

**Varengold Bank AG**

**with its registered office in Hamburg**

German Securities Code [Wertpapier-Kenn-Nr., WKN] 547 930

ISIN DE0005479307

Securities Code ("Young Shares") A14KDN

ISIN No. ("Young Shares") DE000A14KDN2

We herewith invite our company's shareholders to the

**ordinary general meeting**

on

**Wednesday 26 August 2015 at 10.00am**

**(entry from 9.30am)**

in

Haus der Wirtschaft Service GmbH

Kapstadtring 10

22297 Hamburg.

## Agenda

1. **Presentation of the approved annual financial statements and management report for fiscal year 2014 with the report of the Supervisory Board for fiscal year 2014**
2. **Resolution on the ratification of the members of the Management Board for fiscal year 2014**

The Supervisory and Management Boards propose

to ratify the members of the Management Board in office in fiscal year 2014.

3. **Resolution on the ratification of the members of the Supervisory Board for fiscal year 2014**

The Management and Supervisory Boards propose

to ratify the members of the Supervisory Board in office in fiscal year 2014.

4. **Election of the auditor for fiscal year 2015**

*The Supervisory Board proposes*

to elect PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, as auditor for fiscal year 2015.

5. **Resolution on revoking the Authorised Capital 2012 according to Article 4 (2) of the Articles of Association, the creation of new Authorised Capital 2015 against cash and/or non-cash contributions with the authorisation to exclude subscription rights and a corresponding change to the Articles of Association.**

According to Article 4 (2) of the Articles of Association, the company's Management Board is authorised, through to 7 August 2017, to increase the company's share capital on one or several occasions with the approval of the Supervisory Board by up to a total of EUR 586,321.00 by issuing 586,321 new no-par value bearer shares (ordinary shares), each with a proportionate interest in the share capital of EUR 1.00 against cash or non-cash contributions ("**Authorised Capital 2012**"). As part of the cash capital increase performed in September 2013 under the exclusion of existing shareholders' subscription rights by EUR 146,397.00 by

issuing 146,397 new no-par value bearer shares (ordinary shares) each with a proportionate interest in the share capital of EUR 1.00, the Authorised Capital 2012 was partially used. The Management Board reported on this partial use of the Authorised Capital 2012 with the exclusion of subscription rights at the extraordinary general meeting on 15 January 2014 as well as at the ordinary general meeting on 12 August 2014. In order to ensure that the company is also sufficiently flexible in coming years to allow it to react rapidly to the situation on the market and to increase its equity if required, the Authorised Capital 2012 is to be revoked, and new authorised capital (Authorised Capital 2015) is to be resolved with a corresponding change to the Articles of Association. The Authorised Capital 2015 aims to enable to the company's Management Board to increase the share capital by up to 50% of the current share capital through to 25 August 2020 by issuing new no-par value bearer shares.

The Management and Supervisory Boards thus propose to resolve the following:

“a) The Authorised Capital 2012 according to Article 4 (2) of the Articles of Association is revoked with effect from the date that the resolutions by the general meeting on Authorised Capital 2015 become effective according to agenda item 5 b) and the change to the Articles of Association according to agenda item 5 c).

b) The Management Board is authorised, through to 25 August 2020, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions by up to a total of EUR 974,184.00 by issuing a total of 974,184 new no-par value bearer shares (ordinary shares), each with a proportionate interest in the share capital of EUR 1.00 against cash or non-cash contributions (“**Authorised Capital 2015**”). Both ordinary shares and/or preferred 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) of the KWG (*Kreditwesengesetz* [German Banking Act]) with the obligation to offer these to the shareholders (indirect subscription right). The Management Board is authorised to exclude shareholders' subscription rights, with the approval of the Supervisory Board, in particular in the following cases:

- for non-cash capital increases to grant shares for the purpose of acquiring companies, parts of companies or participating interests in companies or to acquire other property, plant and equipment. The proportionate interest in the share capital which is due to shares which can be issued under exclusion of shareholders' subscription rights, may not exceed 20% of the company's share capital which exists on the date the resolution is passed by the general

meeting; this maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations and under exclusion of subscription rights against property, plant and equipment,

- to compensate for fractions;

- if the cash capital increase is performed and the proportionate amount of the share capital which would be due for the new shares for which subscription rights are excluded does not exceed EUR 194,836.00 or, of this amount should be lower, a total of 10% of the share capital present on the date the authorisation was exercised, and the issuing amount of the new shares is not substantially lower than the stock market price of the already listed shares of the company of the same class and with the same rights on the date on which the issuing amount is finally set by the Management Board within the meaning of Sections 203 (1) and (2), 186 (3) Sentence 4 of the AktG (*Aktiengesetz* [German Public Limited Companies Act]). This maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations according to or in line with Section 186 (3) Sentence 4 of the AktG and under exclusion of subscription rights;

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

- to grant shares to members of the Management Board, executive bodies of companies associated with the company according to Section 15 of the AktG, executives of the company and/or associated companies or to employees of the company and/or associated companies as part of employee equity participation programmes. A capital increase while excluding subscription rights to perform employee equity participation programmes may only be performed at most in the amount of 10% of the share capital in existence when the new shares are issued.

The Management Board is authorised, with the approval of the Supervisory Board, to determine further details and conditions for performing capital increases from the Authorised Capital and issuing shares."

c) Article 4 (2) of the Articles of Association will be reworded as follows:

“(2) The Management Board is authorised, through to 25 August 2020, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions by up to EUR 974,184.00 by issuing up to 974,184 new no-par value bearer shares (ordinary shares), each with a proportionate interest in the share capital of EUR 1.00 against cash or non-cash contributions. Both ordinary shares and/or preferred 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) of the KWG with the obligation to offer these to the shareholders (indirect subscription right). The Management Board is authorised to exclude shareholders' subscription rights, with the approval of the Supervisory Board, in particular in the following cases:

- for non-cash capital increases to grant shares for the purpose of acquiring companies, parts of companies or participating interests in companies or to acquire other property, plant and equipment. The proportionate interest in the share capital which is due to shares which can be issued under exclusion of shareholders' subscription rights, may not exceed 20% of the company's share capital which exists on the date the resolution is passed by the general meeting; this maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations and under exclusion of subscription rights against property, plant and equipment,

- to compensate for fractions;

- if the cash capital increase is performed and the proportionate amount of the share capital which would be due for the new shares for which subscription rights are excluded does not exceed EUR 194,836.00 or, if this amount should be lower, a total of 10% of the share capital present on the date the authorisation was exercised, and the issuing amount of the new shares is not substantially lower than the stock market price of the already listed shares of the company of the same class and with the same rights on the date on which the issuing amount is finally set by the Management Board within the meaning of Sections 203 (1) and (2), 186 (3) Sentence 4 of the AktG. This maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations according to or in line with Section 186 (3) Sentence 4 of the AktG and under exclusion of subscription rights;

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

- to grant shares to members of the Management Board, executive bodies of companies associated with the company according to Section 15 of the AktG, executives of the company and/or associated companies or to employees of the company and/or associated companies as part of employee equity participation programmes. A capital increase while excluding subscription rights to perform employee equity participation programmes may only be performed in the amount of up to 10% of the share capital in existence when the new shares are issued.

The Management Board is authorised, with the approval of the Supervisory Board, to determine further details and conditions for performing capital increases from the Authorised Capital and issuing shares.”

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

**Report by the Management Board according to Sections 186 (4) Sentence 2, 203 (1) and (2) of the AktG on agenda item 5**

The Management Board has made a written report on agenda item 5 in line with Section 203 (2) Sentence 2 of the AktG in connection with Section 186 (4) Sentence 2 of the AktG. The wording of this report is printed below and it is accessible from the date the general meeting was called on the [www.varengold.de](http://www.varengold.de) Web site in the section “About us”, followed by “Investor Relations” and then “Financial Diary and General Meeting” and which is also made accessible at the company’s General Meeting.

On agenda item 5 of the company's ordinary general meeting dated 26 August 2015, the Management and Supervisory Boards propose that the authorised capital (Authorised Capital 2012) previously regulated in Article 4 (2) of the Articles of Association be revoked and that this is replaced with 50% of the company's current share capital with a term through to 25 August 2020 (authorised capital 2015). The authorised capital should enable the company to act rapidly and flexibly, without having to wait for the annual ordinary or an extraordinary general meeting. Having financing instruments available without being dependent on the schedule for the annual ordinary general meetings is particularly important, as the date on which the corresponding funds have to be procured cannot

always be determined in advance. In addition, when competing with other companies, transactions can often only be successfully implemented if secure financing instruments are already available on the date negotiations commence. Legislators have taken the corresponding requirements for companies into consideration and grant German public limited companies the possibility of authorising the management to increase the share capital for a temporary period and in a limited amount without requiring an additional resolution by the general meeting (1). As a rule shareholders have to be granted subscription rights when the authorised capital is used. However, the company should have the opportunity of excluding shareholders' subscription rights when issuing new shares under certain conditions (2). In detail:

#### (1) Adjustment to the authorised capital

As part of the cash capital increase performed in September 2013 under the exclusion of existing shareholders' subscription rights by EUR 146,397.00 by issuing 146,397 new no-par value bearer shares (ordinary shares), each with a proportionate interest in the share capital of EUR 1.00, the Authorised Capital 2012 was partially used. The Authorised Capital 2012 which expires on 7 August 2017 is to be replaced with new Authorised Capital 2015, so that in future the authorised capital is available once again to the entire extent permitted by law.

The Management Board believes that the company should fully exploit the opportunities granted by law for authorised capital, and create new Authorised Capital 2015. As a result, the term of the Authorised Capital 2015 should be extended by around three years compared to the current authorisation, and at the same time it should exploit the statutory framework of up to 50% of the current share capital when creating the new Authorised Capital 2015. This increases the company's opportunities to react rapidly and fully to changes in the situation on the market. Authorised Capital 2015 of up to EUR 974,184.00 and with a term through to 25 August 2020 will enable the company to react rapidly and flexibly within the statutory framework to any transaction opportunities which may present themselves, and to any financing requirements. This is also served by the clarifying regulation that one or several banks or companies which operate according to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the KWG can take over the capital increase with the obligation to offer this to shareholders (indirect subscription right).

#### (2) Exclusion of subscription rights

The possibility to exclude subscription rights for the purpose of acquiring companies, parts of companies or participating interests in companies or to acquire other property, plant and equipment should help to allow such transactions to be performed in a manner which

protects liquidity. The company is involved in strong competition and in the interests of both the company and its shareholders it has to be able to react rapidly and flexibly to changes on the market. This also includes the opportunity to acquire companies, parts of companies or participating interests, and also to acquire strategic and other investors. In individual cases the company must be able to rapidly acquire a company, a part of a company, a participating interest or another asset or to acquire an investor in the interests of both the company and its investors. It is not unusual for it only to be possible to realise attractive opportunities for acquisitions if the company can offer shares with voting rights as compensation. In order to be able to exploit such opportunities, the company must be able to be able to offer shares as compensation in a rapid manner. The proposed authorisation to exclude subscription rights aims to provide the company with the requisite ability to act in order to be able to rapidly and flexibly exploit opportunities that present themselves for such transactions. Excluding subscription rights would reduce the proportionate shareholding and the proportionate share of voting rights of the previous shareholders. However, if subscription rights were granted to shareholders this would mean that it is not possible to fulfil the actual purpose of being able to react rapidly and flexibly. Only a proportionate amount of the share capital, not exceeding 20% of the current share capital, may be covered by shares which are issued for such property, plant and equipment while excluding shareholders' subscription rights. Shares that were issued during the term of this authorisation as a result of other authorisations according excluding subscription rights and for property, plant and equipment, are netted with this maximum threshold.

At present, there are no concrete acquisition plans that would require use of this authorisation. If opportunities to acquire companies, parts of companies or participating interest or to acquire major investors should result, the Management Board will carefully review whether it will use the authorisation for a capital increase for this purpose. It will only use such an opportunity if implementing such a transaction, in particular the issue of new shares while excluding subscription rights, is in the company's best interests. The Supervisory Board will only issue the requisite approval if these conditions have been met. In addition, subscription rights can be excluded to compensate for fractions. The possible dilutive effect is low due to the restriction to fractions. As a result, the Management and Supervisory Boards believe that excluding subscription rights for this reason is properly justified and reasonable.

In addition, it should be possible to exclude subscription rights for authorised capital if the conditions set out in Section 186 (3) Sentence 4 of the AktG have been fulfilled. This is in particular the case if the capital increase does not exceed a total volume of 10% of the share capital and the issuing amount for the new shares is not significantly lower than the stock market price. This opportunity to exclude subscription rights aims to enable the Management and Supervisory Boards to use favourable conditions on the capital markets over the short

term to reinforce the company's equity. In addition, it is also intended to allow the Management Board to exclude shareholders subscription rights, with the approval of the Supervisory Board, when granting subscription rights to the holders of convertible bonds, convertible participation rights or options. This exclusion of subscription rights may be necessary to structure the conditions of convertible bonds, convertible participation rights or options when issuing convertible bonds, convertible participation rights or options so that these are accepted by the capital markets. At the end of the day, it should also be possible to use the authorised capital to generate shares to serve employee equity participation programs. This should increase the company's flexibility, in particular also to be able highly qualified executives over the short term. In this case, the scope of a capital increase from authorised capital excluding subscription rights to serve employee equity compensation programs is restricted to 10% of the existing share capital.

Given the circumstances set out above, and considering both the company's and the shareholders' interests, the Management and Supervisory Boards believe that excluding subscription rights in these cases is justified and reasonable. Corresponding resolutions by the Management Board with the possibility of excluding subscription rights are standard practice in Germany and internationally.

(3) Report by the Management Board on the use of Authorised Capital 2015

The Management Board will inform the shareholders of every use of the Authorised Capital for 2015 in each case in the following ordinary general meeting. At present, there are no concrete plans that would require use of this authorisation.

#### **6. Resolution on the authorisation to acquire and use treasury shares according to Section 71 (1) No. 8 of the AktG and to remove the previous authorisation**

In order to acquire own shares, the company requires particular authorisation from the general meeting if this is not expressly permitted by law. As the authorisation resolved by the general meeting on 3 August 2011 ends on 2 August 2016, a proposal is to be made to the general meeting that the company should be issued with another authorisation to acquire own shares while prematurely revoking the existing authorisation. The authorisation issued on 3 August 2011 had not been used by the date the general meeting was convened. The new authorisation to acquire and use own shares aims to enable the Management Board to use or withdraw own shares while excluding shareholders' subscription rights – including to reduce share capital.

The Management and Supervisory Boards thus propose to resolve the following:

#### "a) Acquisition of own shares

According to Section 71 (1) No. 8 of the AktG, the company is authorised to acquire own shares with a theoretical interest in the current share capital of up to 10% or EUR 194,836.00, or - if the value is lower - the company's share capital which exists on the date the authorisation is used for all permissible purposes as part of the statutory restrictions according to the following conditions. In addition, the shares acquired as a result of this authorisation may not at any time total more than 10% of the respective capital together with the other shares of the company which the company has already acquired and still holds or which are allocable to it according to Sections 71d and 71e of the AktG. In addition, the acquisition is only permitted if, on the date of the acquisition, the company would be able to form a reserve in the amount of the expenses for the acquisition, without reducing the share capital or a reserve to be formed according to the law or the Articles of Association, and which may not be used for payments to the shareholders and if the issuing amount for the shares to be acquired has been fully paid. The authorisation may not be used to trade with own shares. The authorisation can be used by the company in whole or in parts, on one or several occasions.

The acquisition can be performed via the stock exchange or as part of a public acquisition offer to all shareholders at the Management Board's discretion. The compensation for the shares acquired (without incidental acquisition costs) may not be more than 10% more or less than the stock market price. The relevant stock market price is the price for the shares of the company identified via the stock exchange on the relevant trading day in the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system). In the event of an acquisition via a public acquisition offer to all shareholders, the average of prices for the shares of the company in the closing auction in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system) during the past five stock market days prior to publication of the decision to issue this offer is taken as being the relevant stock market price.

If there are substantial differences in the relevant price after publishing a public acquisition offer, the offer can be adjusted. In this case, the price is based on the average price on the three stock market trading days prior to publication of any adjustment; the 10 percent threshold maximum and minimum threshold must be applied to this amount. The acquisition offer can include additional conditions. If the total subscription for this offer exceeds this volume, as a rule the acceptance declarations must be proportionately considered. Preferred allocation of low quantities of up to 100 shares offered for acquisition per shareholder and rounding according to commercial principles can be included.

## b) Use of own shares

The Management Board is authorised, with the approval of the Supervisory Board, to do the following for shares of Varengold Bank AG that are acquired as a result of this authorisation by the general meeting, in addition to sale via the stock exchange or as part of an offer to all shareholders

- To offer these, excluding shareholders' acquisition or subscription rights, to third parties as part of corporate mergers or when acquiring companies, parts of companies, participating interests in companies or to obtain other assets as compensation;

- To sell these excluding shareholders' acquisition or subscription rights against cash payments at a price which is not substantially lower than the stock market price for shares of the company of the same category on the date of the sale. However, this authorisation is only valid subject to the condition that the theoretical interest in the share capital for the shares sold excluding subscription rights according to Section 186 (3) Sentence 4 of the AktG does not exceed a total of 10% of the share capital existing on the date the general meeting's resolution on this authorisation was passed (or EUR 194,836.00) or, if this value is lower, the share capital in existence on the date this authorisation is exercised; this maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations according to or in line with Section 186 (3) Sentence 4 of the AktG and under exclusion of subscription rights;

- To use these to meet exchange or subscription rights from convertible bonds and convertible participation rights and from warrants and warrant-linked participation rights, or conversion obligations from convertible bonds excluding shareholders' acquisition or subscription rights. In total, the shares transferred as a result of this authorisation may not exceed a proportionate amount of at most 10% of the share capital existing on the date the general meeting's resolution on this authorisation was passed (or EUR 194,836.00) or, if this value is lower, the share capital in existence on the date this authorisation is exercised to the extent that the shares are used to fulfil exchange, conversion or subscription rights that are issued or due as a result of corresponding application of Section 186 (3) Sentence 4 of the AktG. This maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation or as a result of other authorisations on the date of application according to or in line with Section 186 (3) Sentence 4 of the AktG and under exclusion of subscription rights;

- Excluding shareholders' acquisition or subscription rights, to be used to serve options that are granted to institutional investors which provide financing services for the company or the company's associated companies. However, this authorisation is only valid subject to the condition that the theoretical interest in the share capital for the shares transferred excluding subscription rights according to Section 186 (3) Sentence 4 of the AktG does not exceed a total of 10% of the share capital existing on the date the general meeting's resolution on this authorisation was passed (or EUR 194,836.00) or, if this value is lower, the share capital in existence on the date this authorisation is exercised; this maximum percentage threshold is reduced by the proportionate amount of the share capital which is due to shares that were issued during the term of this authorisation as a result of other authorisations according to or in line with Section 186 (3) Sentence 4 of the AktG and under exclusion of subscription rights;

- To withdraw these to reduce the share capital without this withdrawal or its execution requiring a renewed resolution by the general meeting. In contrast to this, the Management Board can resolve that the share capital should remain unchanged after the withdrawal, and that instead the other shares' proportion of the share capital increases according to Section 8 (3) of the AktG. In this case, the Management Board is authorised to adjust the number of shares stated in the Articles of Association.

The Management Board of Varengold Bank AG is also authorised to offer and transfer acquired own shares to third parties with the approval of the Supervisory Board other than via the stock exchange or via an offer to all shareholders, to the extent that this

- takes place in order to offer the shares to persons who were or are employed by the company or one of its associated companies while excluding shareholders' acquisition or subscription rights. If own shares are offered or promised and transferred to members of the company's Management Board, this authorisation applies to the Supervisory Board.

The Management Board determines the further details of the respective use of the authorisation with the approval of the Supervisory Board.

The above authorisations for the use of the own shares acquired can be exercised on one or several occasions, in whole or in part, individually or jointly.

c) When this resolution is accepted and becomes effective, the previous authorisations to acquire own shares according to Section 71 (1) No. 8 of the AktG according to the resolution by the general meeting on 3 August 2011 are revoked."

## **Report by the Management Board according to Sections 71 (1) no. 8, 186 (4) Sentence 2 of the AktG on agenda item 6**

With regard to agenda item 6, a proposal is made to the general meeting that the company should be authorised according to Section 71 (1) No. 8 of the AktG to acquire own shares with a theoretical interest in the current share capital of up to 10% of the company's share capital on the date the resolution is passed by the general meeting or – if the value is lower – value of the the company's share capital which exists on the date the authorisation is exercised. In so doing, the authorisation should be issued again for the maximum permissible statutory duration of five years. The shares acquired as a result of this authorisation may not at any time total more than 10% of the respective capital together with the other shares of the company which the company has already acquired and still holds or which are allocable to it according to Sections 71d and 71e of the AktG. In addition, the acquisition is only permitted if, on the date of the acquisition, the company would be able to form a reserve in the amount of the expenses for the acquisition, without reducing the share capital or a reserve to be formed according to the law or the Articles of Association, and which may not be used for payments to the shareholders and if the issuing amount for the shares to be acquired has been fully paid. The authorisation may not be used to trade with own shares.

### Acquisition method

Agenda item 6 includes the proposal to authorise the company to acquire a total of up to 194,836 shares of Varengold Bank AG ("**Varengold shares**") by the end of 25 August 2020 – this corresponds to 10% of the share capital on the date the resolution was passed, and to dispose of these in line with the authorisation. The shares can be acquired via the stock exchange or as part of a public acquisition offer to all shareholders.

The compensation for the acquisition of these shares (without incidental acquisition costs) may not be any greater than 10% more or less of stock market price. The relevant stock market price is the price for the shares of the company identified via the stock exchange on the relevant trading day in the opening auction in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system). As a result, all shareholders are equally given the opportunity to sell shares to the company to the extent that the company does not use the authorisation to acquire own shares.

In the event of an acquisition via a public acquisition offer to all shareholders, the average of prices for the shares of the company in the closing auction in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system) during the past five stock market days

prior to publication of the decision to issue this offer is taken as being the relevant stock market price.

If there are substantial differences in the relevant price after publishing a public acquisition offer, the offer can be adjusted. In this case the price is based on the average price on the three stock market trading days prior to publication of any adjustment; the 10 percent threshold maximum and minimum threshold must be applied to this amount. The acquisition offer can include additional conditions.

If the total subscription for a public acquisition offer is oversubscribed, as a rule the acceptance declarations must be considered on a pro rata basis. Preferred allocation of low quantities of up to 100 shares offered for acquisition per shareholder and rounding according to commercial principles can be included. This opportunity allows fractional amounts to be avoided when defining the quotas to be acquired and also small residual amounts, and thus makes technical processing easier. This also allows de facto disadvantages for minor shareholders to be avoided. In addition, rounding using commercial principles to avoid fractions of shares should also be included. As a result, the acquisition quota and the number of the shares to be acquired by the individual vesting shareholders can be rounded to the extent required to present the acquisition of whole shares for technical processing.

This thus ensures that the principle of equality under the German Public Limited Companies Act is upheld.

#### Use of acquired shares and exclusion of subscription rights

- In particular, as a result of the authorisation to acquire own shares, the company should be granted the possibility to offer own shares as compensation as part of corporate mergers or when acquiring companies, parts of companies, participating interests in companies or to obtain other assets as compensation. The competition in which the company is involved and economic developments also mean that it must be possible to acquire companies or participating interests in companies by exchanging shares, or to initiate mergers or to acquire other assets. The proposed exclusion of subscription rights aims to create the latitude required in order to be able to quickly and flexibly use opportunities for mergers that present themselves, or for the acquisition of companies or participating interests, or to acquire other assets (e.g., land or leasehold rights), without being restricted to resorting to using authorised capital against non-cash contributions or an ordinary non-cash capital increase, which is often time-consuming and costly. When setting the valuation ratio, the Management Board will pay attention to ensure that the shareholders' interests are reasonably considered. When measuring the value of the own shares granted as compensation, it will use the stock market

price for shares of Varengold for orientation. A fixed link to the stock market price is not intended to ensure that the results of negotiations obtained are not questioned if the stock market price fluctuates.

In addition, subject to the conditions of Section 186 (3) Sentence 4 of the AktG, the company should be able to sell own shares while excluding subscription rights in manners other than via the stock exchange or an offer to all shares against cash compensation. The proposed possibility to sell own shares serves, for example, to simplify the procurement of funds and thus to ensure that the company has sufficient capitalisation. This authorisation for the Management Board to sell Varengold shares is restricted in that a total of 10% of the share capital present when the resolution is passed may not be exceeded, including all further authorisations according to Section 186 (3) Sentence 4 of the AktG. As a result, the 10% threshold is upheld with regard to all authorisations with the possibility of excluding subscription rights according to Section 186 (3) Sentence 4 of the AktG. The scope of the authorisation is thus restricted, and as a result of this and also the fact that the selling price for the shares to be sold or granted has to be based on the stock market price and may not substantially exceed or fall below this price, the shareholders' interests in the assets and also voting rights are reasonably upheld when selling own shares to third parties while excluding shareholders' subscription rights based on the regulations in Section 71 (1) No. 8 Sentence 5 of the AktG in connection with Section 186 (3) Sentence 4 of the AktG. If the selling price is no more than 10% below or above the opening price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the day of the sale, it can be assumed that this undercutting is not major.

Subject to the conditions of Section 186 (3) Sentence 4 of the AktG, the authorisation to sell own shares should also include the possibility of using own shares and shares of the company already admitted to stock market trading while excluding shareholders' subscription rights to serve convertible bonds and convertible participation rights as well as warrants and warrant-linked participation. In suitable cases, this authorisation allows the company to serve conversion or subscription rights or conversion obligations from issued convertible bonds without being restricted to performing a possibly time-consuming and more expensive capital increase from conditional capital or from authorised capital.

The proposal under agenda item 6 also includes the Management Board's authorisation, with the approval of the Supervisory Board and subject to the conditions in Section 186 (3) Sentence 4 of the AktG, to transfer own shares to serve options to institutional investors who provide financing services in favour of the company or its associated companies. In addition, the Management Board should also be authorised to grant investors options for the acquisition of own shares. This authorisation is restricted to a total of at most 194,836 own

shares. The Management Board believes that this authorisation gives the company significantly greater latitude when negotiating financing agreements, in order to thus agree the most cost-effective financing conditions possible for the company. The Management Board will only grant corresponding options if this is justified in the company's interests. In addition, the company should be able to withdraw own shares without a new resolution by the general meeting.

In addition, the Management Board should be authorised, with the approval of the Supervisory Board, to offer own shares to persons who were or are employed by the company or one of its associated companies. This relates to an authorisation to issue so-called employee shares: The proposed exclusion of subscription rights is a pre-condition for issuing such employee shares. The use of own shares to issue employee shares is already permitted under the German Public Limited Companies Act without an authorisation by the general meeting (Section 71 (1) No. 2 of the AktG), however then only to issue shares to employees one year after acquisition (Section 71 (3) Sentence 2 of the AktG). In contrast, in this case the Management Board is authorised to use the own shares as employee shares without upholding a specific deadline. The Management Board will decide on the issuing conditions as part of the latitude granted by Section 71 (1) No. 2 of the AktG. It can thus offer the shares in particular as part of standard and reasonable practice for acquisition at less than the present stock market price, in order to create an incentive for acquisition. Use of the existing own shares instead of a capital increase or cash compensation can make business sense; as a result the authorisation should increase flexibility. Issuing own shares to employees, generally with a reasonable, multi-year lock-up period, is in the interests of both the company and its shareholders as this promotes identification with the company and thus boosts the enterprise value. When measuring the purchase price to be paid by employees, a reasonable discount can be granted for employee shares based on standard practice and also on the company's profits. If any issue of own shares to executives requires approval by the respective company's supervisory board, the own shares will only be offered for acquisition after prior approval by the respective supervisory board. The members of the company's Management Board should also be given the opportunity for the Supervisory Board to be able to offer them equity-based compensation using own shares. Only the company's Supervisory Board will take a decision on this issue as the executive body responsible for setting the Management Board's remuneration while observing the statutory requirements, in particular the suitability of the total remuneration for the members of the Management Board (Section 87 of the AktG).

At the end of the day, the company should be authorised to withdraw the own shares acquired as a result of this authorisation without a new resolution by the general meeting. As a rule, this leads to a reduction in share capital. However, in contrast to this, the company

should also be authorised to perform the withdrawal in line with Section 237 (3) No. 3 of the AktG without changing the share capital. In this case, the other shares' proportion of the share capital increases according to Section 8 (3) of the AktG. In this case, the company should also be authorised to adjust the number of shares stated in the Articles of Association.

In addition to the cases stated in the paragraphs above, in the event that shares are sold via a public acquisition offer to all shareholders, shareholders' subscription rights are excluded for fractions. This exclusion of subscription rights is required in order to implement the permitted opportunities for use and to limit the effort involved for the company to a reasonable amount in the event of fractions.

In each individual case, the Management Board will carefully check whether it will use the authorisation to re-acquire and use own shares while excluding shareholders' subscription and vesting rights. This possibility will only be used if this is in the company's interests and thus also in the interests of its shareholders in the opinion of the Management Board.

In the respective next general meeting, the Management Board will report on every use of the authorisations issued under agenda item 6.

**7. Resolution on the company's authorisation to acquire and use treasury shares for securities trading purposes according to Section 71 (1) No. 7 of the AktG and to remove the previous authorisation**

In order to acquire own shares for securities trading the company requires particular authorisation from the general meeting. As the authorisation resolved by the general meeting on 3 August 2011 ends on 2 August 2016, a proposal is to be made to the general meeting that the company should be issued with another authorisation to acquire own shares for securities trading while prematurely revoking the existing authorisation. The authorisation issued on 3 August 2011 had not been used by the date the general meeting was convened.

The Management and Supervisory Boards propose

"a) Varengold Bank AG is authorised to acquire and sell own shares for the purpose of securities trading. The amount of shares to be acquired for this purpose may not exceed 5% of the share capital existing on the date the general meeting's resolution on this authorisation was passed (or EUR 97,418.00) or, if this value is lower, the share capital of Varengold Bank AG in existence on the date this authorisation is exercised. Together with the own shares acquired for other reasons and which are held by Varengold Bank AG or which are allocable to it according to Sections 71a ff of the AktG, the shares to be acquired as a result of this

authorisation may not at any time exceed 10% of the share capital existing on the date the general meeting's resolution on this authorisation was passed (or EUR 194,836.00) or, if this value is lower, the share capital of Varengold Bank AG in existence on the date this authorisation is exercised. The lowest price in each case at which an own share can be acquired may not be more than 10% lower than the average value of the share prices (closing auction prices or comparable successor prices for shares of Varengold in Xetra trading/OTC or a comparable successor system to Xetra on the Frankfurt Stock Exchange) on three trading days prior to the respective date of the acquisition. The highest price at which own shares may be acquired may not exceed this value by more than 10%.

The Management Board determines the further details of the respective use of the authorisation with the approval of the Supervisory Board.

b) This authorisation is valid through to 25 August 2020.

c) When this resolution is accepted and becomes effective, the previous authorisations to acquire own shares according to Section 71 (1) No. 7 of the AktG, according to the resolution by the general meeting on 3 August 2011, are revoked."

#### **8. Resolution on changes to Article 12 of the Articles of Association (Place and convening) and Article 13 of the Articles of Association (Right to participate at the general meeting and exercise voting rights)**

Convening and participation in the general meeting (Articles 12 and 13 of the Articles of Association for Varengold Bank AG) are to be modernised. In particular, in view of the postal strike that lasted for several weeks in June and July 2015, the Management Board should be authorised to issue notices according to Sections 125, 128 of the AktG electronically. In addition, the conditions for online participation and postal votes should be created.

The Management and Supervisory Boards thus propose to resolve the following changes to the Articles of Association:

a) Article 12 of the company's Articles of Association is cancelled and reworded as follows:

"Article 12 - Ordinary General Meeting

The general meeting will be held during the first eight months after the end of the fiscal year at the company's registered office, at the registered office of one of the company's branches or at the registered office of a German stock exchange."

b) Article 13 of the company's Articles of Association is cancelled and reworded as follows:

"Article 13 - Convening the general meeting, right to participate in the general meeting and to exercise voting rights

(1) The general meeting is convened by the Management Board or, in cases stipulated by law, by the Supervisory Board.

(2) The general meeting will be convened at least thirty days prior to the date of the meeting via an announcement in the Federal Gazette, to the extent that a shorter period is not permitted by law (convening deadline). The convening deadline is extended by the days of the registration period according to Article 13 (4).

(3) Shareholders who want to participate in the general meeting and exercise their voting rights have to register for the general meeting and provide evidence of their authorisation.

(4) Registration must be in writing (Section 126 of the BGB [*Bürgerliches Gesetzbuch* (German Civil Code)]) or in text form (Section 126b of the BGB) in German or English; registrations can also be sent by fax or by e-mail if this is stated in the invitation. The registration must be received by the Management Board at the company's registered office or another office stated in the invitation at least six days prior to the general meeting. The date of receipt is not included in this deadline. The Management Board intends to reduce this deadline for convening the meeting. Sections 187 to 193 of the BGB do not have to be applied correspondingly.

(5) Shareholders prove their authorisation to participate in the general meeting using a shareholding certificate from their custodian bank in text form (Section 126b of the BGB) in German or English and based on the start of the 21<sup>st</sup> day prior to the meeting; this certificate must be received by the company at least six days prior to the meeting at the address provided for this purpose in the convocation. The date of receipt is not included in this deadline. The Management Board is authorised to reduce this deadline in the convocation.

(6) A proxy can exercise voting rights. The power of attorney must be issued, revoked and evidence of the power of attorney must be provided to the company in text form (Section 126b of the BGB). It may also be revoked in person at the general meeting. An easement to the text form may be specified in the convocation. Section 135 of the AktG remains

unaffected. If a shareholder issues a power of attorney to more than one person, the company can reject one or several of these persons. This power of attorney may not be exercised by a proxy appointed by the company if the proxy does not have any individual instructions.

(7) The Management Board is authorised to stipulate that shareholders can also participate in the general meeting without being present at its location and without using a proxy and that they can exercise all or individual rights either in whole or in part using electronic communication (online participation). In so doing, the Management Board is also authorised to impose conditions on the scope and the method of participation and the exercising rights according to Sentence 1. Any use of this method and the conditions imposed in this regard must be announced when the general meeting is convened.

(8) The Management Board is authorised to stipulate that shareholders can also exercise their votes in writing or by using electronic communication without participating in the general meeting (postal vote). In so doing, the Management Board is also authorised to impose conditions on the method according to Sentence 1. Any use of this method and the conditions imposed in this regard must be announced when the general meeting is convened.

(9) Notices by the company to shareholders according to Section 125 (2) of the AktG that require this will thus be exclusively sent using electronic communication to the extent permissible by law. The Management Board is authorised to also send notices as hard copies. However there is no entitlement to this.

(10) Notices by the company according to Sections 125 (1), 128 (1) of the AktG by banks that hold bearer shares in custody for shareholders on the 21<sup>st</sup> day prior to the general meeting are thus transferred exclusively using electronic communication to the extent permissible by law."

## **9. Resolution on the change to Article 14 (1) of the Articles of Association (Chair of the general meeting)**

The Management and Supervisory Boards propose to resolve the following change to the Articles of Association:

"Article 14 (1) of the company's Articles of Association is cancelled and reworded as follows:

(1) The general meeting is chaired by the Chairman of the Supervisory Board or by a member of the Supervisory Board to be determined by the Supervisory Board. In the event that none of these persons accepts the chair, the chairman for the meeting will be elected by the members of the Supervisory Board present prior to the start of the general meeting."

## **10. Elections for the Supervisory Board**

The officiating members of the Supervisory Board (Hans J.M. Manteuffel, Prof. Peter Andree and Willi Müller) have resigned from their offices as members of the Supervisory Board as of the end of this general meeting. The company thanks Mr Manteuffel, Prof. Andree and Mr Müller for their long-standing services as the supervisory body at Varengold Bank AG. During their period of office, significant changes of major importance for the company were put in place. The first and foremost of these was expanding the company's purpose to include deposit business (Section 1 (1) Sentence 2 No. 1 of the KWG), lending business (Section 1 (1) Sentence 2 No. 2 of the KWG), custodian bank business (Section 1 (1) Sentence 2 No. 5 of the KWG) and guarantee business (Section 1 (1) Sentence 2 No. 8 of the KWG) as well as payment services according to Section 1 (2) of the ZAG (*Zahlungsdiensteaufsichtsgesetz* [Payment Services Supervision Act]). As part of the further internationalisation of the company's business, Mr Manteuffel, Prof Peter Andree and Mr Müller would like to pass on their offices to investment bankers with international experience.

According to Sections 95, 96 (1) Sixth Case and Section 101 (1) of the AktG in connection with Article 7 of the Articles of Association the Supervisory Board comprises three shareholder representatives. According to Article 7 (2) of the Articles of Association, the Supervisory Board members are elected for the period through to the end of the General Meeting which resolves their ratification for the fourth fiscal year after their election. The fiscal year in which the election was held is not included in this figure. According to Article 7 (3) of the Articles of Association, a successor for a member who resigns from office prior to the end of his period of office is elected for the remainder of the period of office of the exiting member.

The Supervisory Board proposes to pass the following resolution:

"The following are elected as members of the Supervisory Board

Mr Sanjay Shah, Villa C2, Palm Jumeirah, PO Box 191710, Dubai, investment banker and managing director of Elysium Global Ltd.,

Mr Michael Stephen Murphy, Twineham Grange Manor, Bob Lane, Twineham, West Sussex, RH17 5NH, investment banker and managing director of Novus Capital Markets Ltd.,

Mr Edo Barac, 72d Sydney Street, London, SW3 6NJ, investment banker and Head of Principal Investments der Elysium Global Ltd.,

for the period from the end of this ordinary general meeting through to the end of the general meeting which resolves on the ratification for fiscal year 2018 as members of the Supervisory Board."

Additional information:

Mr Sanjay Shah holds no positions on statutory Supervisory Boards or similar German or foreign supervisory bodies as defined by Section 125 (1) Sentence 5 of the AktG.

Mr Michael Stephen Murphy holds no positions on statutory Supervisory Boards or similar German or foreign supervisory bodies as defined by Section 125 (1) Sentence 5 of the AktG.

Mr Edo Barac holds no positions on statutory Supervisory Boards or similar German or foreign supervisory bodies as defined by Section 125 (1) Sentence 5 of the AktG.

### **Number of shares with voting rights**

On the date this general meeting was convened, there were a total of 1,948,368 shares, with each share granting the holder one vote.

### **Conditions for participation**

Only shareholders who have registered for the general meeting in good time and provide evidence of their shares are entitled to participate in the general meeting, exercise voting rights and to propose motions. Registration must be in writing (Section 126 of the BGB) or in text form (Section 126b of the BGB) in German or English. Shareholders prove their authorisation to participate in the general meeting using a shareholding certificate from their custodian bank in text form (Section 126b of the BGB) in German or English and based on the start of the 21<sup>st</sup> day prior to the meeting, i.e., **Wednesday 5 August 2015, 0.00 am**. This registration and shareholding certificate must be received at the following address at the latest by **midnight on Wednesday 19 August 2015:**

Varengold Bank AG  
c/o Bankhaus Gebrüder Martin AG  
Securities processing  
Kirchstrasse 35  
73033 Göppingen  
Telefax: 07161-969317  
E-Mail: bgross@martinbank.de

## **Proxies**

Voting rights can be exercised by a proxy, for example, a bank, a shareholders' association or another third party (including a proxy named by the company and subject to instructions). The power of attorney must be issued, revoked and evidence of the power of attorney must be provided to the company in text form (Section 126b of the BGB). It may also be revoked in person at the general meeting. If a shareholder issues a power of attorney to more than one person, the company can reject one or several of these persons. A template for voting rights can be found on the reverse of the entry ticket.

When appointing a credit institution, a shareholders' association or an equivalent person or institution according to Section 135 of the AktG special issues must be observed. In such cases shareholders are requested to coordinate any form for the power of attorney which may be required for the proxy in good time.

## **Proxy named by the company and subject to voting instructions**

We offer our shareholders the possibility of appointing a proxy named by the company and subject to voting instructions prior to the general meeting. Shareholders who would like to issue the proxy named by the company and who is bound by voting instructions also have to register before the requisite deadline for the general meeting. The proxy named by the company and who is subject to instructions is only available to exercise the shareholder's voting rights, but not to exercise other rights. If the proxy named by the company and subject to voting instructions is appointed, in all cases the proxy must be issued with voting instructions in order to exercise voting rights. If the proxy does not have any individual instructions, the proxy appointed by the company and subject to instructions cannot uphold the power of attorney. The proxy subject to voting instructions is obliged to vote in line with the instructions. For organisational reasons, these powers of attorney and instructions to the proxy named by the company and who is bound by voting instructions which are not issued in the general

meeting must be sent, together with the entry ticket (a copy is sufficient), to the following address at the latest by **Tuesday 25 August 2015, 2.00pm:**

Varengold Bank AG  
Investor Relations – 2015 general meeting  
Große Elbstraße 27  
22767 Hamburg  
Telefax: 040 – 668649 - 49  
E-mail: hv@varengold.de

As an alternative, it is also possible to hand over a power of attorney and voting instructions to the proxy during the meeting. Shareholders can download a form for issuing powers of attorney and instructions to the proxy named by the company and subject to voting instructions online at [www.varengold.de](http://www.varengold.de) under About us -> Investor Relations -> Financial Diary and General Meeting or this can be requested from Monday to Friday between 9 am and 5 pm using the phone number 0049 40 66 86 49 - 0.

#### **Motions and proposals for elections from shareholders**

Motions from shareholders according to Section 126 of the AktG or proposals for elections according to Section 127 of the AktG must be sent, exclusively, to the following address:

Varengold Bank AG  
Investor Relations – 2015 general meeting  
Große Elbstraße 27  
22767 Hamburg  
Telefax: 040 – 668649 - 49  
E-mail: hv@varengold.de

Counter-motions or election proposals from shareholders that are received at the above address at the latest by **midnight on Tuesday 11 August 2015** will be made accessible online at [www.varengold.de](http://www.varengold.de) -> About us -> Investor Relations -> Financial Diary and General Meeting subject to the conditions of Sections 126, 127 of the AktG. Any management opinions can also be found there.

Hamburg, July 2015

Varengold Bank AG  
The Management Board