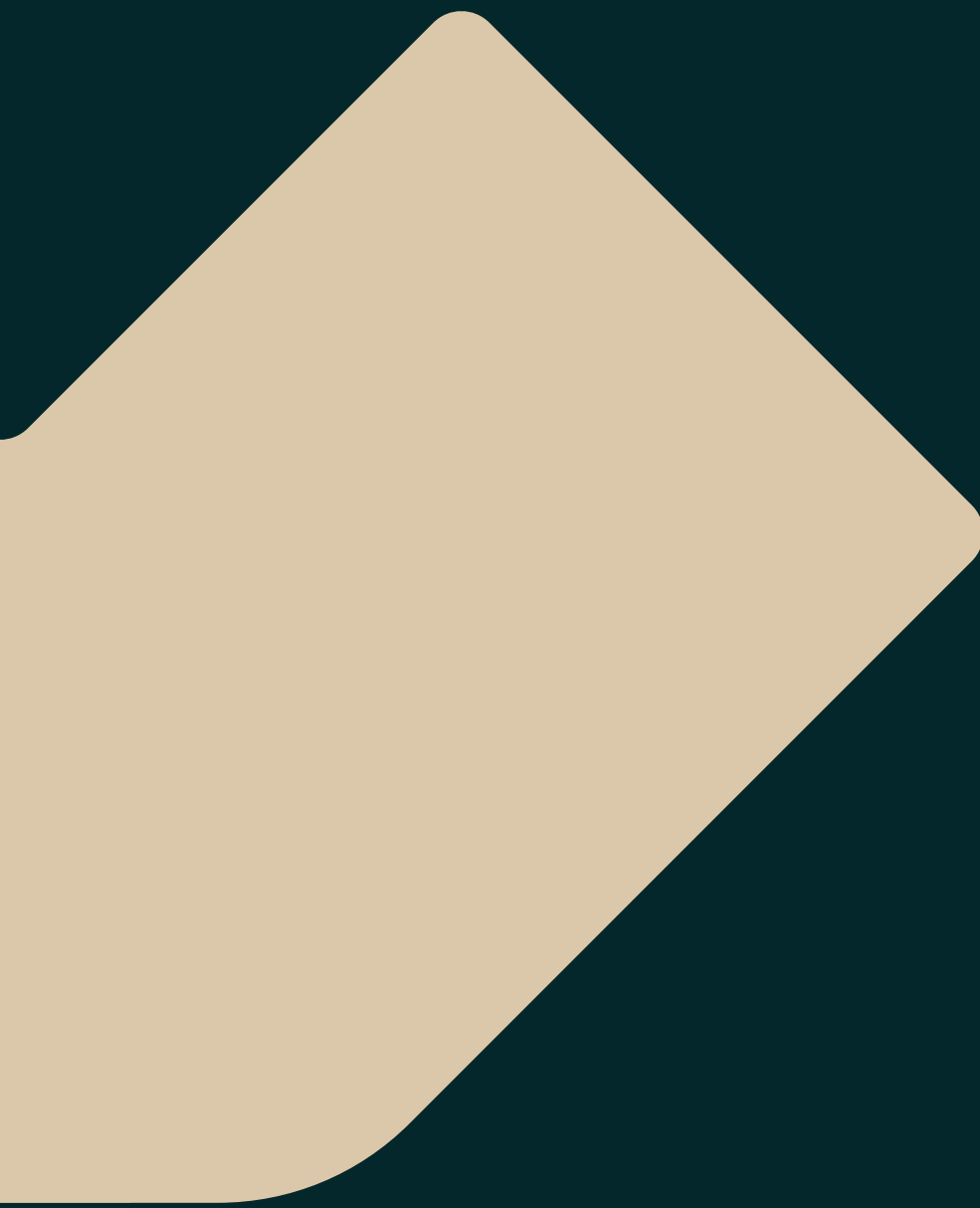


A large, light beige abstract shape that resembles a stylized mountain or a large arrow pointing upwards and to the right. It has a flat top and a curved bottom edge, set against a dark teal background.

Interim Report as at 30 June 2025

Preliminary remarks



This Interim Report contains key figures and the interim financial statements, including the balance sheet, profit and loss account, as well as explanatory notes relating to the balance sheet and profit and loss account, and the interim management report. These have not been audited nor have they been the subject of an audit review.

Statement of the legal representatives:

The Board of Managing Directors confirms that to the best of its knowledge, the interim financial statements prepared in accordance with standard accounting principles provide as true and fair view of the company's financial position as possible and that the Interim Report represents as true and fair view of the company as possible with respect to important events during the first six months of the financial year and the consequences of these events for the company.

3 October 2025

Matthias Wargers and Hendrik Harms
Board of Managing Directors of Varengold Bank AG



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Letter to shareholders

Dear Shareholders,

2025 has been a year of transformation, marked by a systematic reassessment of past challenges, comprehensive realignment and a resolute commitment to building a sustainable business future.

In recent months, we have set a decisive course for what lies ahead: The special audit in accordance with Section 44 KWG and the associated regulatory actions have been treated as a top priority. We can now expect the special audit to be completed in the near future. This was necessary in order to start moving forwards on a firm footing.

At the same time, we devoted a great deal of energy and technical expertise to our strategic realignment. This transformation requires not only the courage to change, but also perseverance and a high level of expertise. We are especially proud that, throughout this challenging period, our team has not only embraced the transformation, with determination, skill and exceptional commitment, but has also played an active role in shaping it. We would like to express our sincere thanks to our employees for this.

Our Supervisory Board demonstrated foresight and drive providing crucial momentum at an early stage. The close and constructive cooperation between the Board of Managing Directors and the Supervisory Board is a key factor in the success of this phase of realignment.

With the special audit nearing completion, our future agenda is taking definite shape. We are focussing our efforts on refining our business model, streamlining our processes and firmly positioning Varengold Bank as a specialist bank providing structured financing solutions for growth-oriented companies. The dismantling of non-strategic legacy business divisions is progressing well and will continue systematically over the next few months.

We would also like to thank you, our shareholders, for your continued support, your trust and your patience in these challenging times. We look forward to shaping the business future of your bank together. We are convinced that the Bank has the potential to establish itself in the market as a modern, agile and profitable institution.

Yours faithfully,



Matthias Wargers
Spokesman for the Board
of Managing Directors



Hendrik Harms
Managing Director

Interim financial statements as at 30 June 2025

in accordance with the German Commercial Code (HGB)

For the financial year from 1 January 2025 to 30 June 2025

Varengold Bank AG
Große Elbstraße 39
22767 Hamburg, Germany



Balance Sheet

as at 30 June 2025

Assets	EUR	Financial year EUR	Previous year EUR
1. Cash reserve			
a) Cash and cash equivalents	1,688.42		1,769.49
b) Balances at central banks	7,735,917.39		5,960,839.79
↳ of which at the Bundesbank EUR 7,708,386.09 (EUR 5,920,000.00)		7,737,605.81	5,962,609.28
2. Loans and advances to banks			
a) Due on demand	351,963,467.78		390,819,395.09
b) Other receivables	27,226.53		26,843.01
		351,990,694.31	390,846,238.10
3. Loans and advances to customers		564,526,521.26	447,917,458.34
↳ of which: public sector loans EUR 118,306,126.83 (EUR 48,369,995.48)			
4. Bonds and other fixed-income securities			
a) Bonds and debt securities			
aa) From public issuers	15,325,333.37		17,674,191.58
↳ of which: acceptable as collateral at the Bundesbank EUR 15,316,560.00 (EUR 17,584,392.00)			
ab) From other issuers	32,214,270.26		31,641,640.24
		47,539,603.63	49,315,831.82
5. Shares and other variable-yield securities		57,472,226.16	65,041,153.71
6. Participating interests		47,913.03	47,913.03
7. Shares in affiliated companies		750,000.00	750,000.00
8. Trust assets		28,484,046.60	30,479,139.49
↳ of which: trust loans EUR 28,484,046.60 (EUR 30,479,139.49)			
9. Intangible assets			
a) Concessions acquired against payment, intellectual property rights and similar rights and assets, as well as licenses to such rights and assets	21,570.01		28,544.00
		21,570.01	28,544.00
10. Property, plant and equipment		132,360.71	148,788.50
11. Other assets		13,711,722.08	13,074,554.30
12. Prepaid expenses and deferred charges		530,167.57	931,511.64
Total assets		1,072,944,431.17	1,004,543,742.21

Equity and liabilities		Financial year	Previous year
	EUR	EUR	EUR
1. Bank loans and overdrafts			
a) Due on demand	1,101,374.06		453,739.29
b) With agreed term or period of notice	262,109.22		356,078.67
		1,363,483.28	809,817.96
2. Amounts due to customers			
a) Other liabilities			
aa) Due on demand	394,830,177.63		379,972,470.00
ab) With agreed term or period of notice	527,064,167.10		460,378,077.96
		921,894,344.73	840,350,547.96
3. Trust liabilities		28,484,046.60	30,479,139.49
↳ of which: trust loans			
EUR 28,484,046.60 (EUR 30,479,139.49)			
4. Other liabilities		1,563,949.24	2,542,580.10
5. Deferred income		123,973.63	216,370.62
6. Provisions			
a) Provisions for pensions and similar obligations	1,753,117.00		1,711,117.00
b) Provisions for taxes	29,730.00		23,730.00
a) Other provisions	20,456,129.71		31,174,818.97
		22,238,976.71	32,909,665.97
7. Instruments of additional regulatory core capital		5,000,000.00	5,000,000.00
8. Fund for general banking risks		14,400,000.00	14,400,000.00
9. Equity capital			
a) Subscribed capital		10,043,015.00	10,043,015.00
b) Capital reserves		44,705,492.65	44,705,492.65
c) Retained earnings			
ca) Statutory reserve	1,700.00		1,700.00
cb) Other retained earnings	16,700.00		16,700.00
		18,400.00	18,400.00
d) Net profit		23,108,749.33	23,068,712.46
		77,875,656.98	77,835,620.11
Total equity and liabilities		1,072,944,431.17	1,004,543,742.21
1. Contingent liabilities			
a) Liabilities arising from guarantees and warranty agreements			
EUR 12,876,327.75 (EUR 7,224,522.66)			
2. Other obligations			
a) Irrevocable loan commitments			
EUR 56,244,540.95 (EUR 57,357,795.19)			

Profit and Loss Account

For the financial year from 1 January 2025 to 30 June 2025

	EUR	EUR	1 January 2025 to 30 June 2025 EUR	1 January 2024 to 30 June 2024 EUR
1. Interest income from				
a) Lending and money market transactions	23,235,350.02			28,262,056.64
b) Fixed-income securities and debt register claims	557,284.01			408,467.57
		23,792,634.03		28,670,524.21
2. Interest expenses	-8,218,510.43			-6,307,955.33
			15,574,123.60	22,362,568.88
3. Current income from				
a) Shares and other variable-yield securities	499,600.00			440,000.00
			499,600.00	440,000.00
4. Commission income	1,553,099.61			2,654,226.99
5. Commission expenses	-122,135.14			-113,816.47
			1,430,964.47	2,540,410.52
6. Other operating income			1,537,386.33	1,131,391.90
7. General administrative expenses				
a) Personnel costs				
aa) Wages and salaries	-4,679,418.13			-5,182,406.80
ab) Social security contributions and expenses for pensions and other employee benefits	-694,634.51			-785,520.71
↳ of which: for pensions EUR 147,094.41 (EUR 261,806.48)		-5,374,052.64		-5,967,927.51
b) Other administrative expenses	-11,932,151.40			-8,125,398.32
			-17,306,204.04	-14,093,325.83
8. Depreciation and amortisation of intangible assets and property, plant and equipment			-27,694.05	-31,637.54
9. Other operating expenses			-261,114.55	-96,634.56
10. Depreciation and write-downs of receivables and certain securities and allocations to provisions in the lending business			-1,070,627.92	-1,660,752.30
11. Allocation to fund for general banking risks			0.00	0.00
12. Income from write-ups and write-downs of participating interests, shares in affiliated companies and securities treated as assets			117,869.88	0.00

		1 January 2025 to 30 June 2025	1 January 2024 to 30 June 2024
	EUR	EUR	EUR
13. Income from ordinary business activities		494,303.72	10,592,021.07
14. Taxes on income and earnings	-453,596.38		-4,403,839.38
15. Other taxes, provided they are not recognised under item 9	-670.47		-676.28
		-454,266.85	-4,404,515.66
16. Annual net profit		40,036.87	6,187,505.41
17. Profit carried forward from previous year		23,068,712.46	24,008,912.47
18. Net profit		23,108,749.33	30,196,417.88

Condensed notes

For the financial year from 1 January 2025 to 30 June 2025

Preliminary remarks

The unqualified audit opinion on the 2024 annual financial statements and the 2024 Management Report was issued on 31 July 2025.

The figures in the tables in the condensed notes are presented in thousands of euros (EUR thousand) or millions of euros (EUR million). Please note that rounded figures are used in the tables and in the text. Rounding differences are therefore possible. Comparative figures for key balance sheet figures relate to the annual financial statements as at 31 December 2024, comparative figures for key profit and loss account figures relate to the interim financial statements as at 30 June 2024.

In these condensed notes, we emphasise particular aspects of the information in the interim financial accounts, but do not provide the same level of detail as notes that have not been condensed. The accompanying balance sheet and profit and loss account are not condensed. The interim financial statements as a whole should be read in conjunction with the annual financial statements as at 31 December of a (previous) year.

1 General disclosures

The accounting and valuation methods used for the previous year's financial statements were generally applied in these interim financial statements, hence separate explanations are only provided in the event of deviations. Income taxes were estimated based on the expected full-year tax rate.

The Bank has at least one subsidiary within the meaning of Section 290 (1) clause 2 HGB and would therefore be required, in accordance with Section 340i (1) in conjunction with Section 290 (1) clause 1 HGB, to prepare consolidated financial statements.

All subsidiaries (within the meaning of Section 290 (1) clause 2 HGB in conjunction with Section 290 (2) clause 3 HGB) are individually or collectively of minor importance in terms of presenting a true and fair view of the net assets, financial position and earnings performance of the Group. Therefore, all subsidiaries are not required to be included in the consolidated financial statements pursuant to Section 296 (2) HGB. The Bank makes use of Section 290 (5) HGB and therefore does not prepare consolidated financial statements.

2 Estimation uncertainties and discretionary judgements

Use has been made of permissible estimates, discretionary judgements and assumptions. Estimates are based on empirical values and observable factors that are reviewed on a regular basis. Discretionary judgements have been made with due regard to legally permissible allowances.

Pension obligations have been calculated using the projected unit credit method in accordance with IAS 19. Based on the following assumptions:

	30 June 2025 in %	31 December 2024 in %
Discount rate	1.90	1.90
Expected salary increase	2.00	2.00
Expected pension increase	2.00	2.00

3 Notes to the balance sheet

3.1 Assets

Loans and advances to customers

	30 June 2025 TEUR	31 December 2024 TEUR
Loan receivables	442,422	397,819
Public sector loans	118,306	48,370
Other receivables	3,799	1,728
Loans and advances to customers	564,527	447,917

Financial assets

	30 June 2025 TEUR	31 December 2024 TEUR
Shares and other variable-yield securities	49,739	55,791
Bonds and other fixed-income securities	30,386	30,386
Shares in affiliated companies	750	750
Participating interests	48	48
Financial assets	80,923	86,975

Other assets

	30 June 2025 TEUR	31 December 2024 TEUR
Company shares	4,838	4,875
Corporation tax and solidarity surcharge	3,940	3,521
Business tax	3,737	3,721
Value-added tax	135	428
Other taxes (abroad)	68	68
Other	994	462
Other assets	13,712	13,075

3.2 Equity and liabilities

Bank loans and overdrafts

	30 June 2025 TEUR	31 December 2024 TEUR
Liabilities due on demand - Loro accounts	1,092	399
Development banks	262	356
Liabilities due on demand - other accounts	9	55
Bank loans and overdrafts	1,363	810

Amounts due to customers

	30 June 2025 TEUR	31 December 2024 TEUR
Current accounts	255,728	260,019
Time deposits	101,238	80,005
Deposits	33,430	35,514
Other	4,435	4,435
Liabilities due on demand	394,831	379,973
Term deposits	527,064	460,378
Limited-term liabilities	527,064	460,378
Amounts due to customers	921,895	840,351

Provisions for tax

There were mainly tax refund claims as at the reporting date, as was the case on 31 December 2024. These are recognised under Other assets.

	30 June 2025 TEUR	31 December 2024 TEUR
Foreign taxes	16	10
Corporation tax and solidarity surcharge	14	14
Provisions for tax	30	24

4 Notes to the profit and loss account

Interest income

Interest income consists mainly of income from loans granted and money market transactions. The ECB's key interest rate, which is relevant for the marginal lending facility, was 2.4% at the end of the reporting period (previous year: 4.5%).

Interest expenses mainly include interest on customer deposits (instant access, fixed-rate and term deposits).

Net interest income was down TEUR 6,789 compared with the previous period, mainly due to lower interest income from loans granted and money market transactions (TEUR 5,027) and higher interest expenses (TEUR 1,911).

Administrative expenses

Administrative expenses increased compared to the previous period, mainly due to the costs of the special audit.

5 Other disclosures

5.1 Executive bodies

5.1.1 Supervisory Board

Dirk Auerbach

Chairman

Chairman of the Board of Managing Directors of
Schalast Auerbach AG Wirtschaftsprüfungsgesellschaft

Member since: 13 August 2024

End of period of office: 2028

Vasil Stefanov

Director, Euro-Finance AD; Head of M&A, Euroins Insurance Group AD

Member since: 21 March 2018

End of period of office: 2028

Tobias Michael Weitzel

Senior Executive and Founder of CREDION AG

Member since: 20 February 2025

End of period of office: 2028

Dr Karl-Heinz Lemnitzer

Independent tax adviser and auditor

Member since: 14 September 2015

End of period of office: 21 January 2025

5.1.2 Board of Managing Directors

At its meeting on 5 March 2025, the Supervisory Board appointed Mr Wargers as Front Office Board Member and assigned him the role of spokesperson for the Board of Managing Directors. The Supervisory Board also appointed Mr Harms as Back Office Board Member. The period of office of Board members Dr Bernhard Fuhrmann and Frank Otten ended at the close of business on 5 March 2025.

Front Office Board Member:

Matthias Wargers

Back Office Board Member:

Hendrik Harms

Matthias Wargers was appointed spokesperson for the Board of Managing Directors. Mr Wargers and Mr Harms are authorised representatives jointly with another member of the Board of Managing Directors or an authorised signatory.

Back Office Board Member:

Dr Bernhard Fuhrmann (until 5 March 2025)

Front Office Board Member:

Frank Otten (until 5 March 2025)

Dr Fuhrmann and Mr Otten were authorised representatives jointly with another member of the Board of Managing Directors or an authorised signatory.

5.2 Notifications in accordance with Section 20 AktG

No notifications pursuant to Section 20 (1) AktG were sent to Varengold Bank AG in the year under review and therefore no announcements pursuant to Section 20 (6) AktG were published in the Federal Gazette.

5.3 German Corporate Governance Code

From 20 March 2007 to 28 February 2017, the Varengold Bank AG share (ISIN DE0005479307) was listed in the Entry Standard segment of the German Stock Exchange. Following the closure of the Entry Standard segment, Varengold shares have been listed in the Basic Board segment on the Open Market since 1 March 2017. Varengold Bank AG has decided not to publish a declaration of compliance with the German Corporate Governance Code (Section 161 AktG) as the company is not listed in accordance with Section (3)(2) AktG.

5.4 Supplementary statement

No events of particular significance occurred after 30 June 2025.

Hamburg, 3 October 2025
Varengold Bank AG



Matthias Wargers
Managing Director



Hendrik Harms
Managing Director

Interim Management Report

as at 30 June 2025

A. Principles of Varengold Bank

Varengold Bank AG is a German financial institution with its registered office in Hamburg, founded in 1995 and granted a full banking licence in 2013. In addition to its headquarters in Hamburg, the Bank also has a branch in Sofia, Bulgaria. The branch focuses on expansion in Bulgaria and Central and Eastern Europe. This region is becoming increasingly relevant for the Bank, particularly in the Corporate Clients/ Energy Transition division, where the Bulgarian market shows strong potential for customer growth.

Varengold Bank is registered with the Federal Financial Supervisory Authority (BaFin) under number 109 520. The Varengold share has been listed on the Open Market of the Frankfurt Stock Exchange since 2007. A resolution was passed at the General Meeting on 29 April 2025 to convert from bearer shares to registered shares, hence the share has been trading under the new ISIN DE000A40ZUV2 since 23 June 2025.

In the first half of 2025, Varengold Bank focussed on the core business areas Corporate Clients/ Fintech and Corporate Clients/Energy Transition. In addition, the deposit business offers private German customers no-cost instant access accounts with monthly interest credit as well as fixed-term deposit accounts with various maturities between one and ten years.

In the Corporate Clients/Fintech segment, the Bank focuses on partnerships with lending platforms and young fintechs in Europe. The activities of these partners cover asset classes such as receivables finance, real estate finance, trade finance, consumer and SME finance. Varengold Bank often supports these companies in their early development phases or even from start-up. The core product in this segment is structured financing (lending) as well as other debt and equity products.

Varengold Bank focuses on rapid and efficient project delivery in all of its activities, and in the Corporate Clients/Energy Transition segment is concentrating more and more on innovative SMEs and sustainable energy financing in relevant markets. Its activities include projects in the field of battery storage (BESS), electricity infrastructure and innovative providers of alternative financing platforms.

The Bank is refinanced primarily through customer deposits from its two core business areas, some of which are invested as Bundesbank deposits, and predominantly through deposit business with overnight money and fixed-term deposits provided by the Bank's customers.

At the beginning of 2025, Varengold Bank unveiled its new look as part of a comprehensive re-branding. A new website was also launched at the same time.

At the beginning of March 2025, the Board of Managing Directors was completely replaced. The previous Board members Dr Bernhard Fuhrmann and Frank Otten left the company by mutual agreement. At the same time, the Supervisory Board appointed Matthias Wargers as the new Spokesman for the Board of Managing Directors and Hendrik Harms as a temporary Board member. These personnel changes were aimed at ensuring the Bank's consistent further development and strategic reorientation. The Bank remained in close dialogue with the supervisory authorities

throughout the process and, in the first half of 2025, continued to take extensive action aimed at further enhancing its internal control systems, especially with regard to money laundering.

Alongside this, the recalibration of the business model was accelerated with a clear focus on financing expertise for fintechs, innovative SMEs and energy transition projects. Once the 2023 annual financial statements were adopted in March 2025, the 2024 annual financial statements were finalised a few months later in August 2025 and given an unqualified audit opinion. The Bank's new management published several ad hoc press releases in the first half of 2025 explaining the negative impact on earnings of provisions and write-downs. These actions were an expression of consistent and forward-looking risk management. This ensured that all currently identifiable legacy risks, including the material effects from the special audit in accordance with Section 44 of the German Banking Act (KWG) were taken into account in full in the 2024 annual financial statements. The new management has therefore laid a stable foundation for the future business model and for the Bank's new start following the completion of the long-term special audit.

Findings of the special audit in accordance with Section 44 KWG

Various regulatory actions have been taken and organisational measures implemented since the special audit in accordance with Section 44 KWG ordered by BaFin in December 2022. An initial interim audit report identified shortcomings in compliance in 2023 and led to the appointment of a special representative (KPMG). Two official notices from BaFin also prohibited transactions with payment agents and payments with a connection to Iran. Individual exceptions were only permitted following authorisation by the special representative.

In February 2025, BaFin imposed a penalty payment of EUR 500,000 for two violations of these orders. The violations involved two transactions that were not directly related to high-risk countries, but concerned customers who had conducted transactions related to Iran in the past. The payments were therefore unproblematic from money laundering prevention and sanctions standpoints, but should have been presented to the special auditor in advance, which the Bank failed to do. The Bank has recognised the penalty payment in the 2024 annual financial statements.

Based on the findings of the special audit in the area of money laundering prevention, BaFin issued an administrative order on 22 August 2025 imposing a fine of EUR 3.3 million, as suspicious activity reports in accordance with Section 43(1) of the German Money Laundering Act were systematically not submitted on time in 30 cases in the period under review (2 June 2023 to 27 March 2025). This fine is covered in full by available provisions. Even after completing extensive investigations, the Bank is unaware of any sanctions violations. BaFin is not expected to impose any further fines as result of or in connection with the special audit. The fine imposed by BaFin thus marks the conclusion of the special audit carried out at Varengold Bank in accordance with Section 44 KWG.

In order to eliminate the shortcomings in money laundering prevention that were identified during the special audit, the Bank has taken appropriate action, which will be tracked in a shortcoming remediation plan and undertaken consistently until the end of 2025. The special representative's work is expected to be completed soon, as the Bank will then be able to take responsibility for carrying

out the steps that are still required in order to remedy the shortcomings. The phasing out of the Iran portfolio, which is now well advanced, is key evidence of this: Current expectations are that over 90% of the relevant accounts will have been wound up by the end of 2025. A procedure agreed with the special auditor was developed for processing the remaining accounts, which the Bank is following consistently.

The two other audit areas of the special audit were cum-ex transactions and similar arrangements, and business purpose and other business relationships with natural persons and legal entities with their registered address in Bulgaria.

As part of a forensic analysis of earlier cum-ex and similar transactions from 2010 to 2016, special auditor Hogan Lovells carried out a dedicated risk analysis for all relevant facts and circumstances and associated potential legal risks. Based on the special auditor's findings, the Bank has taken all known risks into account in the 2024 annual financial statements and recognised appropriate provisions for these risks in order to address potential costs in a forward-looking and transparent way.

A need for streamlining was identified in the Bulgarian business audit area during the course of the special audit. The Bank immediately took appropriate action, in particular with regard to credit processes, risk management and formulation of the strategic direction. Going forward, the branch will operate more independently within the framework of a clearly defined strategy in order to manage the business more transparently and in a more targeted manner in line with the overall risk and earnings targets of the Bank as a whole.

B. Economic report

1. Macroeconomic and industry-related conditions

The economic environment in the first half of 2025 was still characterised by geopolitical tensions, such as the ongoing conflict between Russia and Ukraine and the unstable situation in the Middle East. Despite these global challenges, the first signs of a cautious recovery are emerging in Germany and the eurozone.

In the first quarter of 2025, gross domestic product (GDP) rose by 0.4% compared with the fourth quarter of 2024 after adjustment for price and seasonal variations, but was down 0.2% year-on-year.¹ The nowcast published by the Federal Ministry for Economic Affairs and Energy forecasts growth of 0.3% for the second quarter compared with the previous quarter.² Economic momentum therefore remains rather weak, and for 2025 as a whole, the Bundesbank expects growth to virtually stagnate and inflationary pressure to fall (inflation rate in 2025 around 2.2%), underscored by an environment in which recession and structural problems continue to be felt.³

In addition to economic uncertainty, the new US tariff policy caused growing tensions in transatlantic trade. The punitive tariffs on certain European industrial products and vehicles introduced by the US government in spring 2025, in response to European subsidies in the green technology sector, have significantly exacerbated the situation for export-oriented companies. Initial feedback from

1 https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/05/PD25_182_811.html

2 <https://www.bundeswirtschaftsministerium.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2025/06/07-bip-nowcast.html>

3 <https://www.bundesbank.de/de/presse/pressemitteilungen/deutschland-prognose-wirtschaftliche-erholung-kommt-langsam-in-gang-959260>

industry indicates a decline in incoming orders from the US and a shift in supply chains. These actions not only have an impact on foreign trade, but also indirectly on the banking sector, for example through a more cautious willingness to invest on the part of the industrial customers concerned.

Conversely, the German stock market was extremely robust in the first half of 2025. The DAX climbed above the 24,000 point mark at times and has risen by over 20% since the beginning of the year, supported by falling interest rates, stable business profits and sustained positive investor sentiment.

The German banking market recorded an increase in total assets at the beginning of 2025, climbing to around EUR 10,840 billion in July 2025, indicating that the sector remained robust in terms of its expansion.⁴ Alongside this, surveys indicated a marked sense of optimism: According to the EY Banking Barometer 2025, 93% of banks expect their own business to develop positively and 55% expect the economy to improve within a year.⁵

While growth in the real economy is therefore rather subdued, the competitive pressure on banks remains high. Although interest margins have stabilised, reports from mid-tier banks are already mentioning a gradual erosion of margins, particularly if refinancing costs continue to rise and competition in the lending business increases. At the same time, institutions are also noting that higher expenses for sustainability and ESG requirements as well extended compliance regulations are further squeezing profit margins.

The labour market showed signs of weakness in the first six months of this year: The number of people in employment fell by around 60,000 (-0.1%) year-on-year in the first quarter of 2025, while the volume of work increased slightly.⁶

Overall, the situation in the first half of 2025 was a balancing act for banks: On the one hand, there were opportunities due to stable interest margins and demand for credit, whilst on the other hand, weak macroeconomic momentum, geopolitical risks, protectionist actions such as US tariffs, increasing regulatory and technological requirements and an unclear competitive outlook acted as a brake. In spite of these pressures, some institutions have already taken action to increase efficiency, digitalise and adjust risk in preparation for a continued volatile environment.

2. Business development

In the first half of 2025, Varengold Bank generated earnings before taxes (EBT) of around EUR 0.5 million. The expected year-on-year decline is mainly due to the planned discontinuation and reduction of the payment transaction business in the former Commercial Banking segment as well as one-off higher expenses in connection with the special audit.

Interest income amounted to EUR 15.6 million and was therefore around 30% below the previous year's figure. The main reason for this was the loss of interest income from overnight deposits at the Bundesbank. Adjusted for this one-off effect, however, interest income was up around 20% to EUR 9.9 million (previous year: EUR 8.2 million).

⁴ <https://de.tradingeconomics.com/germany/banks-balance-sheet>

⁵ https://www.ey.com/de_de/newsroom/2025/07/ey-bankenbarometer-2025

⁶ https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/05/PD25_182_811.html

The commission result was also affected by the strategic realignment: This item was down around 44% or EUR 1.1 million due to the termination of Commercial Banking business. Without this one-off effect, the commission result would have doubled from EUR 0.7 million to EUR 1.4 million. Other operating income was up around 23% to EUR 1.3 million, corresponding to an increase of around TEUR 210. Overall, net income was down around 29% to EUR 18.8 million.

In terms of expenses, operating costs rose significantly by 47% or around EUR 3.8 million, largely driven by one-off costs in connection with the special audit. Conversely, personnel costs were down around 10% or TEUR 594. Overall, this led to a 23% increase in administrative expenses to EUR 17.3 million.

The half-year result for 2025 thus reflects both the impact of the current interest rate situation as well as the operational effects of the strategic realignment. At the same time, the adjusted earnings performance confirms the profitable growth of the Bank's core business and that the actions taken are delivering increasingly tangible results.

3. Position

There may be rounding differences in the following figures.

3.1 Earnings performance

	1 January 2025 to 30 June 2025 TEUR	1 January 2024 to 30 June 2024 TEUR	Changes TEUR	Changes in %
Net interest income	15,574	22,363	-6,789	-30.4
Provision surplus	1,431	2,540	-1,109	-43.7
Other operating income	1,537	1,123	414	36.9
Other earnings	500	448	52	11.6
Net earnings	19,042	26,474	-7,432	-28.1
Personnel costs	-5,374	-5,968	594	-10.0
Material expenses	-11,932	-8,125	-3,807	46.9
Depreciation of intangible assets and property, plant and equipment	-28	-32	4	-12.5
Other operating expenses	-260	-95	-165	173.7
Other expenses	-1	-1	0	0.0
Operational expenditures	-17,595	-14,221	-3,374	23.7
Earnings Valuation of receivables	-1,071	-1,661	590	-35.5
Earnings Valuation of financial assets	118	0	118	
Profit before tax	494	10,592	-10,098	-95.3
Income taxes	-454	-4,405	3,950	-89.7
Earnings after tax	40	6,187	-6,148	-99.4

Net interest income was down EUR 6.8 million compared with the previous period, in particular due to lower interest income from loans granted and money market transactions (EUR 5.0 million) and higher interest expenses (EUR 1.9 million).

The commission result was down 44% or around EUR 1.1 million as a result of the strategic realignment and the associated discontinuation of the Commercial Banking division. Without this one-off effect, the commission result would have doubled from EUR 0.7 million to EUR 1.4 million. Other operating income was up 23% to around EUR 1.3 million. Overall, net income including other operating income was down around 29% to EUR 18.8 million.

In terms of expenses, operating expenses rose significantly by 47% or around EUR 3.8 million, due mainly to higher one-off expenses in connection with the special audit. Conversely, personnel costs were down 10% (around TEUR 594). Total administrative expenses were therefore up 23% to EUR 17.3 million.

3.2 Asset and financial position

	30 June 2025 TEUR	31 December 2024 TEUR	Changes TEUR	Changes in %
Cash reserve	7,738	5,963	1,775	29.8
Loans and advances to banks	351,991	390,846	-38,856	-9.9
Loans and advances to customers	564,527	447,917	116,610	26.0
Financial assets, other securities, property, plant and equipment, intangible assets	105,963	115,333	-9,370	-8.1
Trust assets	28,484	30,479	-1,995	-6.5
Other assets	14,242	14,006	236	1.7
Total assets	1,072,944	1,004,544	68,400	6.8
Bank loans and overdrafts	1,363	810	553	68.3
Amounts due to customers	921,894	840,351	81,543	9.7
Secondary liabilities	5,000	5,000	0	0.0
Provisions	22,239	32,910	-10,671	-32.4
Trust liabilities	28,484	30,479	-1,995	-6.5
Other liabilities	1,688	2,758	-1,070	-38.8
Fund for general banking risks according to 340g HGB	14,400	14,400	0	0.0
Total liabilities	995,068	926,708	68,360	7.4
Equity capital	77,876	77,836	40	0.1
Total equity and liabilities	1,072,944	1,004,544	68,400	6.8

Varengold Bank has a well-ordered asset and financial position.

As at 30 June 2025, total assets were up 6.8% compared with 31 December 2024 to EUR 1,073 million, which is reflective mainly of an increase in Loans and advances to customers of EUR 116.6 million and Amounts due to customers of EUR 81.5 million. Public sector loans under Loans and advances to customers were up EUR 69.9 million; the increase in Amounts due to customers is largely attributable to deposits with agreed maturities (+EUR 66.7 million).

This was offset by a decrease in Loans and advances to banks repayable on demand of EUR 38.9 million, which was characterised by a lower overnight credit balance at the Bundesbank as at the reporting date.

Contingent liabilities were up EUR 5.7 million to EUR 12.9 million as at the reporting date, while irrevocable loan commitments were down slightly to EUR 56.2 million (previous year: 57.4 million).

The cash reserve and Loans and advances to customers make up a large part of the Bank's liquid assets and at EUR 359.7 million accounted for 33.5% of total assets as at the reporting date (previous year: EUR 396.8 million or 39.5%).

3.3 Financial performance indicators

The key performance indicator is earnings before taxes (EBT).

EBT of EUR 0.5 million was generated in the first half of 2025, which is below the figure for the same period in the previous year (EUR 10.6 million). The decrease is due mainly to the aforementioned one-off effects in interest income and the one-off effects of the special audit.

C. Risk, opportunity and forecast report

1. Risk report

As a rule, it is not possible to generate income in the banking business without taking risks. In light of this, conscious handling, active management and ongoing identification and monitoring of risks are core elements of Varengold Bank's economically sustainable business management. The Bank follows the established three lines of defence model to manage and monitor risks effectively. The first line of defence is the operating units, which are responsible for actively managing the risks in day-to-day business and ensuring compliance with internal controls. The second line of defence consists of the independent risk controlling and compliance functions, which monitor regulatory requirements and support the business divisions in managing risk. The third line of defence is Internal Auditing, which independently assesses the effectiveness of the entire internal control system and reports directly to executive management and the Supervisory Board.

Varengold Bank's guiding principle is to develop into the leading specialist bank for structured finance. A fundamental aspect of Varengold Bank's business strategy is to offer flexible competitive products and services and to constantly adapt to changing market conditions.

The business strategy must present Varengold Bank's main objectives for each business activity as well as the actions that will be taken to achieve these objectives. The risk strategy must include, *inter alia*, the material risks arising from the business strategy, the risk management objectives of the main business activities and the action taken to achieve these objectives. This also includes the handling of ESG risks and concentration risks as well as the definition of risk appetite. In addition to this risk strategy, Varengold Bank's central risk management instruments are the risk-bearing capacity concept, the limit system and monitoring processes that are aligned with the business activities.

The Bank is currently undergoing a comprehensive strategy process under the new management. The aim is to adapt the strategic orientation to changing market conditions, regulatory requirements and sustainable growth targets. A structured approach is used to review existing business models, prioritise strategic areas for action and define a specific course of action to boost competitiveness. The process is being carried out in close coordination with the relevant specialist departments and with the support of external experts and forms the basis for the Bank's forward-looking positioning. The preliminary business plan is based on the following strategic guidelines.

- Realignment and redesign of management of the Bank as a whole by defining clear KPIs and establishing secure, efficient and risk-oriented processes and analyses.
- RWA-optimised and focused expansion of the Corporate Clients/Fintech division, and extension to include adjoining growth-oriented alternative lending platforms (for example, leasing/factoring).
- Risk-oriented expansion of business in the Corporate Clients/Energy Transition division with growth-oriented young companies in the Energy Transition segment in Bulgaria and Germany.
- Development of structural, HR and process-related prerequisites for a growth-oriented restart, primarily through the following actions:
 - strengthening compliance,
 - (partial) insourcing of internal auditing and accounting,
 - optimisation of data management and associated processes,
 - further development of the controlling units,
 - introduction of a new, external rating tool,
 - implementation of a watch list for addresses in the existing portfolio that are at risk of default.

Each potential future risk should be as transparent as possible before a decision is taken on how to manage it. Only with sufficient knowledge of the potential impact on the Bank can an assessment be made as to whether a risk should be approved. This decision is made by the Board of Managing Directors taking into account whether the risk in question can generate reasonable returns and whether the risk is likely to be sustainable. If a risk is taken, this is done within fixed risk tolerances that are primarily derived from the risk-bearing capacity potential. Compliance with these tolerances is monitored on a regular or ad hoc basis.

Risk-bearing capacity is analysed by the Group Risk Controlling department on a monthly or ad hoc basis. The appropriateness of the methods and procedures used to assess risk-bearing capacity is checked regularly.

The risk control and risk management system used by the Bank is based on the current 'Minimum Requirements for Risk Management' (MaRisk) imposed by the Federal Financial Supervisory Authority (BaFin).

Risk is the negative deviation of occurring events from expected events. The basis of the risk management system is the regular and ad hoc implementation of a risk inventory to assess the material risks for Varengold Bank. According to the risk inventory applicable as of 30 June 2025, these are credit risk, liquidity risk, market price risk, operational risk, reputational risk and strategic risk. Sustainability risks do not represent a separate type of risk, but have a risk-increasing effect on other types of risk.

The entire risk management and controlling process includes the following consecutive steps:

- risk identification
- risk measurement and assessment
- risk control by management
- support for management through risk controlling and risk reporting

The Board of Managing Directors determines the amount of total allowable risk and its distribution among each of the individual types of material risk. Care is taken in this context through ongoing

monitoring and assessment to ensure that the different business activities are backed by adequate risk-bearing potential.

The Group Risk Controlling department is responsible for monitoring compliance with the risk strategy at Varengold Bank and assessing the Bank's situation with regard to risk. The outcomes are reported regularly to executive management in a comprehensive and meaningful manner within an appropriate time frame in order to ensure adequate management.

On 24 May 2018, BaFin and the Bundesbank published the guideline 'Supervisory assessment of bank-internal capital adequacy concepts and their integration into firm-wide performance and risk management processes ('ICAAP') - realignment'. It includes policies, principles and criteria that the supervisory authority uses as a basis for assessing the internal risk-bearing capacity concepts of banks and institutions. The risk-bearing capacity concept as a central component of the ICAAP in accordance with Section 25a (1) sentence 3 no. 2 KWG in conjunction with GP 4.1 subsection 1 (and subsection 2) MaRisk comprises two perspectives: a normative perspective and an economic perspective. Both serve the long-term continuation of the Bank based on its own current resources and earning power. To this end, the normative perspective pursues the explicit goal of supporting the continuation of the Bank and the economic perspective has the goal of protecting creditors against financial losses.

For the normative perspective, the risk-coverage potential (RCP) and the risks are determined for both the current and future planning periods. At the time of preparing this report, capital planning relates to a period of three years and includes the planning scenario required by the supervisory authority and an adverse scenario. Moreover, the Bank uses the option in subsection 35 of the RBC guideline to apply the 'severe economic downturn' stress test, which was developed in accordance with GP 4.3.3 subsection 3 MaRisk and covers all types of risk, as an additional adverse scenario. In the capital planning scenarios, risks from the economic perspective are considered which have an influence on the available capital.

All regulatory and supervisory requirements must be taken into account in the normative perspective; the risk-coverage potential in the normative perspective therefore consists of regulatory own funds and other capital components, insofar as these are recognised by the supervisory authority as covering regulatory capital requirements, and is made up of regulatory own funds, the special item 'Fund for general banking risks' in accordance with Section 340g HGB and the eligible contingency reserves in accordance with Section 340f HGB. The procedures used to quantify risks in the normative perspective address credit risks, market price risks and operational risks arising from the legal requirements of the current CRR, for which risk-weighted position entries are calculated. In the planning scenario, the equity capital requirements must be met in full; in the adverse scenarios, a shortfall of the combined capital buffer requirement pursuant to Section 10i KWG is acceptable. For these cases, the Bank has developed options for action to ensure compliance with all regulatory and supervisory requirements and targets.

The supervisory capital requirements amounted to TEUR 87,772 as of 30 June 2025. The Bank has TEUR 96,400 in equity capital at its disposal to cover these requirements. Therefore, as at 30 June 2025, all regulatory capital requirements, including recommended equity capital, were met as of the reporting date. In the planning scenario, all equity capital requirements are met throughout the whole of the planning period. In the adverse scenario, the overall capital ratio, including recommended equity capital, is not achieved in the period from March to May 2026, and from September 2026 onwards. In the stress scenario, the overall capital ratio, including recommended equity cap-

ital, is not achieved in the period from March to May 2026, and from July 2026 onwards. The ratios, not including recommended equity capital, will be maintained throughout the whole of the planning period in both the adverse and stress scenarios.

In the economic perspective, the Bank uses a present value calculation to determine risk-bearing capacity. The risk-coverage potential of EUR 97.3 million consists of regulatory capital, contingency reserves in accordance with Sections 340f and g HGB, the profit for the current financial year, the profit for the previous year and undisclosed reserves less hidden charges. As a rule, the maximum tolerated utilisation rate is limited to 100%. Capacities over 90% of the total limit and capacities over 100% within an individual type of risk require an immediate response from the Board of Managing Directors. Utilisation of the risk-coverage potential was 66.4% as of 30 June 2025, 51.7% of which was attributable to credit risk, 12.8% to market price risk, 17.8% to operational risk, 9.9% to liquidity risk, 5.7% to strategic risk and 2.1% to reputational risk.

For the purpose of quantification in the context of risk-bearing capacity, the credit risk is comprised of default risk as well as migration risk. The two amounts at risk are added together. In addition to the classic credit risk (lending risk), default risk also includes issuer, counterparty and investment risk. Country risks are not underpinned by risk-coverage potential in the risk-bearing capacity calculation. These risks are taken into account in both the external and internal rating classification and, in this way, are included in the rating score and therefore in the level of probability of default. Collateral risk is not explicitly taken into account in the risk-bearing capacity calculation. If the LTV (Loan-to-Value) agreed with the customer is not achieved, the LGD (loss given default) of the commitment is scaled up accordingly, thereby leading to a higher amount at risk.

In order to limit country risks, the Bank has implemented a country limit system that is located at the registered office of the debtor's parent company.

Default risk is quantified using the key risk indicators 'expected loss' (EL) and 'unexpected loss' (UL). The EL is calculated based on the probabilities of default, taking LGDs into account. The UL is quantified using a credit risk model for a confidence level of 99.9% and a time horizon of one year. The Bank uses the 'ic.risk-view' software from provider ICnova AG to quantify credit risk.

The underlying measurement model for measuring credit risk (CVaR) is based on the well-known and widely used CreditMetrics™ model from the RiskMetrics Group™. This model divides the portfolio for simulation analysis into a sub-portfolio, which is particularly relevant due to the size of its positions and portfolios that are smaller in size and homogenous ('Large Homogenous Portfolio' approach; LHP approach). Both these portfolios are mapped with different degrees of granularity:

- **Portfolio 1:**
Simulation of the individual positions using CreditMetrics™
- **Portfolio 2:**
Simulation of credit rating clusters (per rating system) based on the specific Gordy model case (this is the basis for the IRB approaches in the CRR)

The probabilities of default (PDs) derived from external (if available) or internal ratings and the transaction-specific loss given default (LGD) are used here. In addition to the probabilities of default and loss given defaults, correlations between the counterparties with the systematic risk factor are also taken into consideration. Only the unexpected loss of the portfolio is included in risk-bearing capacity. Expected loss is already included in the general bad debt provision. In the event that the

expected loss of the total risk exposure exceeds the general bad debt provision, which has only been formed for loans and advances to banks and customers, the difference is also included in the calculation of risk-bearing capacity.

As part of its continuous development of risk management, the Bank has decided to replace its internal rating process with an external, professional procedure. The aim of this high-priority project is to achieve greater granularity in the rating levels and further improve the validity of the calculated probabilities of default (PDs). Working with a specialist provider will ensure higher quality of methodology and greater overall reliability and validity of risk assessment. The project therefore makes a significant contribution to strengthening risk-bearing capacity and making the management of the Bank as a whole more professional.

As well as the default risk, the migration risk for the portfolio is also determined for a time horizon of one year. External migration matrices are used for this purpose. The EL is recalculated on the basis of the higher default rates determined in this way; the difference between the EL calculated in this way and the EL from default risk produces the amount at risk in terms of migration risk in the economic perspective.

The market price risk is determined by adding the amounts at risk in terms of price risk (including foreign currency risks), credit spread risk and interest rate risk. No correlations between the risk types are taken into account.

The price risk (general price risk) is quantified using the 'value at risk'. For both the trading book and the banking book, this is measured with a confidence level of 99.9%, a holding period of 250 days and a lookback of 21 years by historical simulation of the changes in prices or the maturity- and currency-matched swap or money market rates. The price risk for the entire portfolio is calculated and limited and also separated between the banking book, the trading book and foreign currency futures (as far as possible in the overview). In addition to securities and precious metal investments that have a price risk, this includes open foreign currency positions and foreign currency futures held for hedging purposes. The price risk recognised in risk-bearing capacity is determined by adding the VaR of the sub-portfolios. As a result, existing correlations between the sub-portfolios are not taken into account, which leads to a significantly higher amount at risk.

The interest rate risk is measured quarterly by the Risk Controlling department. Here the change in present value of the interest book is determined in the case of ad hoc interest rate changes of +200 base points and -200 base points as well as six additional scenarios in accordance with accounting standard 06/2019 (BA) – 'Interest rate risks in the banking book'. The Bank also calculates two further scenarios based on the historically largest interest rate changes within one year (lookback of 21 years). The values for the 0.1 to 99.9% confidence level are derived from this. The largest negative change in these interest rate change scenarios is included as a risk value in the calculation of risk-bearing capacity.

The Bank defines credit spread risk as negative changes in the market value of bonds held by the Bank itself as a result of a deterioration in issuers' credit standing that has not yet been reflected in a rating downgrade (specific price risk). The credit spread risk is quantified using the 'value at risk'. For both the trading book and the banking book this is measured with a confidence level of 99.9%, a holding period of 250 days and a lookback of 21 years calculated by historical simulation of the changes in the rating-dependent asset swap spreads of the bonds.

The monitoring and regulation of risks is based on the limit system, which is calculated on the basis of the risk-coverage potential for the market price risk.

To determine the risk value for liquidity risk, a bank-run scenario is assumed in which all deposits are withdrawn by customers and banks on their contractual maturity date. This represents a possible (but highly unlikely) risk event. The AMM report (Additional Monitoring Metrics for Liquidity Reporting), specifically sheet C 66.01 (liquidity maturity report), forms the basis for calculating the level of risk.

Moreover, the cumulative refinancing gap and cumulative liquidity coverage potential are analysed. The refinancing gap is supplemented by revocable and irrevocable loan commitments (as outflow in 'due on demand').

Based on these data, the contractual cumulative refinancing gap is determined for each maturity band, 'due on demand' to 'longer than five years'.

Forward interest rates are used to determine the interest expense for refinancing the contractual gaps for each maturity band. As the economic perspective of risk-bearing capacity is based on a time horizon of one year, the risk is calculated by adding the interest expenses expected in the event of risk for the maturity bands from 'due on demand' to 'up to 12 months'. The Bank uses this procedure to calculate the refinancing and call risk. Both sub-types of liquidity risk were identified as material in the risk inventory.

To monitor liquidity risk, a liquidity maturity report is produced by the Treasury department on a daily basis. It is managed based on the 'distance to illiquidity' (at least three months), a daily 'minimum liquidity' in t+1 (EUR 20 million) and the liquidity coverage requirement. Monitoring is carried out by the Risk Controlling department. In addition, the liquidity management concept also defines a contingency plan, which is preceded by an early warning system.

Operational risks are quantified on a quarterly basis by the Group Risk Controlling department, in collaboration with the department heads and the Board of Managing Directors using a scenario analysis for all identified operational risks. The scenarios represent possible 'bad case' scenarios for the risk type and are assessed in respect of potential losses per annum and their probability of occurrence.

These two parameters for the identified partial risks are incorporated into a Monte Carlo simulation. From the 200,000 simulations carried out, the risk is stated as a 99.9% quantile value. This calculation is performed three times and the worst result represents the loss amount for operational risks.

As part of the risk inventory, the Bank has identified the following sub-risks of operational risk as being material:

- model risk,
- legal risk,
- service risk,
- risk associated with the legal validity of accounts receivable,
- breakdown of critical IT,
- external events,
- money laundering/terrorism financing,
- accounting/financial reporting,
- external fraud,
- insider trading,
- transitory risk (ESG).

ESG risks are included via the sub-risks 'external events' and 'transitory risk (ESG)'.

Strategic risk is taken into account by analysing declines in earnings in the context of risk-bearing capacity. In the economic perspective, an amount at risk of 10% of the expected earnings from lending business for the next 12 months is applied. This corresponds to the income from expected new business.

For reputational risk, 10% of the planned interest expenses for overnight money and term deposits is applied when quantifying the amount at risk. If the Bank's reputation were to deteriorate, it would be forced to offer interest rates above the market average in order to secure refinancing.

In order to limit concentration risks, the Board of Managing Directors has set further limits or early warning thresholds, which are monitored on an ongoing basis.

- **Largest position in the loan portfolio:**
Maximum share of 10% of the total portfolio of positions exposed to risk of default.
- **Position with the highest risk:**
Ratio to liable equity <10%
- **Largest collateral position:**
Maximum share of 10% of the total portfolio of positions exposed to risk of default

All risk mitigation actions are essentially taken in an economically reasonable fashion that accounts for the size of the Bank, capital resources and the special business model in an appropriate manner.

Based on experience since 2022, neither Russia's invasion of Ukraine nor the war between the militant Palestinian organisation Hamas and Israel, which has been ongoing since October 2023, are expected to have any significant impact on Varengold Bank's future business development. It remains to be seen how the current uncertainty regarding the development of the tariff disputes with the USA will affect the Bank's loan portfolio. An initial analysis by the Bank revealed that there was no need for action in this respect.

2. Opportunities report

At the time of writing, the focus is clearly on the consistent realignment of Varengold Bank's business model, following the successful resolution of most of the legacy issues in recent months. In 2025, Varengold's motto will be 'Transformation with focus'. An important component is the finalisation of the areas arising from the special audit in accordance with Section 44 KWG, which is nearing completion. In addition, the Bank will push ahead with its further development into a specialist bank providing structured financing solutions for fintechs and sustainable energy projects. The Bank's aim is to provide growth-oriented companies with easy and quick access to capital and financial services in order to create high added value for its customers with bespoke solutions and support their innovative capacity.

The management team is currently working with external experts to refine the new business model. Varengold Bank relies on its recognised expertise in lending and structuring of complex financing - geared to the needs of growth-oriented, innovative corporate clients. The expertise, innovative strength and many years of experience of the Varengold team form the foundation for sustainable growth, new business potential and clear positioning in the new direction. The data- and fact-based strategy process combines specific sales approaches and market opportunities and focuses on streamlined RWA efficiency and appropriate risk-bearing capacity.

Deposit business remains a central pillar of the refinancing strategy in order to secure volumes, spread maturities and use funds efficiently in line with the core business areas. In the Corporate Clients/ Fintech division, demand for financing and services offered remains high. The Bank aims to expand its loan portfolio and attract new customers. In the Corporate Clients/Energy Transition segment, the focus is on innovative SMEs and sustainable energy financing, for battery storage, electricity infrastructure and alternative financing platforms, for example.

The further development and strategic integration of the overseas branch in Sofia (Bulgaria) is also part of the transformation process. The branch is now set to operate more independently and transparently within the framework of a clearly defined business and risk strategy.

As part of its strategy process, Varengold places particular emphasis on efficiency and transparency: Over 30 projects are currently being managed, ten of which have top priority. The Bank is stepping up its project tracking efforts in order to support the implementation of the realignment in a structured and controlled way.

The entire banking sector has been undergoing change for years, shaped by digital innovations and increasing regulatory requirements, particularly in the area of ESG (environmental, social and governance). Business decisions are based on modern data analyses, clearly defined risk strategies and a stringent governance structure. Risk management is not just a protective mechanism, but an integral part of strategic management. It supports a well-founded assessment of opportunities and risks, facilitates targeted capital allocation and enhances the quality of decision-making. At Varengold Bank, it also makes a significant contribution to earnings stability, the resilience of the business model and sustainable positioning.

In view of the ongoing regulation in the area of AI and digital resilience, Varengold is focussing its attention on the systematic introduction of intelligent tools and processes. Clear guidelines for the use of AI in financial institutions must be followed, introducing new requirements for governance and transparency. Varengold Bank sees great potential in AI technologies for optimising internal processes and improving its customer experience.

Overall, the outlook for the new few quarters is optimistic: The transformation is well underway and early developments already indicate the potential for stable earnings in the medium term. At the same time, the ongoing change creates an opportunity to rethink existing processes and align them more closely with efficiency, customer focus and sustainability. The Bank will consistently re-view its business potential and adapt flexibly to evolving market conditions in order to leverage this potential as effectively as possible.

3. Forecast report

The forward-looking statements in this section are based on the estimates and conclusions reached by Varengold Bank at the time of preparing this report. They are based on internal assumptions and external data, but indicate risks and uncertainties that are beyond the Bank's control. Significant factors may cause actual developments to differ considerably from the forecasts.

According to current economic forecasts, such as from the ifo Institute (summer 2025), the German economy reached its low point in winter 2024/25. While the first quarter of 2025 showed a slight recovery, stagnation is expected for the remainder of the year. The reasons for this are declining industrial production and weaker exports. Nevertheless, the outlook remains cautiously optimistic, supported by an improved order situation and optimistic sentiment indicators. The ifo Institute has slightly raised its GDP growth forecast for Germany in 2025 from 0.2% to 0.3%, while growth of around 1.5% is forecast for 2026.⁷ The Bundesbank confirms this assessment in its monthly report from June 2025 and expects a moderate economic recovery only from 2026 onwards, supported by fiscal stimuli from the German government. However, weak investment activity and uncertainties in transatlantic trade remain negative factors.⁸

Inflation is expected to be around 2.1% in 2025, with a slight decline to around 2.0% in 2026 due to lower energy prices and government relief measures.⁹

In the banking sector, the focus will remain on efficiency improvements, digitalisation and active cost management. The sector is well capitalised and resilient to economic fluctuations.¹⁰ According to Statista, net interest income in the traditional banking market in Germany is expected to reach around USD 208.77 billion in 2025.¹¹ However, the challenges are mounting for many banks: Banks are increasingly exposed to rising costs due to regulatory requirements, investments in IT and cyber security.

At the same time, the topic of sustainability continues to gain importance, primarily due to adjustments in sustainability reporting (CSRD) and the integration of ESG risks into risk management. New regulatory requirements, such as the Digital Operational Resilience Act (DORA), have been mandatory since January 2025 and strengthen IT security and business continuity.

The geopolitical situation remains challenging: Conflicts such as the war in Ukraine and the conflict in the Middle East, as well as US-imposed trade tariffs, are weighing on the export economy and capital markets. Varengold Bank benefits in this complex situation from a diversified loan portfolio and a focus on energy transition, which contributes to its resilience.

7 <https://www.ifo.de/fakten/2025-09-04/ifo-konjunkturprognose-herbst-2025-finanzpolitik-koennte-deutsche-wirtschaft-aus>

8 <https://publikationen.bundesbank.de/publikationen-de/berichte-studien/monatsberichte/monatsbericht-juni-2025-959270>

9 <https://de.statista.com/statistik/daten/studie/309170/umfrage/durchschnittliche-honorarhoehe-von-personalberatern/>

10 <https://www.ecb.europa.eu/press/financial-stability-publications/fsr/html/index.en.html>

11 <https://de.statista.com/outlook/fmo/banking/deutschland>

In the area of alternative financing, i.e. forms of financing such as factoring, leasing or similar models, which are often offered by fintechs as a supplement to or replacement for traditional bank loans, there is increasing momentum, with a growing focus on sustainable profitability.

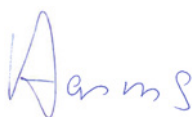
Despite the European Central Bank's recent interest rate cuts in summer 2025, interest business remains a stable source of income for banks. Varengold Bank has taken the impact of lower interest margins into account in its current strategic planning and, thanks to its diversified earnings structure and solid capital base, considers itself well positioned to achieve stable results even under the current market conditions.

Varengold Bank's primary goal until the end of 2025 is to further recalibrate its business model and expand its new focus in the Corporate Clients/Energy Transition division. In addition, business activities in the Corporate Clients/Fintech division will also be stepped up with a focus on lending. The Bank anticipates additional costs in connection with this restructuring and realignment, which are mainly due to the effects of the special audit and targeted actions to transform the Bank. The Board of Managing Directors is therefore expecting a break-even to slightly positive result of up to EUR 800 thousand before taxes for 2025 with a cost-income ratio of around 98%, before the break-even point can be exceeded again more significantly from 2026 onwards on the basis of the transformation measures that are expected to have been implemented by then.

Hamburg, 3 October 2025
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Board of Managing Directors

Matthias Wargers (Spokesperson for the Board of Managing Directors)
Hendrik Harms

Supervisory Board

Dirk Auerbach (Chairman)
Vasil Stefanov
Tobias Weitzel

Companies Register

HRB 73684 Hamburg District Court

VAT ID No.

Financial Authority, Hamburg, DE247069729

Corporate Governance

Varengold Bank AG is registered with the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Str. 108, 53117 Bonn, Germany; Tel.: 0228/4108 – 0) under number 109 520 and published on the website www.bafin.de.

Deposit insurance

Varengold Bank AG is part of the German Banks compensation scheme (EdB).



Permissions/Approvals of Varengold Bank AG

- Acquisition brokerage (section 1 (1a) sentence 2 no. 2 KWG [German Banking Act])
- Investment advisory services (section 1 (1a) sentence 2 no. 1a KWG)
- Investment brokerage (section 1 (1a) sentence 2 no. 1 KWG)
- Asset management (section 1 (1a) sentence 2 no. 11 KWG)
- Safe custody business (section 1 (1) sentence 2 no. 5 KWG)
- Proprietary business (section 32 1a) KWG)
- Proprietary trading (section 1 (1a) sentence 2 no. 4 KWG)
- Deposit business (section 1 (1) sentence 2 no. 1 KWG)
- Factoring (section 1 (1a) sentence 2 no. 9 KWG)
- Financial leasing (section 1 (1a) sentence 2 no. 10 KWG)
- Financial commission business (section 1 (1) sentence 2 no. 4 KWG)
- Financial portfolio management (section 1 (1a) sentence 2 no. 3 KWG)
- Guarantee business (section 1 (1) sentence 2 no. 8 KWG)
- Lending business (section 1 (1) sentence 2 no. 2 KWG)

Notes on the content

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Note

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