



ANNUAL GENERAL MEETING 2020

NOVEMBER 25, 2020

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WE REGARD IT AS OUR JOB TO GIVE PEOPLE ACCESS TO CAPITAL AND BANKING SERVICES IN AN UNCOMPLICATED FASHION AND FAST. THAT IS WHY WE FINANCE MARKET PLACES AND SUPPORT THEM SO THEY CAN GROW QUICKLY AND SUCCESSFULLY.

FRANK OTTEN, BOARD OF DIRECTORS

ON THE RESPONSIBILITIES OF BANKS AND VARENGOLD'S COMMITMENT TO MARKET PLACE BANKING.

TARGETS FOR 2019

FINANCIAL TARGETS FOR 2019 OVERFULFILLED, ALL OTHER OBJECTIVES MET



- ✓ Profit before tax (EBT) between 2.8 Mio and 3.2 million €
- ✓ Continuation of digitalization measures
- ✓ Expansion of the customer base in commercial banking (CB) and market place banking (MPB)
- ✓ Increased head count

CONTINUATION OF STRATEGY IMPLEMENTATION AND CONTINUED GROWTH

- Extension of existing business relationships and acquisition of new customers in the lending sector
 - New entry into the ‚mobility‘ industry
- Growth ambitions satisfied: A total of 250 million € for Grover after increase of debt facility
- Fronting Services expanded:
 - Pilot project launched with Varengold as transaction bank for German depositors



CLUNO

EXAMPLE OF TRANSACTIONS CARRIED OUT:

- Cluno:
Loan capital finance for the expansion of their car subscription fleet („Auto-Abo Flotte“)

STEADY EXPANSION OF OUR CORE BUSINESS IN TRADE FINANCE UND TRANSACTION SERVICES

- Strong payment transaction business thanks to solid customer base and the acquisition of new customers
- Focussing on fully collateralised loan business
- Consistent expansion of our trade finance and transaction activities in the agricultural and medical goods sector
- Recruitment of well-known international new customers in the trade finance sector:
 - 6 out of the top 10 global food and/or commodity traders are Varengold Bank customers.

PROFIT AND LOSS ACCOUNT 2019

SUCCESSFUL DEVELOPMENT IN 2019 RESULT OF ORDINARY BUSINESS ACTIVITIES INCREASED BY 57 PER CENT

Breakdown of the items of the profit and loss account (kEuro)	2019 Januar 1 – Dezember 31	2018 Januar 1 – Dezember 31	Trend %
Interest income	6,559	6,369	+3
Current income from shares and other variable-yield securities	1,634	682	+140
Commission income	13,815	14,299	-3
Net income from trading portfolio	155	80	+94
Other operating income	-642	-506	-27
Administrative expenses	-16,639	-14,774	-13
Depreciation and value adjustments	-1,435	-3,867	+63
Income from ordinary business activities	3,594	2,283	+57
Extraordinary result	148	0	+100
Annual Profit	1,616	515	+214

BALANCE SHEET 2019

INCREASED CREDIT WITH THE GERMAN CENTRAL BANK THROUGH STRONG PAYMENT TRANSACTION BUSINESS AND, AS A RESULT, INCREASED AMOUNTS OWED TO CUSTOMERS

Balance sheet breakdown (kEuro)	2019 Dezember 31	2018 Dezember 31	Trend %
Receivables			
Credit with the German Central Bank (Deutsche Bundesbank)	261,367	134,495	+94
Credit with other banks	26,818	13,197	+103
Credit with customers (without municipal loans)	213,545	223,663	-5
Bonds and other fixed-interest securities	21,201	8,993	+136
Shares and other variable-yield securities	126,274	101,150	+25
Liabilities			
Liabilities to banks	28,259	18,787	+50
Amounts owed to customers	631,922	468,342	+35
of these deposits due on demand and term deposits	374,094	286,168	+31

CAPITAL 2019

REGULATORY CAPITAL REQUIREMENT STRENGTHENED THROUGH CAPITAL INCREASE AT THE BEGINNING OF 2019

Key figures (kEuro)	2019 Dezember 31	2018 Dezember 31	Trend %
Regulatory capital requirement (group)			
Liable equity	37,920	25,373	+49
Risk-weighted assets	233,203	200,138	+17
Total equity ratio	16,26 %	12,68 %	+28
Balance sheet total	707,329	530,935	+33

- Public offering with prospectus
- Capital stock increased from 6,210,423.00 to 9,315,634.00 € in exchange for cash contributions
- Issuing price 2.50 € per share
- Entry in the trade register on January 29, 2019

VARENGOLD SHARE PRICE

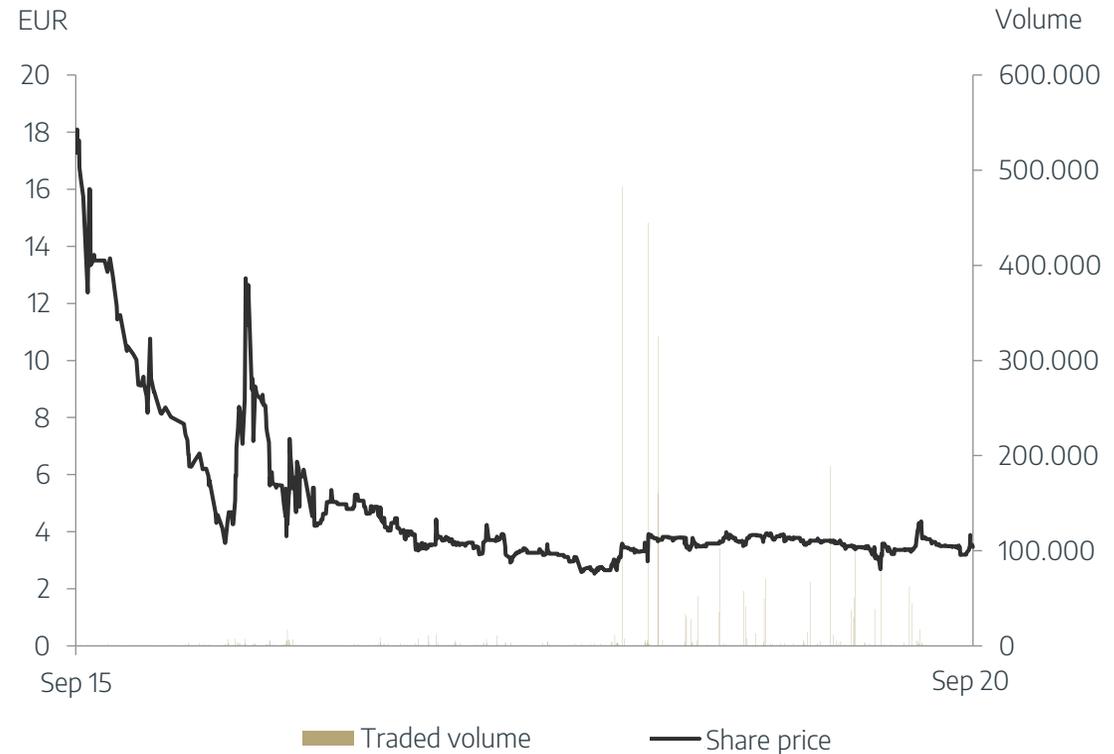
SIDEWAYS DEVELOPMENT OF SHARE PRICE CONTINUES

Development 2019

- Average price 3.71 € (2018: 3.22 €)
- Average volume of trade: 3,575 shares (2018: 17,653 shares)
→ Same period in 2018 characterised by high trading volume on a few days only
- Earnings per share: EUR 0.17 (2018: EUR 0.08)
- Market capitalisation:
34,467,846 € on Dec 31, 2019
(Dec 31, 2018: EUR 23,723,816)

TREND 2020 (as of Sept 30, 2020)

- Average price: 3.47 €
- Average volume of trade: 7,684 shares
- Market capitalisation:
34,748,832 €z as of Sept 30, 2020



Comment: Earlier share price developments cannot reliably indicate future developments

HIGHLIGHTS 2020 (YTD)

EBT 28 % above
same period of
previous year
despite
Covid 19

Smooth
operations
despite
pandemic thanks
to digitalisation

Fronting Services
expanded

Accreditation
with KfW-Bank
& Corona Fast
Loan Scheme

Climate
neutrality
achieved

Top 5 Fintech
Financing Deal in
Europe

25 Years of
Varengold

CONTINUED IMPLEMENTATION OF STRATEGY AND GROWTH

- Accreditation with KfW as principal bank attained
- Internal process optimisation for more efficient and faster execution
- Enlarged staff team



Kapilendo



Lender & Spender

EXAMPLES OF TRANSACTIONS:

- Kapilendo:
Providing German medium sized companies with Fast Lane Corona loans
- Lender & Spender:
Loan capital finance for consumer credits in the Netherlands

SIGNIFICANT GAINS ACROSS ALL SEGMENTS

- Expansion of payment transaction business thanks to steady acquisition of new customers
- Commission business continues to be lucrative, among other things because of long term customer relationships
- Credit risks reduced and reinforced acquisition of new business with fungible securities
- Continued expansion of trade finance business
Essential building blocks: L/C, guarantee business, debt collection business & Forfeiting

VALUE ADJUSTMENTS DUE TO COVID-19

- Application of necessary value adjustments of two trade finance funds

PROFIT AND LOSS ACCOUNT AS OF SEPTEMBER 2020

INCOME FROM ORDINARY OPERATIONS UP 33% ON PREVIOUS YEAR DESPITE HIGHER DEPRECIATIONS AND VALUE ADJUSTMENTS

Breakdown of profit and loss account (kEuro)	2020 Jan 1 – Sep 30	2019 Jan 1 – Sep 30	Trend %
Interest income	5,523	5,176	+7
Current income from shares and other non-fixed income securities	811	1,429	-43
Commission income	12,426	8,793	+41
Net income from trading portfolio	115	75	+55
Other operating income	374	-792	+147
Administrative expenses	-13,035	-11,543	-13
Depreciation and value adjustments	-3,370	-988	-241
Income from ordinary operations	2,855	2,141	+33
Extraordinary result	3	91	-96
Interim annual profit	2,119	1,108	+91

BALANCE SHEET AS OF SEPTEMBER 2020

SLIGHT REDUCTION OF LENDING BUSINESS DUE TO COVID 19

Breakdown of balance sheet (kEuro)	2020 September 30	2019 Dezember 31	Trend %
Receivables			
Credit with the German Central Bank (Deutschen Bundesbank)	365,513	261,367	+40
Credit with other banks	25,543	26,818	-5
Credit with customers (without municipal loans)	213,077	213,545	<-1
Bonds and other fixed-interest securities	22,387	21,201	+6
Shares and other variable-yield securities	102,098	126,274	-19
Liabilities			
Liabilities to banks (101 million € of these to the German Central Bank from open market operations)	108,504	28,259	+284
Amounts owed to customers	716,118	631,922	+13
of these deposits due on demand und term deposits	334,577	374,094	-11

CAPITAL SEPTEMBER 2020

REGULATORY CAPITAL REQUIREMENT FURTHER STRENGTHENED THROUGH CAPITAL INCREASE

Key figures (kEuro)	2020 September 30	2019 Dezember 31	Trend %
Regulatory Capital (group)			
Liabe equity capital	43,029	37,920	+14
Risk-weighted assets	229,484	233,203	-2
Total equity ratio	18,75%	16,26%	+15
Balance sheet total	919,675	707,329	+30

CAPITAL INCREASE 2020

CASH CAPITAL INCREASE EXCLUDING THE SUBSCRIPTION RIGHTS OF EXISTING SHAREHOLDERS

- Issue of 727,381 no-par value shares
- Increase of the capital stock from € 9,315,634,00 to € 10,043,015,00
- Issue price 3,85 € per share
- Commercial register entry: February 17, 2020

- Regulatory requirements regarding capital stock to ensure solvency
- Expansion of business growth
- Building up a capital buffer in preparation for expected volume expansion, particularly in the loans business
- Placement of shares with institutional investors, primarily within the finance and insurance sector
- When opting for the exclusion of subscription rights, the board of directors and the supervisory board considered both the interests of the bank and those of shareholders while not putting the interests of existing shareholders at a disadvantage,

VARENGOLD HAS WEATHERED THE CRISIS THANKS TO EARLY DIGITALISATION AND AN IMPROVED EARNINGS SITUATION

No operational disruption thanks to early digitalisation

- Restraint in approving loans during the Covid 19 crisis – this is why our lending business is below plan
- Completion of accreditation with KfW as principal bank and launch of new fast lane corona loans („Corona-Schnellkredite“)
- Increased acquisition of new CB customers – net earnings up 38% vis-à-vis same period of previous year
- Formation of risk reserve for trade finance funds
- Depreciation of a holding down to residual value
- Planning or formation of sufficient risk reserves, respectively
- On the basis of currently available information, EBT will be easily positive despite the covid 19 crisis

DIGITAL TRANSFORMATION OF VARENGOLD BANK STRENGTHENED

DocuSign eSignature: Electronic signing of internal and external documents

DocuSign CLM: Contract Lifecycle Management Tool for the creation of digitized and automated processes and the automated archiving of documents

Microsoft Teams: Internal & external communication, collaborative work, project management

Microsoft Dynamics: Customer Relationship Management Tool for the organisation of customer relations

UiPath RPA: Robotic Process Automation Software for the process automation of repetitive, time-consuming processes

AWS Cloud: Cloud platform with a wide range of functionalities such as infrastructure solutions, data bases, AI etc.

COMMUNICATIONS

SIGNIFICANTLY IMPROVED BRAND AWARENESS IN 2019 AND 2020:

- 16 press releases
- 100+ media reports internationally
- P2P Finance News „Company of Influence“ 2020
- P2P Finance News „Power 50“ Ranking & 2 Nominations of Head of London Branch for Credit Strategy Award
- 4 TV-Interviews
- 10+ appearances at conferences
- 7 Podcast/Web TV-appearances
- Number of social media followers increased manifold

SUSTAINABILITY & CSR (CORPORATE SOCIAL RESPONSIBILITY)

INITIATIVE "VARENGOLD CARES"

- Establishment of a sustainability team
- Achievement of climate neutrality through full compensation of CO₂-emissions (certified by TÜV Nord)
- Promotion of the climate protection project ‚Efficient cookstoves in Ghana‘
- Continued active membership of the Environmental Partnership Hamburg (Umweltpartnerschaft Hamburg) since 2018
- Recently joined the ‚Fair Company‘ Initiative
- Supporting staff’s mobility through partnering with Company Bikes (‚mein-dienstrad.de‘)
- Annual donations to a local charitable enterprise

OUTLOOK

Growing the
business &
managing
COVID-19-
related risks

Driving
digitalisation &
process
optimisation

Continuing to
pursue and
extend
sustainability
thinking

Implementing
New Work
Initiative

Introducing
digitally covered
ECA business

Segment trade
finance
continues to
grow in
importance

Expansion of the
loan book & of
fronting services
in MPB

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THE CURRENT SECOND WAVE OF THE COVID19 PANDEMIC IS HAVING AN IMPACT ON SOCIETY AND THE ECONOMY, YET AGAIN, OUR DEVELOPMENT SO FAR AND THE CONTINUING EXPANSION OF OUR BUSINESS ARE DEMONSTRATING THAT THE VARENGOLD BUSINESS MODEL IS FUTUREPROOF. WE ARE OPTIMISTIC AND OPERATIONALLY WELL-POSITIONED IN ORDER TO COPE WITH THE CURRENT CRISIS AND EVEN EMERGE FROM IT WITH REINFORCED STRENGTH.

DR. BERNHARD FUHRMANN, BOARD OF DIRECTORS
ON THE DEVELOPMENT OF VARENGOLD BANK IN TIMES OF THE COVID 19 CRISIS

AGENDA

- 01** Presentation of the approved annual financial statement and the management report of Varengold Bank AG as of Dezember 31, 2019, and of the supervisory board report for the business year 2019
- 02** Resolution on the formal approval of the actions of the members of the Board of Directors for the financial year 2019
- 03** Resolution on the formal approval of the actions of the members of the Supervisory Board for the financial year 2019
- 04** Appointment of the auditors for the financial year 2020
- 05** Resolution on the amendment of Article 17 of the Articles of Association of Varengold Bank (sections 5, 9 and 10)
- 06** Resolution on the revocation of the authorised capital 2018 and the authorised capital 2019 and resolution on the creation of a new authorised capital 2020

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