

Interim Report for 30 June

2018



V a r e n g o l d

B A N K

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

| | 30.06.2018 | 30.06.2017 | Change |
|---|----------------|----------------|------------|
| Key figures per share | in EUR | in EUR | in EUR |
| Earnings per share | -0.07 | 0.07 | -0.14 |
| Shareholder's equity per share | 21,674,376 | 13,151,484 | +8,522,892 |
| | 01.01.2018 | 01.01.2017 | Change |
| | bis 30.06.2018 | bis 30.06.2017 | |
| Profit and loss statement | in TEUR | in TEUR | in TEUR |
| Interest income | 3,429 | 2,047 | +1,382 |
| Income from investments/securities | 298 | 649 | -351 |
| Commission income | 8,108 | 5,819 | +2,289 |
| Net income from trading portfolio | 105 | 36 | +69 |
| Other operating income | -292 | -330 | +38 |
| Administrative expenses | -7,079 | -6,676 | -403 |
| Depreciation and value adjustments | -3,361 | -870 | -2,491 |
| Income from normal business operations | 1,208 | 675 | +533 |
| Income/loss for the year | -464 | 219 | -683 |
| | 30.06.2018 | 30.06.2017 | Change |
| Balance sheet | in TEUR | in TEUR | in TEUR |
| Balance sheet assets without trust assets | 665,455 | 699,817 | -34,362 |
| Share equity | 23,792 | 13,797 | +9,995 |

Disclaimer:

This English version of the interim report 2018 is for informational purposes only.

Legally binding is solely the German version of the interim report 2018.

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This interim report contains key figures and the half-year financial report – including the balance sheet, profit and loss statement, as well as attached explanatory notes related to the balance sheet, the management report – which are unaudited and have not undergone a formal review.

Statement of the legal representatives:

The Board of Directors confirms that to the best of their knowledge, the presented interim report, developed using standard accounting principles, provides the most true and fair view of the assets and financial position of the and that the interim report represents the most true and fair view of the company with respect to the important events and the consequences thereof within the first six months of the business year and their effects upon the organization.

20 September 2018

Dr. Bernhard Fuhrmann and Frank Otten
Board of Directors of Varengold Bank AG

Dear Shareholders,

Over the course of the first half of 2018, our focus was on the consequent implementation of our strategy, with which we would like to become one of the leading banks for the Marketplace Lending sector. The business development of the Varengold Bank AG continued to be influenced by the persistent low interest environment, increasing regulatory requirements and technical advancements, particularly in the competitive financial services sector.

In the first half year 2018, total assets increased from EUR 445.2 million to nearly EUR 665.5 million; demonstrating clear growth. The customer deposits, at EUR 599.3 million (or 90%), remain the defining position on the liabilities side of the balance sheet. In total, the results of normal business activities of Varengold Bank AG in the first half year of 2018 were TEUR 1,208 (30 June 2017: TEUR 675) with an annual net loss on the balance sheet in the amount of TEUR 464 (30 June 2017: annual profit TEUR 219).

To ensure a robust operational business growth despite the increasing capital requirements of the bank regulatory commission also into the future, the general meeting of shareholders of Varengold Bank AG decided on 21 August 2018 to implement a new cash capital increase capital increase with a grant of a direct subscription rights for shareholders. The equity base of the bank was increased by the middle of February 2019 from the current EUR 6,210,423.00 in cash contributions of up to EUR 3,105,211.00 to up to EUR 9,315,634.00.

The continuous optimization of our business activities since the refocusing of the Varengold Bank

have led to a solid development. We will continue to intensively follow this strategic agenda to become a long-term bank partner for Marketplaces (peer to peer platforms) and FinTechs. To orient ourselves more strongly toward our customers, we have begun with the redesign of our corporate identity, through which the brand of Varengold Bank and the underlying vision will be positioned in a modern fashion designed to cater to our external customer base. This relaunch will be marked notably by the new website going live in the 4th quarter.

The development path of the bank to date in its new orientation is an expression of the constructive cooperation of the entire Varengold team. At the beginning of 2018, we completed a targeted promotion of this cooperative effort in our bank-wide implementation of the OKR (Objectives and Key Results) management system. This system is populated by board-defined primary objectives for the enterprise, and the related key results, which are then individually operationalized through milestones by each organizational unit. All objectives and key results are visible inside the bank to all staff at any time. In this way, employees do not just see themselves as a “small cog” in the engine of the bank, but experience how their performance contributes to the achievement of organizational objectives. With OKR, we have succeeded in empowering staff to share their own ideas and to quickly make visible adjustments. We thereby encourage thinking “outside of one’s own four walls” and the transfer of “know-how” between individual organizational units. Only those who understand the entire process can deliver impulses to make the process more efficient and to strive to achieve the best result for our customers.

We wish to thank our customers and cooperation partners for the trust they have placed in us, as well as our staff for their commitment and dedication. The entire Varengold Team and the growing network of business partners are the backbone of the bank with whom we will master the remaining challenges that we face. For this reason, we're looking very confidently into the continued course of the business year 2018.

Hamburg, September 2018

The Board of Directors of Varengold Bank AG



Dr. Bernhard Fuhrmann

Frank Otten

Brief Description of the Business Portfolio

| | Marketplace Banking | Commercial Banking |
|-----------------------|---|---|
| Brief Description | <p>The customer focus of Varengold on providing bank-side services of Marketplaces based on the increasingly technology-driven financial services sector. The fundamental concept of Marketplaces (P2P platforms) is to replace the mostly internet-based classic bank lending of the banks at considerably more advantageous conditions with a better usability. As a rule, these platforms cannot get by with "peer" funding alone, but also require additional institutional funding. Varengold Bank will continue to be very active in this niche, thereby successfully connecting business activities of the most advanced FinTech organizations with classical bank services.</p> | <p>In the Commercial Banking area (also known as Transaction Banking), Varengold Bank presents itself as a global partner for demanding customers and investors to give business partners the opportunity to develop their transactions and trade activities across national borders by creating and supplying individualized products and solutions.</p> <p>We benefit in this segment from our many years of expertise supported by the deep horizon of experience of our employees. With the BaFin license that we received in June 2013 as a deposit credit institute, it is possible for us to offer our customers an expanded product palette of banking services to support their global commodity trading activities.</p> |
| Products | <ul style="list-style-type: none"> ■ Lending ■ Fronting services ■ Debt capital markets ■ Equity capital markets | <ul style="list-style-type: none"> ■ International payment transactions ■ Deposit accounts ■ Lombard loans ■ Bank guarantees ■ Letters of credit ■ Structured finance ■ Trade & export finance |
| Competitive Advantage | <ul style="list-style-type: none"> ■ Capacity building of credit volume with European diversified credit portfolios ■ Very well-developed network in the marketplace lending industry ■ Willingness to accompany organizations even in early phases and to grow together ■ Existing "complete banking" license and available German legal structures ■ Innovative product solutions embedded in German legal structures | <ul style="list-style-type: none"> ■ Expertise in emerging markets with robust networks ■ Dynamic adjustments to market changes ■ Status of a German regulated bank ■ Deposit protection of up to a maximum of 100,000 EUR per customer |
| Customer structure | <ul style="list-style-type: none"> ■ Marketplace lending platforms ■ FinTechs | <ul style="list-style-type: none"> ■ Corporate customers |
| Return Components | <ul style="list-style-type: none"> ■ Interest yield ■ Commissions | <ul style="list-style-type: none"> ■ Fees ■ Interest yield ■ Commissions |

The stock of Varengold Bank has been listed in Open Market on the Frankfurt Stock Exchange since 2007. In addition, the stock is traded on the exchanges in Stuttgart, Düsseldorf, Berlin and on the electronic trading system XETRA.

Key Figures

| | |
|--------------------|------------------------------------|
| Stock | Varengold Bank AG |
| WKN | 547930 |
| ISIN | DE0005479307 |
| Stock symbol | VG8 |
| Market segment | Open Market / Free trading |
| Transparency level | Basic Board |
| First listing | 20 March 2007 |
| Share (Type) | No-par value, bearer common shares |
| Number of shares | 6,210,423 shares |
| Total capital | 6,210,423 EUR |
| Designated sponsor | Oddo Seydler Bank AG |
| Paying agency | Bankhaus Gebr. Martin AG |
| Specialist | Baader Bank AG |

General Conditions and Development in the 1st Half-Year 2018

International trading activities in the first six months of 2018 were influenced by a variety of geopolitical events. These included the presidential elections in Russia and Turkey, the parliamentary elections in Italy, the increasing tensions in the trade relationships between the United States of America and China and Europe, as well as the formation of a Grand Coalition in the German Bundestag.

Although some indices were able to reach new records at the end of January, based predominantly on optimism, a strongly negative market correction due to increasing political uncertainties and growing concerns over an escalation of trade conflicts.

The DAX and the S&P 500 lead the decline by shrinking more than 10 percent. Since then the markets have been able to visibly recover, however, due to increasing selectivity of market participants and lingering uncertainty, the half-year balances for most of the indices were negative.

Varengold Bank AG stock prices had a value at the beginning of the year of EUR 4.16 and reached a yearly high at the end of January of EUR 4.40. In the further course of the year the share price sank and then fluctuated between EUR 3.00 and almost EUR 4.50. The lowest value of Varengold shares this year to date occurred at the beginning of August, hitting a price of EUR 2.84.

On average, the price of Varengold shares fell as compared with the first half year of 2017 by EUR 5,23 to EUR 3.71. The average number of shares traded daily in the reporting period was 1,314 shares, as compared to 791 shares traded daily on average during the first six months of 2017.

The results per share decreased by EUR 0.07 to EUR -0.07. Market capitalization grew noticeably by the reporting day of 30 June 2018, through the new capital increase to EUR 21,674,376 (30 June 2017: EUR 13,151,484).

Price History of Varengold Shares



In accordance with (German Commercial Tax Code)
as of 30 June 2018

Varengold Bank AG

Große Elbstraße 14
22767 Hamburg

| | | | |
|---|---------|--|---------|
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Varengold Bank AG, Hamburg

INTERIM BALANCE SHEET AS OF 30 JUNE 2018

Assets

| | EUR | Financial year EUR | Previous year TEUR |
|---|----------------|-----------------------|-----------------------|
| 1. Cash reserve | | | |
| a) Cash and cash equivalents | 4,589.44 | | 4.6 |
| b) Balances with Central Banks | 313,506,205.19 | | 79,969.3 |
| - of which: with the German Central Bank: EUR 313,506,205.19 | | 313,510,794.63 | 79,973.9 |
| 2. Loans and advances to credit institutions | | | |
| a) Due on demand | 24,408,863.06 | | 20,898.5 |
| b) Other receivables | 7,104,888.93 | | 3,036.9 |
| | | 31,513,751.99 | 23,935.4 |
| 3. Customer receivables | | 234,772,966.78 | 250,607.8 |
| - of which: | | | |
| Secured by mortgages: EUR 38,670.08 | | | (379.64) |
| Municipal loans: EUR 29,200,000.00 | | | (61,482) |
| 4. Bonds and other fixed-income securities | | | |
| a) Bonds and debt | | | |
| aa) From public issuers | 14,531,638.36 | | 17,231.6 |
| - of which: acceptable as collateral at the German Central Bank: EUR 14,069,825.00 | | | (16,912.96) |
| ab) from other issuers | 3,013,125.00 | | 5,102.1 |
| | | 17,544,763.36 | 22,333.7 |
| 5. Shares and other variable-yield securities | | 58,397,745.91 | 57,663.2 |
| 5a. Trading portfolio | | 3,864,256.88 | 3,774.1 |
| 6. Participating interests | | 697,975.20 | 698.0 |
| 7. Shares in affiliated companies | | 2,230,551.05 | 2,260.6 |
| - of which: in financial services institutions EUR 1,709,770.55 | | | |
| 8. Intangible assets | | | |
| a) Self-created industrial and similar rights and assets | 0.00 | | 0.0 |
| b) acquired intangible concessions | 82,400.88 | | 116.4 |
| | | 82,400.88 | 116.4 |
| 9. Fixed assets | | 155,039.19 | 159.9 |
| 10. Other assets | | 1,633,450.97 | 1,744.7 |
| 11. Accruals and deferred income | | 326,019.71 | 91.3 |
| 12. Deferred tax assets | | 725,409.62 | 1,852.6 |
| Total assets | | 665,455,126.17 | 445,211.5 |

Liabilities

| | EUR | Financial year EUR | Previous year TEUR |
|---|----------------|-----------------------|-----------------------|
| 1. Liabilities to banks | | | |
| a) Due on demand | 14,780,745.93 | | 16,426.2 |
| b) With agreed maturity dates or periods of notice | 17,662,137.28 | | 13,940.3 |
| | | 32,442,883.21 | 30,366.6 |
| 2. Amounts owed to customers | | | |
| a) Other liabilities | | | |
| aa) Due on demand | 375,795,173.89 | | 245,421.0 |
| ab) With agreed maturity dates or periods of notice | 223,465,777.19 | | 141,948.1 |
| | | 599,260,951.08 | 387,369.1 |
| 2a. Trading portfolio | | 0.00 | 0.0 |
| 3. Other liabilities | | 1,010,546.11 | 747.9 |
| 4. Accruals and deferred income | | 428,811.23 | 679.8 |
| 5. Provisions | | | |
| a) Reserves for pensions and similar obligations | 98,202.00 | | 98.2 |
| b) Provisions for taxes | 656,380.11 | | 111.9 |
| c) Other provisions | 2,764,757.83 | | 2,377.8 |
| | | 3,519,339.94 | 2,588.0 |
| 6. Instruments of additional regulatory core capital | | 5,000,000.00 | 5,000.0 |
| 7. Share equity | | | |
| a) Subscribed capital | | 6,210,423.00 | 4,140.2 |
| b) Capital reserves | | 37,974,640.30 | 34,248.4 |
| c) Reserves | | | |
| ca) Legal reserves | 1,700.00 | | 1.7 |
| cb) Other retained earnings | 16,700.00 | | 16.7 |
| | | 18,400.00 | 18.4 |
| d) Net loss | | -20,410,868.70 | -19,946.8 |
| Total Liabilities | | 665,455,126.17 | 445,211.5 |
| 1. Contingent liabilities | | | |
| a) Liabilities from guarantees and indemnity agreements | | 3,978,194.23 | 1,998.9 |
| 2. Other liabilities | | | |
| a) Irrevocable loan commitments | | 30,625,921.13 | 14,980.0 |

PROFIT AND LOSS STATEMENT

For the period 1 January 2018
to 30 June 2018

| | Financial year | | Previous year | | | Financial year | | Previous year | |
|--|---------------------|----------------------|---------------|-----------------|---|----------------|----------------|-----------------------|------------------|
| | EUR | EUR | EUR | TEUR | | EUR | EUR | EUR | TEUR |
| 1. Interest income from | | | | | 12. Revenues from claims and certain securities and reversal of accruals in lending business | | | 0.00 | 0.0 |
| a) Credit and money market transactions | 4,240,551.43 | | | 3,377.3 | 13. Depreciation and value adjustments on shares, shares in affiliated companies and assets treated as securities | | | 0.00 | -442.8 |
| less negative interest from bank balances | -447,133.66 | | | -683.2 | 14. Income from ordinary activities | | | 1,208,006.10 | 675.4 |
| | <u>3,793,417.77</u> | | | <u>2,694.0</u> | 15. Extraordinary income | 0.00 | | 0.00 | 0.0 |
| b) Fixed-income securities and debt register claims | 425,453.27 | | | 556.4 | 16. Extraordinary expenses | <u>0.00</u> | | 0.00 | 0.0 |
| less negative interest | 0.00 | | | -0.8 | 17. Extraordinary results | | 0.00 | 0.00 | 0.0 |
| | <u>425,453.27</u> | 4,218,871.04 | | <u>555.5</u> | 18. Taxes on income and earnings | | -1,671,679.31 | | -456.6 |
| 2. Interest expenses | -1,190,865.20 | | | -1,203.0 | 19. Other taxes not listed under position 10 | | <u>-413.00</u> | | -0.1 |
| positive interest on customer deposits | <u>401,070.28</u> | | | <u>0.0</u> | | | -1,672,092.31 | | -456.7 |
| | | <u>-789,794.92</u> | | <u>-1,203.0</u> | 20. Annual profit/loss | | | -464,086.21 | 218.7 |
| | | | 3,429,076.12 | 2,046.6 | 21. Loss from previous year | | | -19,946,782.49 | -19,970.3 |
| 3. Current income from | | | | | 22. Net loss | | | <u>-20,410,868.70</u> | <u>-19,751.6</u> |
| a) Shares and other variable-yield securities | | 298,329.36 | | 649.4 | | | | | |
| b) Investments | | 0.00 | | 0.0 | | | | | |
| c) Shares in affiliated companies | | <u>0.00</u> | | <u>0.0</u> | | | | | |
| | | | 298,329.36 | 649.4 | | | | | |
| 4. Commission revenues | | 9,303,246.38 | | 14,072.8 | | | | | |
| 5. Commission expenses | | <u>-1,194,955.39</u> | | <u>-8,253.8</u> | | | | | |
| | | | 8,108,290.99 | 5,819.0 | | | | | |
| 6. Net income from trading portfolio | | | 105,181.68 | 35.7 | | | | | |
| 7. Other operating income | | | 96,931.06 | 143.9 | | | | | |
| 8. General and administrative expenses | | | | | | | | | |
| a) Personnel expenses | | | | | | | | | |
| aa) Wages and salaries | -3,247,139.13 | | | -3,165.9 | | | | | |
| ab) Social security contributions and expenses for pensions and other employee benefits | | | | | | | | | |
| - of which: for pensions EUR 123,053.98 (previous year: TEUR 125.3) | <u>-434,685.09</u> | | | <u>-454.0</u> | | | | | |
| | | -3,681,824.22 | | -3,620.0 | | | | | |
| b) Other administrative expenses | | <u>-3,397,670.97</u> | | <u>-3,055.6</u> | | | | | |
| | | | -7,079,495.19 | -6,675.5 | | | | | |
| 9. Depreciation and amortisation of intangible assets and property | | | -66,186.09 | -91.8 | | | | | |
| 10. Other operating expenses | | | -388,540.07 | -473.5 | | | | | |
| 11. Depreciation and value adjustments on receivables and certain securities and additions to provisions in lending business | | | -3,295,581.76 | -335.54 | | | | | |

Varengold Bank AG, Hamburg
District Court Hamburg, HRB 73684

NOTES

For the period from 1 January 2018
to 30 June 2018

1 General information

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).

Entries that apply to multiple positions are grouped together to provide greater clarity and, unlike Section 284 paragraph 1 sentence 1, continue to be posted in a comprehensive entry.

As all subsidiaries pursuant to Section 296 paragraph 2 HGB are of lesser importance for an appropriate view of the group's assets, 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.

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.

The cash position and deposits in Central Banks are recorded at nominal value.

Claims to banks and customers were generally recorded at nominal value. Where necessary, counterparty risks are covered by the formation of individual value adjustments. The amount of the provision for individual counterparty risks are determined by the difference between the book value of the claim and the probable recoverable amount. Irrecoverable debts are written off. The deferred credit risk is covered by the formation of a general value adjustment. Their establishment is carried out in accordance with the document of the Federal Ministry of Finance dated 10 January 1994.

Debt securities and other fixed-income securities which are listed under fixed assets are valued according to the lower value principle. The allocation of liquidity reserve is calculated using the strict lower of cost or market principle. Fixed assets are securities with a carrying value of TEUR 3,013. The recorded carrying value corresponds to fair value.

Stocks and other non-fixed asset securities that are recorded under fixed assets are valued according to the lower value principle. The allocation of liquidity reserve is calculated using the strict lower of cost or market principle. The recorded carrying value corresponds to fair value.

The internal institutionally established criteria for recording the financial instruments in the trading portfolio have not changed in the financial year. Pursuant to Section 340e paragraph 3 sentence 1 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.

The risk premium is determined using the value at risk method with a confidence level of 99%, a holding period of five days and an observation period of 520 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 30 June 2018, the risk premium is TEUR 60, which is recorded as expenses under der trading results according to Section 340c paragraph 1 HGB.

The investments and shares in associated companies are valued using the corresponding rules for acquisition costs when applicable, less depreciation at lower of cost or fair value.

Purchased software is recognized under intangible assets and like tangible assets are recorded at acquisition costs taking scheduled amortization into consideration. The Bank uses the fiscal depreciation rates as a basis (asset depreciation) for expected useful life.

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 in years of acquisition until 2017, 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. As of financial year, 2018, new acquisitions at costs between EUR 250 and EUR 1,000 are compounded. Assets with a value of less than EUR 250 will be treated as immediate operating expenses.

Other intangible assets are stated at face value.

Active prepaid expenses (primarily prepaid rents and insurance) are stated in accordance with Section 250, paragraph 1 HGB.

There are active deferred taxes amounting to TEUR 725 (previous year: TEUR 1,853) from taxable losses carried forward. The deferred tax assets are subject to legal distribution restriction. The Management Board expects the full utilization in the next five years of the deferred tax assets formed in previous years. 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.

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.

Pension provisions, which are mainly based on provisions for surviving dependents, are calculated according to actuarial principles using the 2005G guideline tables of Klaus Heubeck in accordance with the Section 253, paragraph 2 HGB. For the valuation process, the modified part-value method is used. It is based on an actuarial interest rate of 3.68 %, a salary and career trend of 2.0 % and a fluctuation of 10 %.

The amounts of provisions, including provisions for taxes, are determined using sound business judgement.

The issued instruments of the regulatory core capital are valued at their nominal value. The interest expenses are limited based on expected payments to the owners of the instruments.

The interest-related transactions in the bank book are examined annually in their entirety for excess liability. For this, a present value-based approach, which takes expected future risks and administrative costs into account, is used. The valuation of the interest-related business of the Banking book (Interest book) showed no excess liability and therefore 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 2, number 4 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 financial 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 that are not covered by annual net profit, no allocation was made to the special account in the first half of the financial year, pursuant to Section 340e, paragraph 4, sentence 2, numbers 2 and 3 HGB. (Status on 30.06.2018: EUR 0.00).

All foreign currency transactions not classified in the trading portfolio are valued as separately-covered in each currency according to Section 340h HGB.

In the case of the trading portfolio and if special hedging exists, both the expenditure and the income from foreign currency conversion are recognized as income. The conversion results from foreign currency conversion are included in other operating results according to RS BFA 4, note 22.

The irrevocable loan commitments, other financial obligations and all other balance sheet items are reported in their nominal amounts. Negative interest from operations and positive interest from lending transactions are stated under reduction in interest income or interest expense and noted on the GuV form. The previous year's amounts of interest income and interest expenses were adjusted to negative interest on the statement.

The amounts, unless otherwise indicated, are expressed in TEUR (thousands of Euros). For computational reasons, there may be rounding differences in tables of +/- one unit.

3 Currency conversions

During the year, cash-settled income with the current exchange rates was booked in the profit and loss account. Foreign currency items were converted on the reference date with the ECB reference rates in euro in accordance with Section 256a HGB.

As of 30 June 2018, the following balance sheet items contain the die following foreign currency amounts:

| Balance Sheet Items | 30.06.2018 | 31.12.2017 |
|---|------------|------------|
| | TEUR | TEUR |
| Loans and advances to credit institutions | 14,527 | 10,828 |
| Customer receivables | 27,793 | 33,681 |
| Shares and other variable income securities | 47,664 | 46,929 |
| Trading portfolio (active) | 0 | 0 |
| Shares in affiliated companies | 1,754 | 1,754 |
| Other assets | 253 | 247 |
| Deferred charges (active) | 117 | 0 |
| Liabilities to banks | 0 | 0 |
| Amounts owed to customers | 35,927 | 47,049 |
| Other liabilities | 111 | 76 |
| Provisions | 56 | 0 |
| Tangible assets | 2 | 0 |

4 Notes to the Balance Sheet

4.1 Overall disclosures

4.1.1 Relationships to associated companies

| | 30.06.2018 | 31.12.2017 |
|----------------------------------|------------|------------|
| | TEUR | TEUR |
| Customer receivables | 234,773 | 250,608 |
| of which to associated companies | 5,404 | 5,291 |

The "of which" item results from claims against the Varengold Capital Investment Company Limited, British Virgin Islands and the Varengold Capital Holdings Limited, British Virgin Islands.

| | 30.06.2018 | 31.12.2017 |
|----------------------------------|------------|------------|
| | TEUR | TEUR |
| Amounts owed to customers | 599.261 | 387.369 |
| of which to associated companies | 651 | 754 |

The "of which" item results from liabilities owed to Varengold Verwaltungs AG, Hamburg, Varengold Capital Holdings Limited, British Virgin Islands and Varengold Capital Asset Management Limited, Hongkong.

4.1.2 Breakdown by remaining maturity

| | 30.06.2018 | 31.12.2017 |
|--|------------|------------|
| | TEUR | TEUR |
| Loans and advances to credit institutions | 31,514 | 23,935 |
| on demand | 24,409 | 20,898 |
| to three months | 5,160 | 834 |
| more than three months to a year | 1,945 | 0 |
| more than a year to five years | 0 | 2,203 |
| Customer receivables | 234,773 | 250,608 |
| on demand | 2,184 | 4,406 |
| to three months | 162,526 | 45,291 |
| more than three months to a year | 17,357 | 146,412 |
| more than a year to five years | 52,706 | 54,499 |
| more than five years | 0 | 0 |
| Bonds and other fixed-interest securities | 17,545 | 22,334 |
| of which due in the following financial year | 4,068 | 19,334 |
| Liabilities to banks | 32,443 | 30,367 |
| on demand | 14,781 | 16,427 |
| to three months | 17,662 | 13,940 |
| Amounts owed to customers | 599,261 | 387,369 |
| on demand | 375,795 | 245,420 |
| to three months | 12,789 | 30,391 |
| more than three months to a year | 125,142 | 88,370 |
| more than a year to five years | 85,535 | 23,188 |

4.1.3 Securities

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

| | 30.06.2018 | 31.12.2017 |
|--|------------|------------|
| | TEUR | TEUR |
| Notes and other fixed-income securities | 17,545 | 22,334 |
| unlisted | 3,013 | 0 |
| listed | 14,532 | 22,334 |
| - of which: publicly owned | 14,532 | 22,334 |
| Shares and other variable-yield securities | 58,398 | 57,663 |
| listed | 10,734 | 57,663 |
| - of which: publicly owned | 10,734 | 32,199 |
| Investments in affiliated companies | 2,231 | 2,261 |
| unlisted | 406 | 506 |
| listed | 1,755 | 1,755 |
| - of which publicly owned | 0 | 0 |
| Participations | 698 | 698 |
| unlisted | 100 | 100 |
| listed | 598 | 598 |
| - of which publicly owned | 550 | 550 |

4.2 Post-individual disclosures

4.2.1 Claims and liabilities with customers

The customer receivables (TEUR 234,773) consist primarily of Lombard loans and municipal loans.

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.

4.2.3 Shares in investment assets

Investments exist in shares in foreign investment assets, mainly in the form of short-term receivables and short-term real estate loans. These are comprised of both distribution shares and accumulation shares.

4.2.4 Equity ownership and shares in affiliated companies

Varengold Bank AG holds the following unlisted shareholdings:

| Gesellschaft | Ownership | | Share equity | Result |
|---|-----------|----------|--------------------|----------------------|
| | direct | indirect | 30.06.2018 | 30.06.2018 |
| | % | % | TEUR | TEUR |
| Hanseatic Brokerhouse Securities AG, Hamburg | 33.00 | | 896 ¹⁾ | -1,121 ¹⁾ |
| Lava Trading Ltd., Valetta, Malta | 49.79 | | -6 ²⁾ | -6 ²⁾ |
| Varengold Capital Holdings Limited, British Virgin Islands | 100 | | -358 ³⁾ | 28 ³⁾ |
| Varengold Capital Securities Limited, Hong Kong | 100 | | 653 ³⁾ | 94 ³⁾ |
| Varengold Verwaltungs Aktiengesellschaft, Hamburg | 100 | | 486 ⁴⁾ | -43 ⁴⁾ |
| Varengold Capital Advisory Limited, Hongkong | | 100 | 27 ³⁾ | 0 ³⁾ |
| Varengold Capital Asset Management, Limited, Hongkong | | 100 | 719 ³⁾ | 194 ³⁾ |
| Varengold Capital International Company Limited, British Virgin Islands | | 100 | -628 ³⁾ | -0.8 ³⁾ |
| Varengold Investment Funds SPC, Cayman Islands | | 100 | -606 ³⁾ | 0 ³⁾ |
| Varengold Capital Investment Company Limited, British Virgin Islands | | 100 | -582 ³⁾ | 219 ³⁾ |
| Varengold Capital Management Limited, British Virgin Island | | 100 | -445 ³⁾ | -412 ³⁾ |

According to Section 285 Nr. 11 in conjunction with Section 271 HGB holdings under 20% are not listed.

1) Annual report of 31.12.2016

2) Annual report of 31.03.2015 (different fiscal year)

3) Entries in EUR converted on 29.06.2018. Exchange rate HKD: 9.1468

4) Interim financial report of 30.06.2018

4.2.5 Gross assets analysis

| | Purchase | | | 30.06.18 | Depreciation | | | Residual book value | |
|---|----------------------------|-----------|-------------|--------------|--------------|-----------|-------------|---------------------|------------|
| | Accruals | Uses | Accumulated | | Accruals | Uses | Accumulated | 30.06.18 | 31.12.17 |
| | 01.01.18 | 2018 | 2018 | 01.01.18 | 2018 | 2018 | 30.06.18 | 30.06.18 | 31.12.17 |
| | TEUR | TEUR | TEUR | TEUR | TEUR | TEUR | TEUR | TEUR | TEUR |
| Intangible assets | | | | | | | | | |
| Self - created | | | | | | | | | |
| Intellectual property rights and similar rights and assets | 388 | 0 | 0 | 388 | 388 | 0 | 0 | 388 | 0 |
| Purchased concessions. Intellectual property rights and assets, as well as licenses to such rights and assets | 2,133 | 3 | 0 | 2,136 | 2,017 | 37 | 0 | 2,053 | 83 |
| Fixed assets | 729 | 9 | 0 | 738 | 569 | 29 | 0 | 597 | 155 |
| Total | 3,249 | 12 | 0 | 3,261 | 2,973 | 65 | 0 | 3,038 | 238 |
| | Change^{*)} | | | | | | | | |
| Notes and other fixed-interest securities | | | | -1 | | | | 3 | 5 |
| Shares and other variable securities | | | | 735 | | | | 58,398 | 57,663 |
| Participations | | | | 0 | | | | 698 | 698 |
| Shares in affiliated companies | | | | -30 | | | | 2,231 | 2,261 |

*) The possible method of summarizing financial assets according to Section 34 paragraph 3 RechKredV was utilized.

The intangible assets consist of purchased software, as well as concessions and intellectual property rights. The fixed assets contain operating and business equipment (including leasehold improvements).

According to the Board resolution of 02.01.2017, funds in the amount of TEUR 29,775 from the asset portfolio were re-classified as liquidity reserves.

4.2.6 Trading portfolio

The trading portfolio is comprised of the following:

| Assets | 30.06.2018 TEUR | 31.12.2017 TEUR |
|------------------------------|--------------------|--------------------|
| Trading portfolio securities | 3,924 | 3,834 |
| Trading portfolio shares | 0 | 0 |
| Risk provision (VaR) | -60 | -60 |
| Total | 3,864 | 3,774 |

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

Pursuant to Section 255, paragraph 4, sentence 1 HGB, the fair value corresponds to the market price of the financial instrument.

4.2.7 Other assets

This position mainly includes tax receivables (TEUR 1,172), and receivables from paid security deposits (TEUR 168).

4.2.8 Liabilities to credit institutions

The position liabilities to credit institutions contains cash securities for forfeiting transactions with agreed maturation dates.

4.2.9 Liabilities to customers

The liabilities include call money (EUR 90 mil.), accounts for payment transactions (EUR 257 mil.), security deposits (EUR 20 mil.) and fixed-term deposits (EUR 223 mil.) combined.

4.2.10 Other liabilities

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

| | 30.06.2018 TEUR | 31.12.2017 TEUR |
|------------------------------------|--------------------|--------------------|
| Liabilities from services provided | 500 | 439 |
| Liabilities for income tax | 100 | 92 |
| Liabilities for settlement tax | 22 | 79 |
| Other liabilities | 247 | 138 |
| Liabilities for factoring services | 142 | 0 |
| Total | 1,011 | 748 |

Liabilities from services provided include primarily not yet due accounts. Other liabilities consist mainly of liabilities from the payment commitment in the equity capital of the Varengold Capital Holdings Ltd., and obligations from a compensation claim from previous years.

4.2.11 Reserves for pensions and similar obligations

Pension reserves have been formed for dependents. The difference between the value of the pension provision with the 10-year average interest rate (TEUR 98) and the 7-year average interest rate (TEUR 104) is TEUR 6 and is subject to a payout restriction (Section 253 para. 6 sentence 2 HGB).

4.2.12 Provision for taxes

According to minimum taxation provisions, income tax costs are incurred for financial year 2017 and the first half year of 2018. Tax provisions are listed for commercial tax provisions (tax rate 16.45 %) in the amount of TEUR 313 and corporate accruals (tax rate 15 % plus 0.825 % solidarity contribution) in the amount of TEUR 302.

The remaining tax provisions for pro-rata profits from the London business location for the year 2018 in the amount of TEUR 40. A basis income tax rate of 20 % is used in this instance.

4.2.13 Other provisions

This position is comprised of the following:

| | 30.06.2018 TEUR | 31.12.2017 TEUR |
|--------------------------------------|--------------------|--------------------|
| Disability insurance | 0 | 0 |
| Personnel leasing | 0 | 0 |
| One-time EdB payment | 0 | 0 |
| Employer's liability insurance | 0 | 10 |
| Negative interest | 51 | 12 |
| Outstanding invoices for IT services | 123 | 28 |
| Prime Brokerage Fees (SBL) | 29 | 29 |
| Archiving costs | 55 | 60 |
| Compensation Scheme German Banks | 471 | 63 |
| Vacation accrual | 153 | 69 |
| Legal and consulting fees | 404 | 191 |
| Other | 487 | 357 |
| Audit and annual report costs | 232 | 397 |
| Bonus payments | 789 | 1,162 |
| Total | 2,765 | 2,378 |

4.2.14 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, if there are supervisory review process or tax reasons to do so. Each premature calling of the

bonds requires the prior 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 of Varengold Bank 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 EUR 0.00 on 30 June 2018.

On 30 June 2018 the outstanding additional Tier-1 bonds were the following:

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

4.2.15 Share equity

Fully paid-up share (TEUR 6,210) is divided on the balance sheet date into 6,210,423.00 no-par value registered shares.

The capital reserve in the amount of TEUR 37,974 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), 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), from the capital increase in April 2015 when 176,963 new shares were issued at a premium of EUR 19.00 per share (TEUR 3,362), from the capital increase in February 2016 with the issuance of 974,184 new shares at a premium of EUR 12.00 per share (TEUR 11,690) and from the capital increase in July 2017 when 1,217,730 new shares at a premium of EUR 2.99 per share (TEUR 3,641). In addition, The Board of Directors was authorized by resolution of the General Shareholders' Meeting of Varengold Bank AG on 23 August 2017 to place an additional 2,070,141 new shares at a premium of EUR 1.80 (TEUR 3,726) in the first half year 2018. This capital increase was registered in the commercial registry on 16 February 2018.

The company reported an approved capital on the reporting date of an additional approved capital increase 2016 of EUR 243,546.00.

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 ("AOP 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.

In the context of the AOP in 2012, 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 installments, whereby no installment 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 authorization, the Supervisory Board made a stock option offer of a total of 85,500 shares to management personnel of the Company at the end of the reporting period. In total 45,000 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 the first half year of 2018 no distribution of stock options took place.

The distribution block pursuant to Section 268 para. 8 HGB attributed to deferred tax assets in the amount of TEUR 725 and to the difference from the provision for pensions (TEUR 6).

4.2.16 Contingent liabilities

As of 30 June 2018, liabilities from guarantees and indemnity agreements, primarily in the form bank guarantee credits, amounted to TEUR 3,978 (31.12.2017: TEUR 1,999). The risk of contingent liabilities is deemed to be low.

A single security guarantee constitutes 45% of these guarantees and expires on 24.01.2019.

A remaining third of the security guarantees are almost exclusively distributed to one customer comprised of several smaller loans with different maturity dates; these are all cash collateralized transactions.

The risk of loss from contingent liabilities is reduced, through the possibility of recourse for the individual customer, and is therefore mainly associated with the credit risk of the customer.

The Bank estimates the risk that a loss will result from a contingent liability, prior to a binding execution of their responsibilities in the context of a credit review of the customer and where appropriate an assessment of the expected fulfillment of underlying obligations for each customer.

As of 30 June, other obligations in the form of an irrevocable credit commitment in the amount of TEUR 30,626 (31 December 2017: TEUR 14,980) towards a customer who may make partial withdrawals if necessary. In this event, certain prerequisites for disbursement must be met, which are verified before each respective payout. The Bank estimates the risk that a loss will result from the irrevocable credit commitment, prior to making a binding obligation by conducting a credit review.

5 Notes to the profit and loss statement

All earnings occurred on the domestic market.

5.1 Interest income

The interest income is derived mainly from loans granted and fixed-income securities. Negative interest paid (mainly incurred at the German Central Bank and for securities deposited as collateral) is openly deducted from interest income. Received negative interest for security deposits are also openly deducted from interest expenses.

The interest expenses are mainly comprised of interest on customer deposits (on demand, time-deposits). Received negative interest for customer collateral and customer deposits are also discharged from interest expenses.

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

In the revenue from shares and other variable-yield securities and from equity investments are all dividends from von fund investments.

5.3 Fee and commission income / expenses

Commission revenues are fees received from the Commercial Banking division for payment transactions, guarantees and credit business (TEUR 9,296). For the Marketplace Banking division, commission revenue is derived from the credit business (TEUR 7).

The commission expenses position come from primarily the Commercial Banking area for payment transactions (TEUR 994), Marketplace Banking for the credit business (TEUR 20) and from the Treasury area for incidental expenses for monetary transactions and custodial fees (TEUR 181).

| | 30.06.2018 TEUR | 30.06.2017 TEUR |
|---------------------------|--------------------|--------------------|
| Commission revenues | 9,303 | 14,073 |
| Commission expenses | 1,195 | 8,254 |
| Commission surplus | 8,108 | 5,819 |

5.4 Net income / expense in the trading portfolio

The revenues of the trading portfolio result from the Treasury division (TEUR 105).

5.5 Other operating income

Other operating income is mainly generated from reversal of provisions and income during other periods.

5.6 Personnel costs

| | 30.06.2018 TEUR | 30.06.2017 TEUR |
|---|--------------------|--------------------|
| Wages and salaries | 3,247 | 3,166 |
| Social security benefits | 329 | 388 |
| Expenses for pensions and employee benefits | 123 | 125 |
| Total | 3,682 | 3,620 |

5.7 Other administrative expenses

| | 30.06.2018 TEUR | 30.06.2017 TEUR |
|--|--------------------|--------------------|
| Occupancy | 260 | 233 |
| Premiums and insurance | 528 | 295 |
| Vehicle costs including leasing (without road tax) | 14 | 15 |
| Advertising, entertainment, travel expenses | 143 | 103 |
| IT expenses | 876 | 658 |
| Communication expenses | 146 | 151 |
| Office supplies, magazines, training | 49 | 109 |
| Consulting, accounting and auditing costs | 833 | 920 |
| Other management costs | 549 | 572 |
| Total | 3,398 | 3,056 |

For the first half financial year 2018, the total amount of auditor's fees calculated/ set aside according to Section 285 no. 17 HGB were TEUR 385. Of the total sum, TEUR 171 were auditing services, TEUR 54 other consulting services (audit according to Section 36 WpHG a.F.) and TEUR 160 were tax consulting services. Tax consulting services were utilized for the support of tax return preparation and taxable business activity audit and for international tax matters.

5.8 Other organizational expenses

The position other organizational expenses contain TEUR 297 expenses from special covered foreign exchange transactions.

5.9 Extraordinary earnings

No extraordinary income or expenses were posted for the first half of the financial year 2018.

5.10 Taxes from income and results

The basis of assessment for the taxes on earnings primarily recorded from non-deductibility for risk provisioning, as well as fees for the attribution of funds.

The tax result consists mainly of the release of deferred taxes in the amount of TEUR 1,127, corporate tax in the amount TEUR 272 and business tax of TEUR 273. The costs related to the release of deferred tax assets are negligible.

6 Other information

6.1 Institutional bodies

6.1.1 Supervisory Board

| | |
|---|----------|
| Dr. Karl-Heinz Lemnitzer Independent tax advisor and auditor | Chairman |
|---|----------|

| | |
|---|-----------------|
| Mr. Michael Stephen Murphy Independent investment banker | Deputy Chairman |
|---|-----------------|

Mr. Vasil Stefanov
Banker

Dr. Lemnitzer and Mr. Murphy 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.

Mr. Vasil Stefanov is a member of the Supervisory Board of Euroins Insurance, Ukraine and sits on the Board of Directors of Euro-Finance AD.

6.1.2 Management Board

Dr. Bernhard Fuhrmann
Back Office

Mr. Frank Otten Market

Dr. Bernhard Fuhrmann and Mr. Otten are each entitled to represent the Company jointly with another Board member or an authorized representative.

6.1.3 Mandates held in supervisory bodies

In addition to his role as director of Varengold Bank AG, Dr. Fuhrmann was also on the Board of Varengold Verwaltungs Aktiengesellschaft, Hamburg. He has also been the managing director of JUCLA Invest GmbH, Hamburg since 2 June 2017.

In addition to his duties on the Board of Directors of Varengold Bank AG, Mr. Otten is also Chief Executive Officer (CEO) of Ahrensburg Consult UG, Molfsee and member of the Supervisory Board of KERNenergie GmbH, as well as Chairman of the Supervisory Board of Varengold Verwaltungs Aktiengesellschaft, Hamburg.

Mr. Lukas Diehl, authorized representative of Varengold Bank AG, is also a member of the Board of Varengold Verwaltungs Aktiengesellschaft, Hamburg.

6.1.4 Remuneration and loans

Regarding the entries of the total remuneration of the Board of Directors according to Section 285 no. 9a HGB and the remaining surviving dependents according to Section 285 no. 9b HGB Varengold Bank employed the safeguard clause according to Section 286 para. 4 HGB.

Members of the Board received total remuneration of TEUR 154 (30.06.2017: TEUR 193) for their work during the period 1 January 2018 to 30 June 2018. This includes net remuneration in the amount of TEUR 151 (30.06.2017: TEUR 150). The difference results from travel expenses incurred.

As of the balance sheet date, there are no credit claims against members of either the Supervisory Board the Board of Directors.

6.2 Employees

The total average staff employed in the first half of 2018 financial year was 58 (30.06.2017: 57), of which 23 (30.06.2017: 21) were female employees. Except for 4 employees, all staff work in Germany.

6.3 Other financial obligations

The other financial liabilities amounting to TEUR 224 (30.06.2017: TEUR 204), primarily include obligations from rental and leasing contracts with residual terms of up to 4 years.

6.4 Notices pursuant to § 20 AktG 31

In the reporting half year 2018, no notifications according to Section 20 para. 1 AktG were sent to Varengold Bank AG and therefore no disclosures according to Section 20 para. 6 AktG were published in the Federal Gazette.

6.5 Supplementary report

With the resolution passed at the General Shareholder's Meeting on 21 August 2018, the Board of Directors with the agreement of the Supervisory Board were empowered to increase the company's share capital through the granting of the subscription right for existing shareholders and with the exclusion of subscription rights for fractional amounts of at the time EUR 6,210,423.00 against cash contributions of up to EUR 3,105,211.00 to up to 9,315,634.00. The up to 3,105,211 new shares should be entitled to a dividend payment for financial year 2018.

In addition, at the General Shareholder's Meeting on 21 August 2018, the existing "Approved Capital 2016" in the amount of 243,546 new no par-value shares was cancelled and a new "Approved Capital 2018" was created. With the approval of the Supervisory Board, the Board of Directors was empowered to increase the capital of the company by 20 August 2023, either once or in several steps up to a total of EUR 3,105,211.00 through the distribution of a total of 3,105,211 new shares payable to the holder without nominal value (no-par shares) representing a proportionate amount of the share capital in each case of EUR 1.00 against cash contributions or contributions in kind. Ordinary shares and/or non-voting preferred shares may be issued in each case. The new shares may also be issued in one or multiple events by a credit institute selected by the Board of Directors or according to Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 KWG issuing company with the obligation to make the offering to the Shareholders (indirect subscription right). The Board of Directors has been empowered, with the approval of the Supervisory Board, to determine the additional details and requirements of the capital increase from approved capital and the share distribution.

6.6 German Corporate Governance Code

From 20 March 2007 to 28 February 2017 the shares of Varengold Bank AG (ISIN DE0005479307) were listed in Entry Standard on the German stock exchange. Since the discontinuation of Entry Standards, Varengold stock has been listed in Basic Board on Open Market since 1 March 2017. 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 according to Section 3 paragraph 2 of the Code.

Hamburg, August 2018

Varengold Bank AG

Two handwritten signatures in black ink. The first signature is more complex and stylized, while the second is simpler and more legible.

Dr. Bernhard Fuhrmann

Frank Otten



MANAGEMENT'S DISCUSSION AND ANALYSIS



A Fundamentals of Varengold Bank

Varengold Bank AG is a German bank with its headquarters in Hamburg and offices in London (UK) and Sofia (Bulgaria). The stock of the bank is listed in Basic Board on Open Market. Within the business areas Marketplace Banking and Commercial Banking Varengold offers its customers and business partners a variety of products and services. The customers include institutional clients and businesses for which Varengold Bank operates in all business areas, as well as private customers to whom call money and time deposit products are offered.

Varengold was founded as an asset management boutique in 1995 and since then has followed its goal of providing individualized investment solutions for private and institutional customers. In 2013, the Bank received its credit institution license and founded its Commercial Banking division which is comprised of deposit operations, international payment transactions, trade and export finance, Lombard credit and structured finance products and services.

In the Marketplace Banking business area, established in 2017, Varengold Bank combines the successful business activities of "modern" FinTech companies with "traditional" banking services. In this division Varengold Bank concentrates on the support of Marketplaces (peer-to-peer platforms), particularly on the connection to technology-savvy institutional customers. Varengold Bank does not limit its product portfolio to funding services alone but also offers additional products such as debt and equity capital market products, international payment transaction services or future fronting services of bank license obligations products.

B Economic report

1 Macro-economic and industry-related conditions

The strong global economic growth of the previous year of 3.7% lost its momentum in the first half year of 2018. A slowing of economic growth in the developing markets is visible. The first signs of a similar development emerged for the People's Republic of China, whose economic growth in the previous year also experienced a higher tempo.

In the USA, however, an acceleration of growth can be observed, with economic growth of the previous quarter at 2.2% reaching a new level of 4.1% within the months April to June 2018. One reason for this increase could be positive developments in the labor market. Based on these events, the US Central Bank raised the target range for the key interest rate from 1.75% to 2.0%.

On the other hand, in the European region, the upswing weakened. The Gross Domestic Product (GDP) in the Eurozone posted economic growth of 2.4% for the entire year 2017. In the first half year 2018 the existing growth trend slowed, so that in the second quarter 2018 the real GDP in the Eurozone was estimated at growth of 0.4% compared to the previous quarter and 2.2% as compared to this quarter last year. The appreciation of the Euro was a decisive factor in these developments, which also had its affect upon export-dependent industries. During this period the inflation rate increased to 2.1%.

The largest areas of uncertainty in Europe remain the Brexit negotiations, the Europe critical Italian government and the trade conflict with the USA. In the first quarter of 2018, the German economy expanded considerably more slowly than in previous quarters. The high economic growth of previous years led to the overburdening of production capacities. The shortage in specially-skilled personnel and the lower unemployment rate led to a slowing of the growth rate in the first six months of 2018. No significant economic growth can be expected for the third quarter and the volatility in the finance markets has begun to increase. Reasons for this are, as has been the case, the expansive money policy of the most relevant Central Banks. The European Central Bank (ECB), however, gave an indication in the first half year of 2018 for a change in the money policy in the middle-term and announced in June that the net purchases of assets will be adjusted by the end of the year.

The German stock market (DAX) fluctuated between 11,787 and 13,559 points since the beginning of the year. Between the end of 2017 and 30 June 2018, it fell by 4.7% and closed at 12,306 points. Since the start of the first quarter 2018, however, the DAX has been able to recover. The S&P 500 developed positively and resulted in a good performance of 18%.

On the national level, as well as the European level, business activities of Varengold Bank are regulated by several supervisory requirements. The tendency toward more strict regulatory requirements for banks has continued over the course of the year to date. Among other regulatory issues facing banks in the first half year of 2018 were the “MiFID II / MiFIR” rules which went into effect on 3 January 2018 and the amendment of the Minimum Requirements for Risk Management (MaRisk) including the new banking supervisory rules on IT (BAIT), as well as recommendations of the European Commission among others to revise the capital requirements regulations CRR and CRD. Through the Supervisory Review and Evaluation Process (SREP) the ECB established a standardized procedure for the supervisory valuation of banks and from their results specified potential measures for the holding of additional equity capital and/or liquidity requirements. In addition, banks focused intensively on the implementation of the new data protection regulations (DSGVO) and the “AnaCredit” requirements, which stipulate that, as of 31 January 2018, comprehensive credit data statistics must be sent to the German Central Bank.

2 Business development

Business development of Varengold Bank AG continued to be influenced by the sustained low interest environment, increasing regulatory requirements and the ongoing competition regarding digitalization in the financial services sector consisting of process optimization, new developments and growth orientation.

Since the adjustment of the business strategy last year, the customer focus of Varengold lies primarily on the bank-side support of Marketplaces. Varengold Bank started in 2016 with the development of the lending business in the areas of receivables financing, real estate financing and trade financing and further developed the current business division Marketplace Banking during the first half of the financial year 2018. In this area Varengold supports online marketplaces which are concerned with the financing of companies and consumers, and with their fast and easy credit processing are increasingly replacing traditional banks. Varengold finances the rapid and sustainable growth of these future-oriented FinTechs and supports them with general banking services. The FinTechs benefit from the full banking license of Varengold particularly around credit business, which is a prerequisite in many countries for their offerings.

In the Commercial Banking division Varengold Bank has already established a solid customer base for trade financial transactions and wishes to continue to develop as a specialized provider for institutional customers with key trading centers in the Eastern European and Middle Eastern regions with a variety of payment transaction services and since 2017 also more Lombard loans, letters of credit, forfeiting and bank guarantees. In this transaction banking area Varengold has also concentrated on the external trade-oriented customers in niche markets and supplied them with basic banking services such as standard bank accounts during the first half of this year.

At the end of 2017, Varengold Bank decided to implement a regional expansion of the business activities to open a new location in Sofia, Bulgaria in addition to the existing office in London. The necessary regulatory steps were completed, and the branch office was registered on 21.05.2018. The branch in Sofia will divide its business activities into two phases: In the first phase, the focus will be on client acquisition, whose product needs will be predominantly supplied by Hamburg. At the same time the office will establish the necessary infrastructure to prepare for the implementation of phase two in 2019; the opening of Bulgarian accounts and development of payment transaction services.

An ongoing operational effort of Varengold Bank since the beginning of the year was related to the various regulatory changes that were linked to both financial, as well as human resources. To satisfy the future requirements of the banking supervisory initiatives, the core capital of the business was increased. A capital increase with subscription rights and a subsequent private placement was conducted. The core capital of the company was increased from EUR 4,140,282.00 against cash contributions of EUR 2,070,141.00 to EUR 6,210,423.00 by the issuance of 2,070,141 new shares. All shares were placed at an issue price of EUR 2.80 per share and the capital increase was registered in the trade registry on 16 February 2018.

3 Company position

3.1 Asset position

In the half year 2018 the balance sum grew 49.5% from EUR 445.2 million to EUR 665.4 million. The customer deposits continue to be at EUR 599.3 million or 90.1%, the largest portion of these posts on the liabilities side.

On the asset side, an increase in the balances with Central Banks of EUR 233.5 million to EUR 313.5 million was posted and which was accompanied by reduced requirements on customers in the amount of EUR 15.4 million.

Asset and liability structure

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

| Assets | 30.06.2018 | 31.12.2017 | Change |
|---|------------|------------|--------|
| Short-term receivables (< 1 year) | 54.91% | 72.5% | -17.59 |
| Medium-term receivables (1 to 5 years) | 8.50% | 12.7% | -4.2 |
| Long-term receivables (> 5 years) | 0.0% | 0.0% | 0 |
| Participations / Shares in associated companies | 0.44% | 0.7% | -0.26 |
| Fixed assets | 9.26% | 14.2% | -4.94 |

| Obligations | 30.06.2018 | 31.12.2017 | Change |
|---------------------------------|------------|------------|--------|
| Short-term debt (< 1 year) | 62.01% | 89.4% | -27.39 |
| Medium-term debt (1 to 5 years) | 23.14% | 5.3% | 17.84 |
| Long-term debt (> 5 years) | 0.77% | 1.1% | -0.33 |

The core capital ratio (T1) was 12.75% as of the reporting date of the first half year 2018.

In addition to obligations to customers (TEUR 599,261; previous year: TEUR 387,369), there are remaining obligations to banks (TEUR 32,443; previous year: TEUR 30,367) as well as other obligations to our suppliers and business partners (TEUR 1,011; previous year: TEUR 748) and provisions valued at TEUR 3,519 (previous year: TEUR 2,588). Instruments of additional regulatory core capital (co-called additional TIER 1) exist in the amount of TEUR 5,000.

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. In the first half

year 2018 no additional deferred taxes occurred. The activated deferred taxes are subject to the distribution prohibition.

3.2 Financial position

At EUR 328 million, or 49.3%, liquid assets comprise a relatively large portion of the assets on the balance sheet. The regulatory liquidity coefficient was, therefore at 256.44%, as already in the previous year, clearly over the legal requirements. The liquidity situation of the Bank was at no time at risk.

3.3 Results of operations

The interest income of the company grew from TEUR 3,035 in the first half year 2018 to TEUR 4,218. The increase of TEUR 1,183 is due to the increase in interest income from the credit business for loans granted of TEUR 2,843. The interest results contain negative interest for Central Bank balances in the amount of TEUR -447. Interest income from fixed-rate securities/ liquidity reserve declined due to the reduction in volume from TEUR 556 to TEUR 425. Moreover, interest expenses fell due to lowered interest rates by 34.4% to TEUR 789, resulting in an interest surplus of TEUR 3,429.

Commission earnings declined by TEUR 4,769 to TEUR 9,303. Commission earnings in Commercial Banking were TEUR 9,294.

Commission expenses declined to TEUR 1,195.

The net results of the trading portfolio increased from TEUR 69,5 to TEUR 105,2. This is primarily due to changes in bond inventories.

Other operational income declined by TEUR 144 in the first half year 2018 to TEUR 97 and includes primarily revenues generated in connection to the factoring business.

The general administrative expenses of the company slightly increased by TEUR 404 (from TEUR 6,675 in 2017 to TEUR 7,079 in 2018). The main reasons for this were a slight increase in personnel expenses from TEUR 3,620 to TEUR 3,681, as well as an increase in contributions and insurance from TEUR 295 to TEUR 528, which is mainly associated with an increase in contribution rate of the restructuring fund (FMSA). The IT costs increased from TEUR 658 to TEUR 883. The remaining administrative expenses fell by TEUR 469 to TEUR 442.

Depreciation and write-downs of intangible and tangible fixed assets were reduced by TEUR 92 to TEUR 66 in the first half year of 2018.

Other operating expenses declined in the first half year of 2018 by TEUR 473 to TEUR 389 and contain mainly expenses related to currency fluctuations.

The position depreciation and value adjustments, as well as allocations to provisions for possible loan losses increased from TEUR 336 to EUR 3.3 million. This increase was due predominantly to the introduction of a provision for general bank risks according to Section 340f HGB in the amount of EUR 3 million.

The position income from claims and certain securities, as well as the reversal of loan loss provisions in the credit business was TEUR 129 (previous year TEUR 334). Included here are revenues derived from the sale of securities in the liquidity reserve (TEUR 102).

The total results of normal business activities of Varengold Bank AG were TEUR 1,208 (previous year: TEUR 675).

After tax results for the first half of financial year 2018 are a loss in the amount of TEUR 464.

3.4 Financial performance indicators

The central performance indicator is the pre-tax results. For the first half year 2018 a pre-tax result of TEUR 255 was planned. The central performance indicator was, at TEUR 1,208 clearly surpassed.

C Outlook, risk and opportunity report

1 Outlook report

Global shadows of the trade conflict between the USA and China, the unresolved Syrian conflict, the termination of the Iran atomic development agreement by and the USA and the expected economic development in the emerging nations are coloring the economic outlook of the recently positively recognized expansion phase within the European Union. The economy is therefore expected to grow at a reserved rate over the remaining course of 2018. This could also affect nations whose economies have until now enjoyed stable growth, as in the USA.

Based on concerns about possibly negative effects of ongoing high political uncertainty within the European region and increasing protectionism, voices in the financial sector are subdued. The shares and borrowings of the banks are affected by the unforeseeable developments of the global trade conflicts. The concern remains that banks must utilize more capital for risk provisions in case the customer earnings are reduced by continued trade limitations and duties.

The economic activity areas of Varengold Bank AG will continue to be influenced by low interest rates, as well as a currently conflict-ridden political environment. According to recent reports, the ECB is planning to hold the most important interest rates low through the summer of 2019. In addition, banks continue to be under pressure of increasingly stronger pressure of comprehensive regulatory procedures and growing equity capital requirements.

Ultimately this development of the regulatory environment is a risk factor for banks, because the new supervisory requirements tend to drive up costs and tie up resources. The German Federal Financial Supervisory Authority (BaFin) published the new version of the MaRisk in October 2017, which sets a deadline for banks to implement the new procedures by 31 October 2018. The main changes affect specifically methods of

aggregating data, risk reporting, risk culture, as well as outsourcing. In April 2018 the European Parliament approved the 5th European anti-money laundering provisions to combat money laundering and the funding of terrorism within the EU financial system. With this, the Parliament reacted even before the implementation of the 4th EU anti-money laundering provisions for all 28 member states based on the relevant recommendation of the European Commission from 2016. According to the current framework, the EU member states should be obligated to implement the program by the end of 2019. For the financial institutions this means once again adjusting their internal preventative measures to further expand efforts to hinder money laundering and the financing of terrorism. Furthermore, the Business Continuity Management program for emergency planning is expected to grow in considerably higher importance, leading to more operational effort and expense.

The German banking and financial services sector are extremely competitive. Moreover, these competitive German service providers also compete with numerous foreign service providers who have noticeably expanded their presence in the German market over the past years. Some of the existing and potential competitors of Varengold Bank AG have access to considerably larger financial and personnel resources. These companies could be in the position to conduct more expansive and cost-intensive market initiatives and to also offer customers better conditions.

The banking sector has found itself for the past several years in the middle of a digitalization-related upheaval not the least of which has resulted in new demands being placed on banks. Technology-oriented companies have alternative offerings and business models which have reformed the traditional bank processes in many areas. But from Varengold's perspective, even banks can take their place in this new financial services sector, because as a rule they have the necessary financial resources and the regulatory prerequisites at their disposal.

2 Risk report

Generally, 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).

Risk is defined as the negative difference between expected results and actual results. Events that are expected by definition carry a lower risk. The primary focus of this risk management system is the categorization 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 entire 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 categorization among the various types of risk. In this context, care is continuously taken to ensure that the different business activities are backed with adequate equity.

Risk control is responsible to oversee the adherence to the risk strategy of Varengold Bank AG. The results of risk control are reported transparently to the management team in order to enable adequate management.

Key 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 implications of the business strategy on the risk situation of Varengold Bank AG and describes the procedures for handling the existing risks and the ability of the company to carry the risks.

Each potential future risk must be fully transparent from the beginning. Only with complete transparency can it be evaluated, whether a risk should be taken. This decision is made by the Board of Directors always under consideration of whether each specific 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 takes 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 requirements of the regulatory environment.

To establish the risk-bearing capacity of Varengold Bank AG, the Going Concern Principle is applied and as secondary control parameter the bank uses additionally the liquidity estimation process. Using Going Concern only risks will be accepted for which the regulatory minimum requirements of column 1 can still be fulfilled. Such an approach requires the bank to reserve the necessary capital reserves on hand. 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.

The Going Concern approach of Varengold Bank AG is based on the calculation of risk capacity of the balance sheets and income statements. Of the reported risk-bearing capacity of TEUR 11,516 recorded on 30 June 2018, TEUR 10,528 were used as risk-covering assets. The not-to-be-used TEUR 988 served as a buffer to cover risks which are difficult to quantify (strategic and reputation risks, legal risks, model risks as well as other risks).

In principle, the maximum tolerable capacity is limited to 100%. Utilization over 100% within the individual types of risk require the approval of the Board of Directors.

The utilization of the risk-covering assets on 30 June 2018 was 43%. Of the total, 78% was attributable to counter-party default risk, 8% was market price risk and 14% was operational risk.

Common models are used to monitor the important counter-party and market price risks.

The market price risk is quantified with the help of the value at risk. This is measured for the trading book, as well as the banking book at a confidence level of 99% through historical simulation with an observation period of five days and a lookback of 520 days. The monitoring and regulation of the market price risk is oriented on the limit system which calculates the market price risk based on risk coverage potential. The limits for the liquidity and investment portfolio are recorded and indicated in each of the investment guidelines. These are also monitored daily by the risk control process.

The quantification of default risk is conducted with the key risk figures expected loss and unexpected loss. The expected loss value is determined based on the probability of default with consideration of the LGDs (Loss Given Default). The unexpected loss value is quantified with the help of a credit risk model with a confidence level of 99% and a time period of one year. The calculation is based on the Gordy model, which the Basel Committee for Banking Supervision uses to model the capital adequacy requirements in the context of Basel II and in the continued development of Basel III. The credit risk model determines the amounts of the individual borrowers and shareholdings of unexpected loss on the portfolio level, which are then combined to determine an unexpected loss factor for the entire portfolio. In addition, and when available, the external or when applicable internal default probabilities (PDs) and the transaction specific established loss quota (LGD) are utilized. The determination of the other model parameters is conducted under consideration of the standard requirements according to Basel III. In addition to the default probabilities and loss quotas, the correlation between the competitors, as well as the granularity of the portfolio and the remaining maturities are considered.

All measures to limit risk are fundamentally implemented from an economically viable perspective which considers the size of the institution, the capital resources, as well as the particular business model using a reasonable method.

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

3 Opportunity report

Varengold Bank is intensively focused on the development of technical advancements in the finance and capital markets. New impulses, exciting projects, as well as a progressive optimization of existing structures and processes will inform the business activities of the bank until the end of the financial year and beyond.

The Board of Directors is convinced that Varengold Bank will have a sustainable positive economic future by remaining focused on their product offering on customers who are not satisfied with the performance of their current provider or cannot find an adequate offering. The Bank sees the credit supply business as a central anchor product to acquire new customers. The acceptance of credit risk necessitates a high quality of credit risk analysis and continuing risk management. The recently adjusted strategy builds on the Banks existing strengths, such as internationality and openness for new technologies in the finance sector.

The clear goal of Varengold is to become a central bank for the growing global marketplace lending industry. Varengold offers lending services primarily in the target market of Europe. Digitalization will lead to a more tightly knit network of banks and FinTechs which could combine traditional banking with innovation. The Board therefore expects demonstrable growth in the coming years and increased customer requests for so-called "fronting services" in the Marketplace Banking business area. Moreover, the Bank intends to "loan" components of its license as a deposit credit institute to Marketplaces, which on their side have customers and products, but not the required bank supervisory approval. The relevant target market for Varengold Bank is in the first step Germany, which is characterized by a comparably high regulatory density.

The growth of the platform customer will require, in addition to debt capital, also equity capital. Varengold would like to strategically cover these customer demands by acquiring equity capital partners for the customers (Equity Capital Markets. ECM). In cases where the financial needs of the customer exceed the credit willingness of Varengold Bank, these DCM (Debt Capital Markets) solutions will be implemented for their customers.

In addition to the key strategy of Marketplace Lendings, the Bank will continue to support very targeted external trade-oriented clients in niche markets with basic Transaction Banking products, as well as Trade Finance products. The Bank can utilize its proven "know how" and necessary infrastructure capacity.

The Board of Directors is convinced that Varengold Bank has a healthy foundation with its business model and has chosen the right path to effectively negotiate the coming challenges and to effectively meet the needs of the actors in the financial markets. The business model also offers future potential for customer growth and increased revenue which is dependent not exclusively, but to a certain degree, on the development of the capital market.

To effectively and sustainably position the Bank for the long term, the Board believes a focusing on the customer and his/her satisfaction, an efficient internal organization and the maintenance of highly-qualified and motivated employees are the essential success factors.

In addition, for its growth, the Bank needs further equity capital increases. In order to avoid one-sided dependencies, the shareholder base will be expanded.

Provided the geopolitical risks in the overall economic environment remain somewhat contained or are able to be reasonably covered and based upon the successful achievement of the planned business objectives, as well as the increase of operational efficiency, 2018 is expected to show positive results before taxes (as central financial performance indicator) of between EUR 1.7 million and EUR 2.2 million.

Hamburg, August 2018

Varengold Bank AG



Dr. Bernhard Fuhrmann



Frank Otten

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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 and its registration is published under www.bafin.de.

Permissions/Approvals of Varengold Bank AG

- Investment business (§ 1 para. 1a sentence 2 no. 2 KWG)
- Deposit consulting (§ 1 para. 1a sentence 2 no. 1a KWG)
- Deposit placement (§ 1 para. 1a sentence 2 no. 1 KWG)
- Deposit management (§ 1 para. 1a sentence 2 no. 11 KWG)
- Deposit business (§ 1 para. 1 sentence 2 no. 5 KWG)
- Proprietary transactions (§32 para. 1a KWG)
- Proprietary trading (§ 1 para. 1a sentence 2 no. 4 KWG)
- Investment business (§ 1 para. 1 sentence 2 no. 1 KWG)
- Factoring (§ 1 para. 1a sentence 2 no. 9 KWG)
- Financial leasing (§ 1 A para. 1a sentence 2 no. 10 KWG)
- Financial commission business (§ 1 para. 1 sentence 2 no. 4 KWG)
- Financial portfolio management (§ 1 para. 1a sentence 2 no. 3 KWG)
- Guarantee Business (§ 1 para. 1 sentence 2 no. 8 KWG)
- Credit business (§ 1 para. 1 sentence 2 no. 2 KWG)
- Organized Trading System [OTF] (§ 1 para. 1a sentence 2 no. 1d KWG)

Deposit insurance

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

Notes on the content

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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.

Forward-looking statements

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 financial report. Forward-looking statements apply only to the date on which they are made. The reader should therefore not place excessive trust in the document, particularly not in connection with contracts or investment decisions. 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. Several 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.

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Varengold Bank AG

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