
Other operating income	1,175	556	545	74
Administrative expenses	20,962	10,766	7,149	3,047
Depreciation	2,269	1,353	511	405
Attributions	3,576	2,490	1,086	
Other operating expenses	367	159	260	-52
Results of normal business activities	-5,818	-1,363	-3,681	-774

The three business areas Capital Markets Brokerage, Prime Brokerage and Commercial Banking had negative results in business year 2015 due to the change in the allocation system, considerable variations with respect to the allocation of administrative costs and their depreciation. All income and expenses related to the entire bank and which cannot be directly attributed to one of the three business areas, in particular personnel costs and all costs related to needs of the middle and back offices, Supervisory Board, as well as the Board of Directors are divided through a distribution formula based on a determination of causality of the expense. The new allocation system is oriented on a business area per headcount basis. The following expenses are allocated according to the distribution formula: rent, insurance, IT costs of the entire Bank, expenses for capital market obligations, auditing costs, legal and consulting costs of the entire Bank, donations and deductions.

The significant reduction in profit in the Capital Markets Brokerage division in comparison to business year 2014 was due to a number of factors. Despite increasing provisions income due to the doubling of trade activity with a clear increase in net income, there was also a doubling of the net expenses, as well as considerably higher administrative costs through the distribution of the expenses of the Corporate Center based on headcount. On average 21 employees were directly attributed to Capital Markets Brokerage, making this business area the strongest in terms of employees. This led to, in addition to the higher administrative costs, increased personnel and IT costs, as well as external service expenses. The attributions resulted from the sales of 7% of the stake in the Hanseatic Brokerhouse Securities AG.

The income in Prime Brokerage resulted predominantly from trading income from investments in connection with Varengold Investmentaktiengesellschaft mit Teilgesellschaftsvermögen and the payments for the establishment of infrastructure. The division was able to almost double the income in comparison to business year 2014. The high interest expenses resulting from daily and term deposit interest payable to investors are associated with the available assets in the Prime Brokerage division. The results in this division were burdened by a strong increase in administrative costs. The administrative costs more than tripled in comparison to the previous year, which was mainly due to increased employee capacity in London, legal and consulting costs and IT infrastructure costs, as well as the indirect cost allocations. On average, ten employees were engaged in Prime Brokerage.

The Commercial Banking division was able to hold income stable compared to the previous year, although year end results were lower due to higher administrative costs. The interest income resulted mainly from the credit business; the interest expenses were derived from the interest payable to investors in daily and term deposit accounts in the amount of the credit volume. The payment traffic, to a large extent with foreign customers, carried the division with high provisions income which was accompanied by high provisions costs for one-time business closings. The administrative costs increased dramatically due to the higher cost allocation despite a reduced number of employees (average number of employees 4).



AUDITOR'S REPORT

Reproduction of the Auditor's Report

"We have audited the financial statements - comprising the balance sheet, profit and loss account and the notes - with the bookkeeping system and the management report of Varengold Bank AG, Hamburg, for the business year 1 January to 31 December 2015. The accounting records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the basis of our audit on the financial statements, including the accounting and the management report.

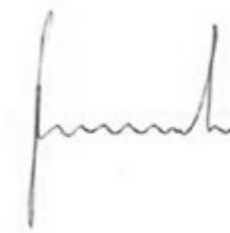
We conducted our audit in accordance with Section 317 of the HGB and promulgated by the Institute of Auditors (IDW) and generally accepted German auditing standards. Those standards require that we plan and perform the audit to detect misstatements materially affecting the presentation of operations in the annual financial statements in accordance with the principles of proper accounting and in the management report of the net assets, financial position and results, with reasonable assurance. In determining the audit procedures, we took into account our knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements. During the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the annual financial statements and management report are examined primarily on an evidence- sampling basis. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of the tests conducted, the financial statements comply with legal requirements and, in compliance with generally accepted accounting principles, give a true and fair view of the assets, financial and earnings position of the company. The management report is consistent with the financial statements as a whole, and provides a suitable view of the Company's position and suitably presents the opportunities and risks of applicable future development."

Hamburg, 9 June 2016

PricewaterhouseCoopers
Audit and Assurance
Consulting and Tax Services



Lothar Schreiber
Wirtschaftsprüfer



ppa. Uwe Gollum
Wirtschaftsprüfer

CORPORATE INFORMATION

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Frank Otten

Supervisory Board
Dr. Karl-Heinz Lemnitzer
Michael Stephen Murphy
Alexander Körner

Corporate Register
District Court of Hamburg, HRB 73684

USt-IdNr. (Value-added Tax Identification number)
Finance Authority Hamburg, DE247069729

Regulatory authority
Varengold Bank AG is registered with the Federal Financial Supervisory Authority under number (109 520) 100 and its registration is published under www.bafin.de.

Approvals of Varengold Bank AG
Varengold Bank operates an investment business within the meaning of Section 1, para. 1, sentence 2, no. 1 of the Banking Act, credit business in accordance with Section 1, sentence 2, no. 2 of the Banking Act for the purchase and sale of financial instruments in its own name and for outside accounts (financial commission business) in accordance with Section 1, para. 1, sentence 2, no. 4 of the Banking Act, depot business per Section 1, para. 1, sentence 2, no. 5 of the Banking Act as well as guarantee business per Section 1, para. 1, sentence 2, no. 8 of the Banking Act. In addition, Varengold Bank AG is licensed as an investment and acquisition brokerage according to Section 1, para. 1a, sentence 2, nos. 1 and 2 of the Banking Act, investment advisor per Section 1, para. 1a, sentence 2, no. 1a of the Banking Act, investment management per Section 1, para. 1a, sentence 2, no. 11, of the Banking Act, financial portfolio management in the sense of Section 1, para. 1a, sentence 2, no. 3 of the banking act, as well as proprietary trading per Section 1, para. 1a, sentence 2, no. 4 of the Banking Act for its own account (Section 32, para. 1a of the Banking Act), for factoring per Section 1, para. 1a, sentence 2, no. 9 of the Banking Act, and financial leasing in the sense of Section 1, para. 1a, sentence 2, no. 10 of the Banking Act.

Deposit insurance
Varengold Bank AG is part of the German Banks Compensation Scheme (EdB).



Notes on the content

This report was produced with the utmost care. Rounding, typographical and printing errors may nonetheless not be excluded. While calculating sums of rounded amounts and percentages, rounding differences may occur. All masculine gender designations also apply to the feminine gender. This report contains forward-looking statements. Forward-looking statements are statements that include not only historical facts, but also statements about beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections available to the Board of Varengold Bank AG at the time of preparation of this Annual Report. Forward-looking statements apply only to the date on which they are made. We expressly point out that all of our forward-looking statements involve known or unknown risks and uncertainties, and are based on assumptions relating to future events beyond our control. We cannot accept any liability for the accuracy, completeness, or actual occurrence of the information. The Board assumes no obligation to update such statements to reflect new information or future events. A number of important factors could therefore cause actual results to differ materially from forward-looking statements. Such factors include a change in general economic conditions or the competitive environment, the threat of deterioration in earnings from special charges as well as the state of the financial markets, from which Varengold Bank AG achieves substantial portions of their income. This work is protected by copyright. All rights, especially the rights of distribution, reproduction, translation, reprinting and reproduction and storage in data processing systems are, even when only partially used, reserved by Varengold Bank AG.

Varengold Bank AG

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