



Varengold

BANK

Annual Report
2021

Key Figures of Varengold Bank AG

Key figures per share	31.12.2021 in EUR	31.12.2020 in EUR
Earnings per share	1.71	0.17
Market capitalization	44,390,126	36,958,295

Profit and loss statement	01.01.2021 to 31.12.2021 in TEUR	01.01.2020 to 31.12.2020 in TEUR
Interest income	6,750	7,366
Current income from shares and other non-fixed income securities and shares in affiliated companies	1,243	1,036
Commission income	44,638	17,928
Other operating income	-725	-1,915
Administrative expenses	-22,876	-17,586
Depreciation and value adjustments	-7,627	-4,974
Income from normal business operations	21,403	1,855
Balance for the year	17,166	1,715

Balance sheet	31.12.2021 in TEUR	31.12.2020 in TEUR
Total assets	1,466,744	995,195
Net assets	55,831	38,666

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01

Letter to the Shareholders



Dear Shareholders,

2021 was another extraordinary year with considerable challenges, extensive changes and for us also very positive developments. At first it seemed as if the effects of the pandemic would be mitigated, however the Russian aggression in Ukraine and the threatening situation in the middle of Europe are preventing our “return to normal” so far in 2022. The value of cooperation and human connection is hereby increasingly recognized and treasured. Therefore, we would like to begin right here by thanking our employees, who have delivered outstanding performances in the face of tremendous challenges for over two years now!

We have again been able, in business year 2021, to achieve record results, increasing our net assets from EUR 27.4 million to EUR 55.6 million. In the area of risk provisioning by utilizing selected provisions, EUR 10.6 million was invested in risk coverage. After taking these preventative measures into account, our results before taxes reached EUR 21.4 million (previous year EUR 1.9 million). As in the past, Commercial Banking was the main driver of these results. However, the strategic growth market Marketplace Banking is also experiencing a considerable increase in demand. It is so rewarding to be a part of the development of the predominantly young start-ups, to accompany them, and in the best case, to then at a later point, to be able to congratulate them on their status as unicorns. In addition to young FinTechs, we are also increasingly engaged with large established players from a wide variety of sectors who wish to extend their customer offering to include financial services. We support these companies in the refinancing of their credit portfolios, as well as with corporate loans, corporate credit cards, and consumer credit. Furthermore, with our Banking as a Service (BaaS) solutions, we are a valued partner in the area of fronting and also increasingly frequently accompany our customers in their expansion into other European countries. Embedded Finance is and remains a large growth topic.

In order to maintain our long-term competitiveness and to successfully attract employees and to bond them with the organization also in times of hybrid working models, we have focused intensively on the topic of new work. Reviewing all working methods and processes, workplaces, timekeeping models, and making our own management style more transparent, has generated many improvements and unleashed enormous potential! We identified empowerment as an essential success factor for us. Each individual team member must understand his or her contribution to the implementation of our strategy and thereby the success of the Varengold Bank. This builds identification with the organization and motivates. Our task as Management Board and executive leadership is to grant the freedom that promotes individual responsibility and personal development. This is why we continuously invest in ongoing and continuous training of our employees in areas of both technical and social competences. One milestone in 2021 was certainly the move into our new office which offers appropriate space from every perspective for the cultural transformation of the Varengold Bank. Here we can, for example, better support interdepartmental team and project work. We have in the past, already frequently profited from the results of such collaborations.

In everything we do, our actions are characterized by entrepreneurial thinking and careful consideration of opportunities and risks. Administrative expenses only increased by 30 % to EUR 22.9 million in the reporting period, despite our doubling of net income (previous year EUR 17.6 million). This is due to higher personnel (+26 %) and material expenses (+34 %), including expenses for recruiting new employees, for further training measures and for the conversion of the new office and the move. We have also digitized additional business processes, thereby further strengthening the agility and efficiency of Varengold Bank.

In view of the still unclear economic and social effects of the pandemic, but also of the war in Ukraine, we are maintaining our conservative risk provisioning. Nevertheless, we are looking toward the future with optimism. The past two years in particular which were shaped by the pandemic have proven that our business model is viable and scalable.

We thank you for your loyalty and wish you and all of us strength and wisdom in overcoming the current challenges.



Hamburg, in June 2022

Board of Directors of Varengold Bank AG

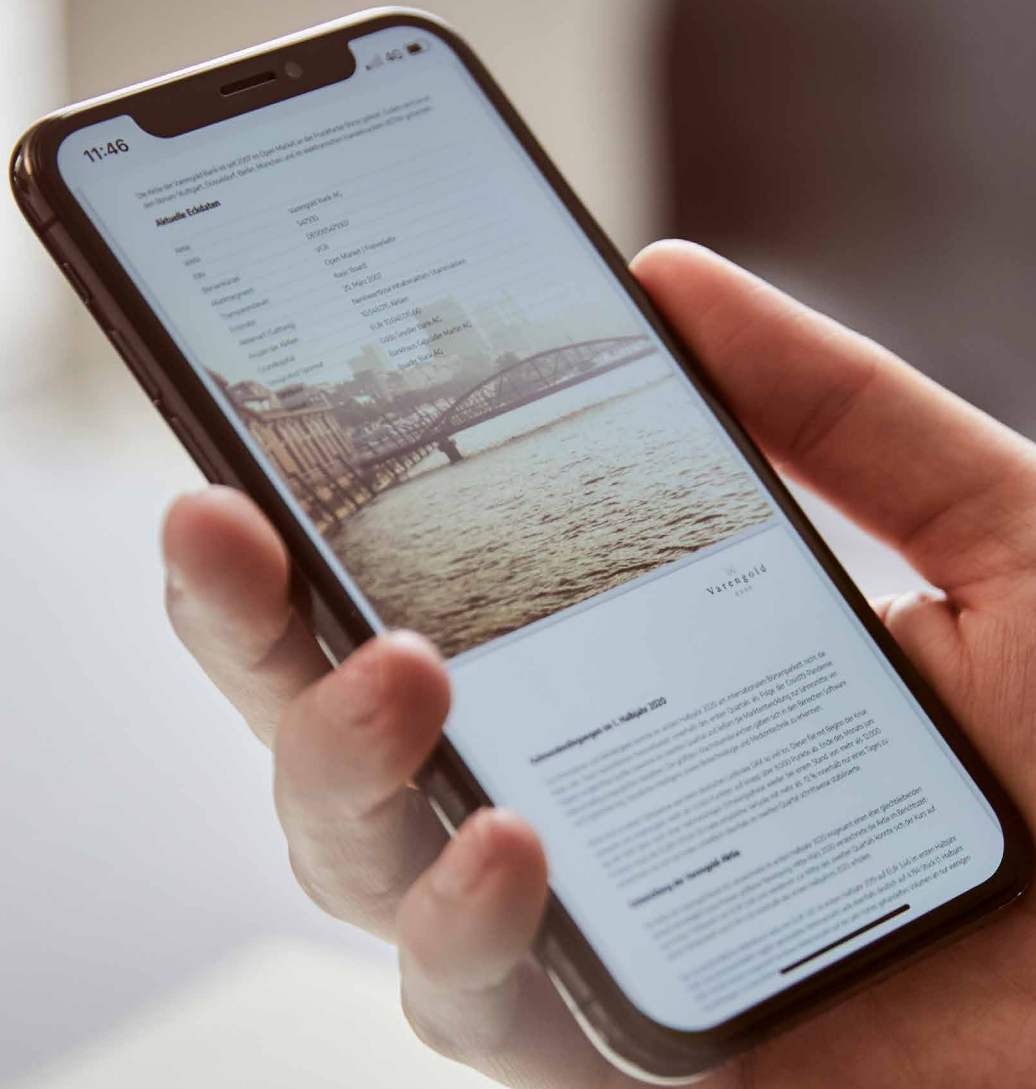


Dr. Bernhard Fuhrmann



Frank Otten

02 Success Story



Co-creator of the technology-enabled transformation of the financial industry

The Varengold Bank AG is a high-growth bank. For over 25 years the bank has successfully asserted itself in the financial industry and helped to design its technology-supported transformation.

Varengold Bank develops specialized hedge fund strategies

The success story of the Varengold Bank began in **1995** with its founding as Asset Management boutique. Four years later, in **1999**, the former GmbH was converted into a stock corporation. Initially, the focus was on developing our own specialized hedge fund strategies from the managed futures space. With regard to the investment strategy, Varengold Bank concentrated on the systematic trading of raw materials and stock indices and implemented these using derivative financial instruments. For tailor-made portfolios, as well as diversification, the company's own trading approach has been augmented by complementary strategies at the fund-of-funds level.

First German approved for public trade managed futures fund of hedge funds

2006 Varengold Bank launched the HI Varengold CTA Hedge with the objective of a risk-reduced return profile. It was the first German managed futures fund of hedge funds to be approved for public sale. In the following years, the HI Varengold CTA Hedge received several awards as the best German umbrella hedge fund. As part of these trading activities, Varengold Bank recognized that transparency of the managed futures strategies is required for each individual transaction in order to ensure successful monitoring and management in terms of the trading strategies.

Development of a managed account platform for real-time brokerage and online reporting

2009 Varengold Bank built a managed account platform that enabled real-time brokerage and online reporting. The goal was to optimize the transaction processing structure. At peak times around 9,000 customers worldwide with an annual transaction volume of more than EUR 20 billion used Varengold's access to the international financial markets in the former Capital Markets Brokerage division on a single trading platform – for both on-exchange and off-exchange products such as Forex and CFDs (Contracts for Differences).

Full banking license marked milestone in the history of the Varengold Bank

2013 marked the extension of the license from a securities trading bank (in the sense of § 1 para. 3d sentence 3 KWG) to a deposit-taking bank and was one of the largest milestones in the history of the Varengold Bank. Simultaneously to the receipt of the full banking license, Varengold established today's core business area of Commercial Banking (Transaction Banking).

Varengold Bank directs strategic focus toward cooperation with FinTechs

2015 Varengold Bank directed the strategic focus toward Marketplace Banking for the first time. The bank hereby oversees marketplaces that offer companies and consumers digital financing solutions. These financial technology companies are called "FinTechs" for short. The Varengold Bank provides customers with debt and equity capital markets products, international payment transaction services and fronting services for products that require a banking license / Banking as a Service (BaaS). With credit know-how, regulatory expertise, as well as an excellent network within the European banking scene, the Bank helps credit marketplaces to build successful and sustainable businesses. It is important

to Varengold Bank to cooperate with the FinTechs instead of duplicating their services. With the support of credit marketplaces, Varengold Bank emphasizes its claim to provide as many people and companies as possible with fast and uncomplicated access to capital and banking services.

Limiting risks and earnings volatilities

With the aim of limiting risk and earnings volatilities and to focus on the business areas with a better risk-income ratio the Varengold Bank decided in March **2016**, to phase out the Capital Markets Brokerage division. The capital market expertise developed over the years remained within the Varengold Bank and still benefits companies that aim to protect international payment flows against currency fluctuations.

Customer-centric approach creates relevant added value

Varengold Bank consistently pursues the goal of creating relevant added value for its discerning customers from Germany and abroad, subjected its business strategy to an intensive review in years **2017** and **2018** and increased the focus on its business strategy. This led to combining existing products in new ways and to developing innovative, tailor-made solutions. This customer-centric approach has proven to be very successful, especially for customer needs for which there are no standard solutions.

Partner for modern banking

The combination of traditional credit rules with a high-quality risk analysis and appropriate cost structures resulted in an attractive mixture of solidity and agility. Varengold Bank has thus created an excellent basis for successfully positioning itself in the core business areas of Commercial Banking and Marketplace Banking. The digitization strategy, which was initiated at an early stage and consistently implemented, creates additional growth potential. With the help of business automation tools, Varengold Bank has

extensively digitized processes. Varengold Bank is agile, efficient, and able to make quick decisions. This not only distinguishes Varengold Bank from many other banks, but also makes it a strong partner for the nimble FinTechs who are reforming the financial sector with user-friendly platforms.

Sustainably engaged for a future worth living

Without a real focus on sustainability, there will be neither a long-term business foundation for Varengold Bank nor a desirable future for society. That is why Varengold Bank has been involved in the area of sustainability since **2018**. Through many small actions, the financial service provider contributes to the achievement of the major global goals and works continuously to reduce its ecological footprint. In **2020**, Varengold Bank strengthened its commitment to sustainability by establishing a dedicated interdisciplinary sustainability team of employees.

Successful performance in the demanding pandemic environment

Varengold Bank has also shown itself to be strong in an environment that has been shaped by the corona pandemic since **2020**. It continued its profitable growth and proved once again the viability of its strategic positioning.

Scalable and sustainable business model

Varengold Bank has once again closed a financial year with record figures – despite all the challenges caused by the pandemic. In **2021**, net income and EBT increased significantly compared to the previous year, while at the same time conservative risk provisioning was continued and further investments were made in the bank's competitiveness. The high demand in the Marketplace Banking business area shows that embedded finance in particular is and will remain a growth area. Here Varengold Bank has successively expanded its lending range. In addition to refinancing the credit portfolio, it also supports its customers with

business loans, corporate credit cards and consumer loans. With its Banking as a Service solutions, Varengold Bank is a valued partner in the area of fronting and is increasingly supporting its customers in their expansion into other European countries. Varengold Bank enjoys an extensive network in the industry and the business model has once again proven to be viable and scalable.

Development of a sustainable “New Work” concept

In order to maintain its competitiveness in the long term, the Varengold Bank has delved intensively into the topic of “New Work”. The goal is to maximize employee satisfaction while optimizing the methods and processes that are used to achieve business goals. The “New Work” concept developed over the past few years, includes central topics such as the successful recruitment and retention of employees in times of hybrid working models. With the move to the new office space in **2021**, the financial service provider offers the ideal conditions to promote interdepartmental cooperation in the company even more strongly. Varengold Bank has already benefited from the creative results of these collaborations.

03 New Work Culture



Answers to the key questions of the future

The topic of “New Work” is on everyone’s mind. The main focus here is often on mobile working. With the pandemic, the home office has found its way into almost all industries and companies. For Varengold Bank, “New Work” encompasses much more than just the place of work. That’s why the company has long been considering what collaboration will look like in the future – and independently of COVID-19.

Varengold Bank understands “New Work” as a work philosophy that completely changes the ways we work together and must answer key questions of the future in order to maintain competitiveness: How can employee satisfaction be increased while simultaneously optimizing the methods and processes business goals are achieved?

Old ways won't open new doors

Convinced that working methods and processes, but also personal leadership styles can and must change in order to achieve business goals, Varengold Bank set itself the task of fundamentally questioning every aspect of how work is done at Varengold Bank. Together! Because “New Work” affects the entire workforce. The first measures, such as flexibility in hybrid working models or also a less formal dress code, are an expression of a cultural transformation at Varengold Bank. Overall, the new corporate culture stands for a higher degree of personal responsibility and active participation.

Empowerment as key element of the “New Work” concept

When every employee in the company can understand which part he or she has in the implementation of the strategy and thus in the success of the Varengold Bank, this creates identification and motivates. “Empowerment” is therefore a key element of Varengold Bank’s “New Work” concept. It is the task of the Management Board to give freedom that promotes individual responsibility and personal development. All managers in the company are called upon to do the same. This results in creative freedom, as well as a high degree of personal responsibility. For example, there are no requirements regarding presence in the office. Rather, Varengold Bank sees the home office as an additional silent place of work. Working together on site in the office is a question of want, not of absolute necessity – this starting point creates freedom of choice and trust. At the same time, the company’s goals, and the necessary steps to achieve them are transparent and comprehensible for everyone. This results in a clear “timetable” for each individual team member. Where and how he or she implements these goals is his or her own responsibility.

Success through interdepartmental collaboration

Despite hybrid working models, Varengold Bank moved into new office space in 2021 – and even expanded in the process. The modern and open design area with a view of the Elbe offers space for individual and needs-based work. Here, teamwork, as an important element of the “New Work” concept, can be better facilitated. interdepartmental collaboration and the view from “outside” – namely that of a completely different department – has made Varengold Bank faster, more creative, and more efficient. In the Marketplace Banking division in particular, the company deals with startups that act very quickly and expect the same from their partners. With its efficient processes and agility, Varengold Bank differentiates itself from many classic banks and is recommended as a partner of these FinTechs.

Consistent digitization and flexibility

The digital transformation of the company is a key to the further individualization and flexibilization of work processes and is therefore crucial for the “New Work” concept. The entire workforce is not only part of this transformation, but actively helps to shape it. A higher degree of flexibility as part of the hybrid working models also creates a bridge to increased family friendliness and work-life balance – important attributes for employee recruitment.

Varengold Bank sees “New Work” as an ongoing process of change and enabler of the most valuable impulses arising from the team. With the current concept, the company has created a solid basis for further successful growth. Thus, Varengold Bank is confident of being well-positioned in the competition for the best talent.

04 Products and Services

The key business areas **Marketplace Banking** and **Commercial Banking**



Marketplace Banking

As “The Bank for the Marketplace Lending Industry” or as “Partner of FinTechs”, the focus is on the clear vision of helping clients to realize business ideas that have the potential to revolutionize their industry. As a reaction to the financial crisis of 2008, online credit marketplaces that deal with the financing of companies and consumers emerged across the globe. As a rule, these marketplaces offer their customers much faster, less complicated, and therefore more convenient loan processing than established banks, as well as alternative financing solutions. In the core business area of Marketplace Banking, Varengold Bank becomes a partner to these marketplace operators. It has the financial means, but also the efficient processes and agility required by this modern type of banking. Varengold Bank thus helps its customers, who usually deal with receivables finance, real estate finance, trade finance, consumer finance or SME finance, to establish and later scale their business models. Varengold does not offer its own credit products for the target customers of the marketplace lending platforms. It is therefore not in competition with its customers. Together they pursue a single goal: to give people and companies who lie outside the target profile of many banks access to capital and financial services.

Structured financing (lending) is an anchor product of Varengold Bank. The refinancing of marketplace credit portfolios, the structure of which is closely oriented to the needs of the customer, is often just the beginning of a long-term cooperation. In addition, Varengold Bank supports its customers in the areas of DCM (Debt Capital Management) and ECM (Equity Capital Management) when necessary; their debt and equity requirements are covered with the help of a global network of investors. With the founding of the subsidiary “Elbe2021 Incubator GmbH” in mid-2021, Varengold Bank AG implemented a new structure in order to make equity investments (ECM business). Investments with existing customers from the Marketplace Banking area are on the horizon.

Another anchor product in the core business area of Marketplace Banking is Fronting Services (also known as Banking as a Service or BaaS). Throughout Europe, the Varengold Bank makes its banking license available to marketplaces that would like to offer products and services that require a banking license, but do not have the necessary structures and authorizations themselves. These “fronted” products usually include credit products and account services. The deep understanding of processes and the high level of technological expertise at Varengold Bank help customers to enter markets quickly and efficiently. In particular, marketplaces that intend to enter highly regulated markets such as Germany benefit from this offering.

Basically, Varengold Bank accompanies its customers in Marketplace Banking through an early phase of their business activity or in the start-up phase, which often leads to a growth phase. One advantage for customers is that Varengold Bank has no conflicts of interest in its customer relationship with the marketplaces.

Profile:

- › Development of credit volumes with European-wide diversified credit portfolios
- › Strong network within the marketplace lending industry and institutional investors
- › Willingness to accompany companies in the early phase, in order to grow together
- › Existing “full banking” license
- › Possibility of EU passporting

Income components:

- › Interest income
- › Commission income

Commercial Banking / Transaction Banking

In the core business area of Commercial Banking, Varengold Bank supports international corporate customers in their global trading and investment activities, primarily with its services in the areas of Transaction Banking and Trade Finance. With the help of individualized products and solutions, it gives them the opportunity to process transactions and trading activities securely, efficiently, and transparently across national borders. The trading focus is on the regions of Eastern Europe and the Middle East. Since the introduction of the business area in 2013, a solid, international customer base has been developed, and is constantly being expanded.

The service portfolio consists of the deposit business, as well as the areas of international payment transactions, trade finance and structured finance.

In the area of trade finance, Varengold Bank bundles selected solutions for financing, as well as bank guarantees and letters of credit for international trade activities. In addition to classic payment guarantees, the guarantee business also includes warranty guarantees and delivery and performance guarantees. Since the middle of 2020, the Varengold Bank has established a special area for ECA-covered trade financing.

In the area of deposit business, German private customers are offered call money accounts with monthly interest credits that are available daily and are free of charge. In addition, the bank offers time deposit accounts at attractive interest rates with terms ranging from one to ten years. Deposit customers benefit from the statutory deposit guarantee in the amount of up to EUR 100,000.

Profile:

- › Expertise in emerging markets with strong local networks
- › Dynamic adaptations to market changes
- › Status of a German regulated bank
- › Deposit protection of up to maximum EUR 100,000 per customer

Income components:

- › Interest income
- › Commission income

05 Shares

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

Current key figures

Stock	Varengold Bank AG
WKN	547930
ISIN	DE0005479307
Stock symbol	VG8
Market segment	Open Market / OTC (over the counter)
Transparency level	Basic Board
First listing	20 March 2007
Share (type)	No par-value shares
Number of shares	10,043,015 shares
Total capital	EUR 10,043,015.00
Designated Sponsor	Oddo Seydler Bank AG
Paying agent	Bankhaus Gebrüder Martin AG
Specialist	Baader Bank AG



General conditions in year 2021

The year 2021 was again noticeably influenced by the corona pandemic, but capital market participants were also affected by rising inflation and issues such as sustainable investment opportunities. Nevertheless, the economy was able to recover last year and make up for a large part of the growth losses from 2020. At the same time, the capital markets and in particular the stock markets developed very favorably – the IPO business was better than it had been for a long time. Higher capital market interest rates represent a fundamentally positive development, especially for the European banking sector. The DAX rose by 15.8 percent in 2021 and the Euro Stoxx 50 by 20.99 percent.

With the spread of the Omicron strain of the virus, nervousness sporadically returned to the international capital markets in the second half of the year. The overall economic and industrial impact of the pandemic led to price setbacks. The significantly higher costs for energy and raw materials drove up prices and also resulted in an increase in the inflation rate.

Last but not least, the fiscal policy relief measures implemented to stabilize the economy were again reflected in the development of the capital markets. The uncertainties regarding the Russian aggression against Ukraine since the beginning of 2022, as well as ongoing supply chain problems and the further development of the prevailing inflation could weigh on the stock markets in the future and lead to phases of volatility.

Development of Varengold shares

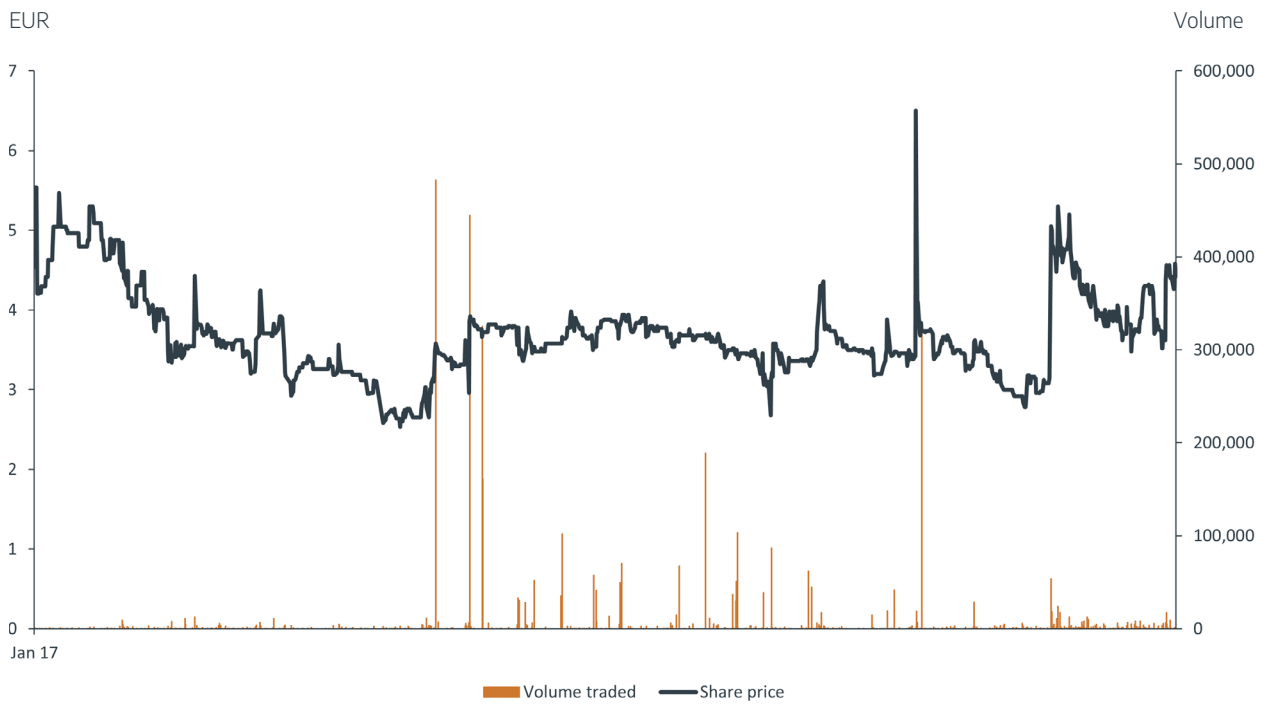
While Varengold Bank AG shares mainly moved laterally around an average of EUR 3.38 in the first half of 2021, the price fluctuated between EUR 3.50 and EUR 5.00 with individual variations over the course of the second half of 2021. Due to its low free float, Varengold Bank AG shares are considered a “narrow market” stock and therefore tend to have strong swings in response to news relevant to the company. After the share price fell to a low of EUR 2.78 at the beginning of May 2021, it recorded an annual high of EUR 5.30 at the end of June.

The average share price increased from EUR 3.51 in 2020 to EUR 3.75 in the reporting period. The average number of shares traded daily fell from 3,861 to 1,828. As in previous years, the total volume was due to an increased volume traded on just a few trading days.

Earnings per share increased significantly to EUR 1.71 for 2021 (2020: EUR 0.17). Market capitalization increased by around EUR 7.4 million as of the reporting day 31 December 2021 to a total of EUR 44,390,126 (reporting day 31.12.2020: EUR 36,958,295).

Price history of Varengold shares

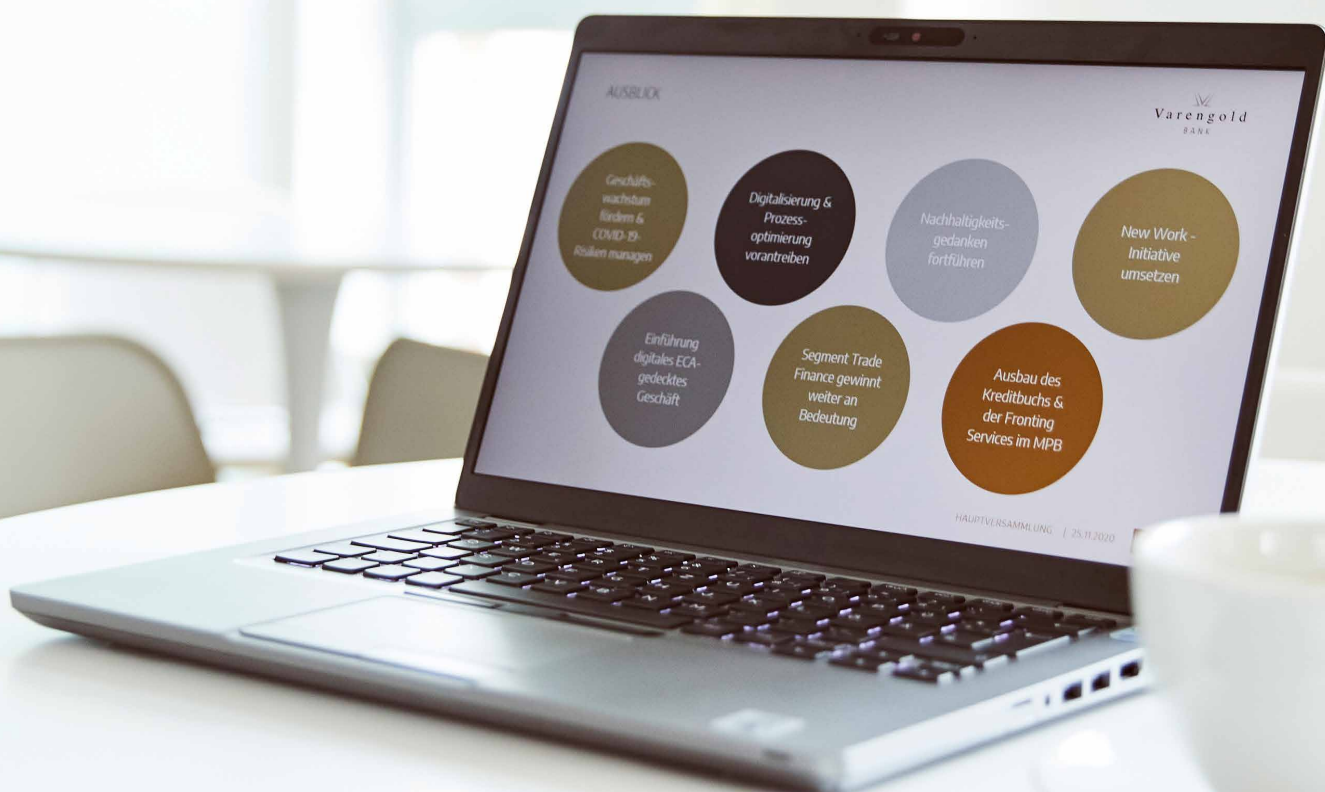
Please note: past price performance is not a reliable indicator of future price performance.



Source: Bloomberg

Time period: 01/2017 – 12/2021

06 Supervisory Board Report



Dear Shareholders,

First of all, the Supervisory Board would like to thank the members of the Management Board and the employees of Varengold Bank AG for the trusted cooperation and the renewed high level of personal engagement in 2021. The entire Varengold team has significantly advanced the growth of the bank and implemented the necessary measures for a sustainable and very positive business development. A far-reaching transformation in terms of digitization and process optimization was initiated in previous years and has borne visible fruit in the past year. A special focus of the strategic activities was also on the topics of corporate culture and sustainability in the sense of “Corporate Social Responsibility”. The past financial year was thus a formative phase for the further development of Varengold as a high-performing bank. We closely followed this entire process in the Supervisory Board and monitored and inspected the execution of the Board of Directors in its managerial activities.

Cooperation of the Supervisory Board and the Management Board

In the 2021 financial year, the Supervisory Board performed its duties in accordance with the law and the company’s Articles of Association, dealt extensively with the business and strategic development of the company and intensively supported the management of the business by the Management Board in fulfilling its advisory and monitoring function. Monitoring targets are focused on the legal requirements and were specifically adjusted during the year to reflect internal and external developments. The standards for this monitoring were the legality, regularity, expediency, strategic importance, sustainability, and economic efficiency of the management by the Management Board. The Supervisory Board was convinced of the suitability and reliability of the individual members of the Management Board through regular exchanges

with the individual members of the Management Board over the course of 2021 and by asking targeted questions.

The committee was always currently informed as to the business activities and received, among other communications, written information on the monthly financial business situation, as well as quarterly reports on the risk situation of the bank. Furthermore, all internal audit reports and compliance reports as well as, depending on the individual case, additional documents were delivered to the Supervisory Board. The continuous, comprehensive, and timely written and verbal reports of the Management Board to the Supervisory Board corresponded to the requirements of § 90 AktG.

The information available to the Supervisory Board was discussed in the Supervisory Board meetings, as part of circular resolutions and also in individual meetings. The Management Board’s rules of procedure contain a catalog of business activities and measures for which the Management Board must obtain the approval of the Supervisory Board. Such activities and measures are discussed in detail between the two bodies and reviewed by the Supervisory Board.

The members of the Supervisory Board and Management Board were also in close contact outside of the meetings in order to question and discuss strategic options and current business policy issues. The Management Board always answered and explained the questions of the Supervisory Board comprehensively and to the Supervisory Board’s satisfaction. In order to broaden the information base and to form its own impressions of the company’s development, the Supervisory Board also made inquiries outside the Management Board, including from the bank’s executives and external consultants.

Supervisory Board meetings 2021

A total of four ordinary Supervisory Board meetings were held in the past financial year, on 23 March 2021, 08 June 2021, 29 September 2021, and 14 December 2021. All meetings were held with the participation of all members of the Supervisory Board and both members of the Management Board, as well as subject-specific guest representatives from the respective departments.

In principle, at every meeting, the Management Board reported to the Supervisory Board on the current development of the financial and economic situation and provided a status update, particularly on risk control and compliance matters.

At the meeting on 23 March 2021, business development and key company figures with a view over the previous financial year 2020 constituted the primary discussion. In addition, the business strategy 2021, the business plan 2021 and the multi-year planning, as well as the risk strategy 2021 were discussed by the Management Board and then approved by the Supervisory Board. Moreover, the participants discussed, among other issues, the 2020 compliance report, the existing remuneration system, and its implementation, as well as the most recent measures related to the cultural transformation of the bank.

In addition to a review of business development in the first half of 2021, the main items on the agenda of the meeting on 08 June 2021 were in particular the annual financial statements for 2020 (in direct discussions with the responsible auditor, PricewaterhouseCoopers GmbH). In addition, the non-audit services provided by the auditing company PricewaterhouseCoopers GmbH, as well as current and upcoming regulatory requirements were explained.

At the meeting on 29 September 2021, the main focus of the agenda was the development of the Marketplace Banking and Commercial Banking business areas, planning for process optimization and digitization, as well as the future regulations of the Financial Market Integrity Strengthening Act ("FISG") and the associated establishment of an audit committee. Furthermore, the appointment of Kai Friedrichs (Chief Operating Officer) to the role of the bank's general representative was also discussed.

At the last meeting of the year, on 14 December 2021, the bank's earnings performance to date in 2021 was reviewed and initial plans for the 2022 financial year were discussed. In addition, the bank's investment structure and compliance with the requirements of § 25d KWG were key topics of the meeting.

In addition to these four joint meetings of both bodies, the Supervisory Board also held occasional telephone and video conferences in order to follow up on the topics from the joint meetings and to be able to prepare the topics for upcoming joint meetings. Moreover, additional resolutions were passed by circulation in accordance with § 12 Para. 2 of the Articles of Association of Varengold Bank AG.

In the course of 2021, the Supervisory Board also fundamentally monitored the bank's accounting process, the effectiveness of the existing internal control system, the work of internal auditing, as well as the risk management process. The Supervisory Board was also kept informed at all times about plans and activities related to the structural, technological, and cultural transformation of the bank.

The Supervisory Board itself regularly subjects its work to an efficiency review. As in previous financial years, the Supervisory Board refrained from forming committees in the year under review due to the size of the company and the fact that the Supervisory Board consists of only three members.

On the basis of the Financial Market Integrity Strengthening Act ("FISG"), the Supervisory Board established an Audit Committee effective 01 January 2022 – this is automatically formed by the three incumbent supervisory members of the bank. The Audit Committee essentially controls the quality of the annual audit and the independence of the auditors.

The Chairman of the Supervisory Board, Dr. Lemnitzer has the necessary expertise in the field of accounting and auditing in accordance with § 100 (5) AktG. The members of the Supervisory Board as a whole are experts with the sector in which Varengold Bank operates.

Granting of the audit mandate to PricewaterhouseCoopers GmbH

The auditing company PricewaterhouseCoopers GmbH, Hamburg, was elected auditor for the 2021 financial year at the Annual General Meeting on 29 September 2021. The Supervisory Board of PricewaterhouseCoopers GmbH then commissioned the audit. The order itself contains, among other components, clear regulations on the scope of the audit, the execution of the audit and the goal-oriented cooperation. Prior to the Supervisory Board's recommendation regarding the election proposal to the Annual General Meeting, the auditor declared that no business, financial, personal, or other relationships exist which could give rise to doubts as to its independence.

Annual audit 2021

The auditor PricewaterhouseCoopers GmbH, Hamburg, commissioned for the 2021 financial year, in accordance with the rules of the HGB, audited the annual financial statements as of 31 December 2021 and the Management Report and issued an unqualified audit opinion.

In preparation for the financial statements Supervisory Board meeting on 20 June 2022, the Supervisory Board

received the draft of the audit report for the 2021 annual financial statements and the Management Report for review and examination. On 14 June 2022, the preliminary discussion of the audit report for the 2021 annual financial statements took place between the Management Board and the auditor, in which the Chairman of the Supervisory Board also actively participated. All open questions were ultimately resolved in the financial statements meeting with the Board of Directors and the attending auditors of PricewaterhouseCoopers GmbH.

By unanimous resolution of the Supervisory Board on 20 June 2022, the audited annual financial statements of Varengold Bank AG as of 31 December 2021, which did not contain any material changes compared to the drafts, were approved in accordance with § 12 in conjunction with § 22 of the Articles of Association of Varengold Bank AG after the final review by the Supervisory Board with an unqualified audit opinion from the auditor. The annual financial statements of Varengold Bank AG for the 2021 financial year have thus been confirmed.

The Supervisory Board would like to expressly thank all shareholders, business partners and customers of Varengold Bank AG for the trust they have placed in us.

For the Supervisory Board

Hamburg, 21 June 2022



Dr. Karl-Heinz Lemnitzer
Chairman of the Supervisory Board

07 Annual Report

According to German Commercial Tax Code (HGB)

**For the business year from 01 January 2021
to 31 December 2021**

Varengold Bank AG
Große Elbstraße 39
22767 Hamburg

Balance sheet as of 31 December 2021

Assets	Euro	Financial year Euro	Previous year TEuro
1. Cash reserve			
a) Cash balance	3,068.31		3.9
b) Credit with Central Banks	956,263,044.98		400,791.5
- of which:		956,266,113.29	400,795.4
With the German Central Bank: Euro 954,717,806.77			(400,791.5)
2. Loans and advances to credit institutions			
a) Due on demand	8,297,596.67		12,434.3
b) Other receivables	5,522.87		4,554.2
		8,303,119.54	16,988.5
3. Customer receivables		304,094,182.25	405,535.0
- of which:			
Secured by mortgages: Euro 43,664.44			(42.3)
Municipal loans Euro 93,963,458.65			(172,809)
4. Bonds and other fixed-income securities			
a) Bonds and debt			
aa) From public issuers		28,462,697.95	21,426.8
- of which:			
Acceptable as collateral at the German Central Bank: Euro 28,295,025.39			(21,313.5)
5. Shares and other variable-yield securities		122,657,074.74	99,129.1
6. Shareholdings		660,696.44	697.6
7. Shares in affiliated companies		500,000.00	44.6
8. Trust assets		42,379,456.28	45,200.0
- of which:			
Trust loans Euro 42,379,456.28			(45,200.0)
9. Intangible assets			
a) Internally generated industrial property rights	157,198.00		124.9
		157,198.00	124.9
10. Fixed assets		228,959.50	111.9
11. Other assets		2,720,192.45	4,977.4
12. Accruals and deferred income		314,113.07	163.7
Total assets		1,466,743,803.51	995,194.9

Liabilities	Euro	Financial year Euro	Previous year TEuro
1. Liabilities to banks			
a) Due on demand	120,308,333.71		21,070.8
b) With agreed maturity dates or periods of notice	28,620,442.25		101,066.1
		148,928,775.96	122,136.9
2. Amounts owed to customers			
a) Other liabilities			
aa) Due on demand	854,781,130.67		441,829.1
ab) With agreed maturity dates or periods of notice	343,546,231.15		334,899.8
		1,198,327,361.82	776,728.9
3. Trust liabilities		42,379,456.28	45,200.0
- of which:			
Trust loans: Euro 42,379,456.28			
4. Other liabilities		4,285,208.64	2,226.0
5. Accruals and deferred income		313,441.74	91.5
6. Provisions			
a) Reserves for pensions and similar obligations	231,733.00		225.6
b) Provisions for taxes	504,000.00		65.5
c) Other provisions	10,942,420.42		4,854.6
		11,678,153.42	5,145.7
7. Instruments of additional regulatory core capital		5,000,000.00	5,000.0
8. Share capital			
a) Subscribed capital		10,043,015.00	10,043.0
b) Capital reserves		44,705,492.65	44,705.5
c) Retained earnings			
ca) Legal reserves	1,700.00		1.7
cb) Other retained earnings	16,700.00		16.7
		18,400.00	18.4
d) Net profit		1,064,498.00	-16,101.0
Total liabilities		1,466,743,803.51	995,194.9
1. Contingent liabilities			
a) Liabilities from guarantees and indemnity agreements		50,000.00	6,752.0
2. Other liabilities			
a) Irrevocable loan commitments		38,087,264.49	15,260.0

Profit and loss statement

For the period from 01 January 2021 to 31 December 2021

	Euro	Euro	Financial year Euro	Previous year TEuro
1. Interest income from				
a) Credit and money market transactions	8,927,206.90			9,472.4
Less negative interest from bank balances	-4,112,967.57			-1,283.4
	4,814,239.33			8,189.0
b) Fixed-income securities and debt register claims	458,644.87			485.2
Less interest	0.00			0.0
	458,644.87	5,272,884.20		8,674.20
2. Interest expenses	-2,541,832.39			-2,785.4
Less received positive interest from the banking business	4,018,436.14			1,476.7
		1,476,603.75		-1,308.7
			6,749,487.95	7,365.5
3. Current income from				
a) Shares and other variable-yield securities		792,517.50		1,036.3
b) Shares in affiliated companies		450,000.00		0.0
			1,242,517.50	1,036.3
4. Commission income		48,518,792.38		19,528.6
5. Commission expense		-3,880,455.24		-1,600.6
			44,638,337.14	17,928.0
6. Other operating income			2,978,554.35	1,040.6
7. General and administrative expense				
a) Personnel expense				
aa) Wages and salaries	-9,881,317.26			-7,595.9
ab) Social security contributions and expenses for pensions schemes and support	-1,403,162.00			-1,366.7
- of which: for pensions Euro 454,657.90		-11,284,479.26		-8,962.6
b) Other administrative expenses		-11,591,822.58		-8,623.4
			-22,876,301.84	-17,586.0
8. Depreciation and amortization of intangible assets and property			-113,646.06	-96.0
9. Other operating expenses			-3,703,422.14	-2,955.1
10. Depreciation and value adjustments on receivables and certain securities and additions to provisions in lending business			-7,512,876.74	-4,511.2
11. Depreciation and value adjustments on holdings, Shares in affiliated companies and securities treated as fixed assets			0	-367.3

	Euro	Euro	Financial year Euro	Previous year TEuro
12. Income from ordinary business activities			21,402,650.16	1,854.80
13. Taxes on income and earnings		-4,237,154.13		-139.8
14. Other taxes, as long as not posted under position number 9		-28.00		-0.4
			-4,237,182.13	-140.2
15. Annual net profit / loss			17,165,468.03	1,714.6
16. Loss from previous year			-16,100,970.03	-17,815.6
17. Net profit			1,064,498.00	-16,101.0

Varengold Bank AG, Hamburg
District Court Hamburg, HRB 73684

Notes

**For the financial year from 01 January 2021
to 31 December 2021**

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 which apply to multiple posts to improve precision and clarity continue to be displayed in general posts, different to § 284 para. 1 sentence 1 HGB.

As all subsidiaries according to § 296 para. 2 HGB, even when combined are of lesser importance for an accurate view of the group's asset, financial and earnings position, use is made of the exemption clause on the preparation of consolidated financial statements pursuant to § 290 para. 5 HGB

2 Accounting and valuation methods

The accounting and valuation methods remained unchanged compared to the previous financial year.

For a better overview, specific unused items on the balance sheet and the profit and loss statement are presented in accordance with § 265 para. 8 HGB.

Assets and liabilities are – unless otherwise stated above or below – valued according to the requirements of §§ 252 ff. HGB and additionally to the supplementary provisions of §§ 340 ff. HGB.

The cash balance and credit to Central Banks are recorded at nominal values.

Claims to banks and customers including trust loans are generally recorded at nominal value. When necessary, possible credit default risks are carried by the forming of an individual value adjustment account. The amount of risk provisioning for each case of default risk is measured by the difference between the book value of the claim and the probable recoverable amount. Bad debts are written off. The latent credit risks are carried through the creation of value adjustments. They are determined according to RS BFA 7 on the basis of an estimate of the expected loss from a non-contractual fulfillment of capital and interest obligations in the originally agreed upon amount or to the originally agreed payment date over the remaining term (expected loss); revenues from the valuation of credit securities are taken into consideration in the determination.

Bonds and other fixed-income securities, when assigned to fixed assets, are balanced according to the moderate lowest value principle. When allocated to liquidity reserve, they are balanced using the strict lowest value principle.

Shares and other variable-yield securities which are assigned to fixed assets are balanced according to the moderate lowest value principle. When allocated to liquidity reserve, they are balanced using the strict lowest value principle. The fixed assets are recorded as a holding in the amount of TEUR 64,337 (book value).

The investments and shares in affiliated companies are measured in accordance with the rules for acquisition costs or less potential value impairments at the lower of cost or market at the reporting date.

Trust assets and obligations are listed at nominal value.

Purchased software is reported under intangible assets, and as with tangible assets, valued at amortized costs with consideration of scheduled depreciation. To determine expected useful life, fiscal depreciation rates according to AfA guidelines for asset depreciation (depreciation for wear and tear) are used.

The fixed assets and intangible assets are valued at acquisition cost, less scheduled linear depreciation according to expected useful life. Here the usage periods are oriented to the tax authority's depreciation table for general assets (AfA Tables for tangible assets for general use: AfA Table "AV").

Low value assets are recorded in accordance with the provisions of § 6 para. 2 and 2a EStG. The low value assets purchased at acquisition costs of between EUR 250 and EUR 1,000 are then bundled into a compound posting, which is of secondary importance and is written off in the financial year of formation and in the following four financial years at one fifth each. Assets with a value of less than EUR 250 are treated as immediate operating expense.

The other assets are recorded at nominal value.

Active prepaid expenses are recorded in accordance with § 250 para. 1 HGB.

Liabilities are recognized at their settlement amount.

Deferred income (discount income from forfeiting transactions) is formed in accordance with § 250 para. 2 HGB and dissolved over the term of the underlying business.

Pension provisions, which depend upon provisions for dependents, are calculated according to actuarial principles using the guideline tables of 2018G from Klaus Heubeck in accordance with the provisions of § 253 para. 2 HGB. For the valuation process, the modified partial-value method is used. It is based on an actuarial interest rate of 1.87 %, a salary and career trend of 2.0 % and an individual fluctuation rate.

Provisions, including provisions for taxes, are measured at the amount expected to become payable according to reasonable professional judgement.

The relevant instruments regarding additional regulatory core capital are valued at their nominal values. The interest expense is limited based on the expected payments to the owner 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 to the expected incidental risk and administrative expenses is utilized. The assessment determined that no excess liability related to the interest-related business of the banking book (interest book) exists, and therefore there is no need of a provision for contingent liabilities.

The contingent liabilities and other obligations, as well as all other balance sheet items are stated at nominal value.

Income and expenses are recognized on an accrual basis.

Negative interest from the lending business and positive interest from liabilities are recorded as a reduction of the interest income or, respectively, interest expense and is shown separately in the profit and loss statement.

The bank exercises its right to vote on the cross-offsetting option in accordance with § 304f para. 3 HGB in conjunction with § 32 RechKredV and § 340c para. 2 HGB in conjunction with § 33 RechKredV.

For computational reasons, tables may contain rounding differences in the amount of +/- one unit.

3 Currency translation

Receivables and liabilities are valued upon entry at the current exchange rate according to the ECB.

Since 01 November 2021, the company has operated its currency hedging via a treasury fund, whereby basically no special coverage comes under consideration. Since 01 November 2021, there has therefore been no compensation for the results of currency translation through hedging transactions in the income statement for transactions for which the special cover ceased to exist in the financial year.

For these items without special coverage, currency results were included in other operating expenses in the reporting year.

Exceeding the acquisition costs for these items due to exchange rates are compensated by creating a liability correction in accordance with the IDW statement on accounting for special features of commercial foreign currency accounting at institutions (IDW RS BFA 4 sub-section 21 as of 18 August 2011), which is included in "other liabilities".

However, some of the receivables in foreign currency are also transactions that are specially covered in foreign currency for the period from 01.11.2021 as understood according to § 340h HGB.

For these and the specially covered transactions existing before 31 October 2021, both the expenses and income from currency translation were recognized in profit or loss. In accordance with IDW RS BFA 4, the conversion results from the currency conversion of the specially covered transactions are included in the other operating income.

Income and expenses incurred during the year are included in the income statement at the respective daily rates. Foreign currency items are converted into euros at the ECB reference rates as of the balance sheet date in accordance with § 256a HGB.

As of 31 December 2021, the following balance sheet items contain foreign currency amounts:

	31.12.2021	31.12.2020
	TEUR	TEUR
Balances with Central Banks	1,545	0
Receivables from credit Institutions	7,192	8,243
Customer receivables	7,063	7,974
Shares and other variable-yield securities	37,082	40,271
Shares in affiliated companies	0	45
Other assets	45	49
Liabilities to customers	73,417	32,583
Other liabilities	17	86

4 Notes to the balance sheet

4.1 Overall disclosures

4.1.1 Relationships to affiliated companies

	31.12.2021	31.12.2020
	TEUR	TEUR
Customer receivables	304,094	405,535
Of which from affiliated companies	0	4,818

The “of which” position of the previous year includes receivables against Varengold Capital Holdings Limited, British Virgin Islands and Varengold Capital Investment Company Limited, British Virgin Islands. The claims have now been settled. The companies have been or will be dissolved.

	31.12.2021	31.12.2020
	TEUR	TEUR
Customer receivables	1,198,327	776,729
Of which to affiliated companies	11	87

The “of which” position includes receivables against the Varengold Verwaltungs AG i.L., Hamburg, and the currently under liquidation Varengold Capital Investment Company Limited, British Virgin Islands.

4.1.2 Breakdown of residual terms

	31.12.2021	31.12.2020
	TEUR	TEUR
Loans and advances to credit institutions	8,303	16,989
Due on demand	8,298	12,435
Up to three months	0	0
Over three months to one year	5	4,554
Customer receivables	304,094	405,535
Due on demand	11,729	24,647
Up to three months	78,861	50,684
More than three months to one year	155,204	233,720
More than one year to five years	58,070	96,104
More than five years	230	380
Bonds and other fixed-income securities	28,463	21,427
Up to three months	130	0
More than three months to one year	9,542	0
More than one year to five years	18,791	21,427
Loans and advances to credit institutions	148,928	122,137
Due on demand	120,308	21,071
More than three months	0	0
More than three months to one year	0	74,903
More than one year to five years	28,525	26,163
More than five years	95	0
Customer receivables	1,198,327	776,729
Due on demand	854,781	441,829
Up to three months	33,249	63,666
More than three months to one year	168,608	121,504
More than one year to five years	141,024	149,730
More than five years	665	0

4.1.3 Securities

	31.12.2021 TEUR	31.12.2020 TEUR
Bonds and other fixed-income securities	28,463	21,427
Unlisted	0	0
Listed	28,463	21,427
- Of which: publicly listed	28,463	21,427
Shares and other variable-yield securities	122,657	99,129
Unlisted	88,332	85,851
Listed	34,325	13,278
- Of which: publicly listed	3,838	2,497
Shares in affiliated companies	500	45
Unlisted	500	45
Listed	0	0
- Of which: publicly listed	0	0
Holdings	661	698
Unlisted	312	0
Listed	349	698
- Of which: publicly listed	0	349

A block of shares in the amount of TEUR 349 was included in investments until the previous year which was reclassified to shares and other non-fixed-income securities in the financial year.

4.1.4 Trust assets and trust liabilities

Since May 2020, the bank has been granting credit to customers within the KfW Rapid Credit Program. These are trust loans. Amounts owed to the KfW for this program are reported at the same amount under trust loans. The trust loan receivables and trust loan liabilities as of 31 December 2021 are TEUR 423,80 (previous year: TEUR 45,200).

4.2 Individual post disclosures

4.2.1 Customer receivables

The customer receivables of TEUR 304,094 (previous year: TEUR 405,535) consist primarily of customer loans and municipal loans.

4.2.2 Bonds and other fixed income securities

The amount of bonds and other fixed income securities reached a value of TEUR 28,463 (previous year: TEUR 21,427) of bonds and notes of public sector issuers.

4.2.3 Shares and other variable-yield securities

This balance sheet position contains shares in investment funds in the amount of TEUR 122,308 (previous year: TEUR 99,129).

The amount of TEUR 97,232 (previous year: TEUR 84,230) is comprised of investment funds of which the bank holds more than 10 % and includes the following:

in TEUR	Investment objective	Book value	Market value	Hidden reserves/ Charges	Distribution in 2021
Dalma Corporate Bond Fund	Real estate	17,903	18,716	813	0
Quintar STFF, formerly: Varengold Fixed Income Fund SP	Trade finance	18,829	18,829	0	0
Varengold Spezial I	Pensions	50,500	50,931	431	35
nordiX European Consumer Credit Fonds	Consumer credits	10,000	10,075	75	0

The return option for “Dalma Corporate Bond” funds is possible within three months and the “Quintar Strategic Trade Finance Fund” within 90 days to the end of a month. “Varengold Spezial I” funds have no restriction regarding the daily return option. The “nordiX European Consumer Credit Fonds” has a return option deadline of three months to 30 June or 30 December one year prior for pools of funds of more than TEUR 100.

Fixed assets include fund units with a book value of TEUR 63,989 (fair value TEUR 64,646) (previous year: TEUR 2,497 and TEUR 2,444).

In the reporting year, a participation was reclassified from the asset item “6. Participations” to the items “5. Shares and bonds” with TEUR 349.

4.2.4 Participations and shares in affiliated companies

Varengold Bank AG has the following unlisted partial holdings with a participation rate of more than 20 % each:

Company	Participation rate		Equity capital	Results
	direct %	indirect %	31.12.2021 TEUR	2021 TEUR
Elbe2021 Incubator GmbH, Hamburg	100.00		493 ¹⁾	-7 ¹⁾
Hanseatic Brokerhouse Securities AG, Hamburg	33.00		-744 ²⁾	2,747 ²⁾
Lava Trading Ltd., Valetta, Malta	49.79		-6 ³⁾	-6 ³⁾
Klear Lending AD, Sofia	20.00		670 ⁴⁾	24 ⁴⁾

According to § 285 No. 11 HGB, in conjunction with § 271 HGB, holdings under 20 % have been omitted.

1) Provisional figures as of 31.12.2021

2) Annual Report of 31 December 2020

3) Annual Report of 31 March 2015 (different financial year); in year 2016 business was dissolved

4) Annual Report of 31.12.2020; entries in EUR were adjusted on the reporting date 31.12.2020; price BGN: 1.95583

4.2.5 Gross assets analysis

	Purchase costs				Cumulative depreciation				Residual book value	
	Accruals		Uses	31.12.21	Annual depreciation		Uses	31.12.21	31.12.21	31.12.20
	01.01.21	2021	2021		01.01.21	2021	2021			
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	
Intangible assets										
Self-created industrial and similar rights and assets	388	0	0	388	388	0	0	388	0	0
Acquired concessions, intellectual property rights and similar rights and assets, as well as licenses to such rights and assets	2,327	94	0	2,421	2,202	62	0	2,264	157	125
Fixed assets	728	195	179	744	616	52	153	515	229	112
Total	3,443	289	179	3,553	3,206	114	153	3,167	386	237
	Change^{*)}									
Bonds and other fixed-income securities				0					0	0
Shares and other variable-yield securities				16,340					64,337	47,997
Participations				-37					661	698
Shares in affiliated companies				455					500	45

*) In accordance with § 34 para. 3 RechKredV, the permissible summary of financial information was utilized.

The intangible assets are primarily comprised of acquired software and licenses. The fixed assets include operating and office equipment (including leasehold improvements).

4.2.6 Other assets

Other assets primarily consist of tax refund claims in the amount of TEUR 1,937 (previous year: TEUR 1,389), from assigned claims of TEUR 450 (previous year: TEUR 0) and receivables from deposits paid in the amount of TEUR 262 (previous year: TEUR 258).

4.2.7 Deferred income

The deferred income essentially includes remuneration paid in advance (TEUR 168, previous year: TEUR 0) and licenses (TEUR 129, previous year: TEUR 115).

4.2.8 Loan and advances to credit institutions

Liabilities to banks include liabilities to nine banks that are due on demand and amount to TEUR 120,308 (previous year: TEUR 21,071).

In addition, there are liabilities to the Deutsche Bundesbank from open market transactions of TEUR 28,440 (previous year: TEUR 100,850) with remaining terms of up to five years. Negative interest is deducted in the amount of EUR 199 thousand (previous year: TEUR 164). The change is due to the fact that one of the open market loans had reached the end of its term on September 30, 2021.

In addition, there are liabilities to KfW from a loan that was transferred from the "Corona Soforthilfe" (trust loan) program to the "Entrepreneur Loan" program (TEUR 380, unchanged from the previous year).

4.2.9 Liabilities to customers

The item liabilities to customers includes liabilities due on demand in the amount of TEUR 854,781 (previous year: TEUR 441,829) and liabilities with an agreed term or notice period of TEUR 343,546 (previous year: TEUR 334,900). The liabilities consist of time deposits (TEUR 343,546, previous year: TEUR 334,900), current accounts (TEUR 693,440, previous year: TEUR 347,422), call money (TEUR 121,779, previous year: TEUR 66,784), security payments (TEUR 35,044, previous year: TEUR 20,166) and other items (TEUR 4,435, previous year: TEUR 7,457). Accruals for negative interest from loans to customers (TEUR 83) were added for the first time.

Due to the lack of agreed terms, a partial amount of the liabilities from liability item 2. a) ab) was transferred to item 2. a) aa) reclassified at TEUR 4,434; the previous year's figure of TEUR 7,457 was adjusted accordingly.

4.2.10 Other liabilities

The other liabilities all have a remaining term of up to one year and mainly include trade accounts payable of TEUR 1,739 (previous year: TEUR 1,389). This item also includes liabilities from tax matters in the amount of TEUR 1,325 (previous year: TEUR 677). For the first time a passive adjustment item based on the opinion of the IDW RS BFA 4 is reported at TEUR 725 in the reporting year.

4.2.11 Reserves for pensions and similar obligations

Pension accruals were created for the benefit of dependents. The difference between the valuation of the pension provisions with the 10-year average interest rate (TEUR 232) and the 7-year average interest rate (TEUR 242) is EUR 10,000 (previous year: EUR 6,000) and is subject to a distribution block (§ 253 (6) sentence 2 HGB). The discount rate is 1.87 % (average market interest rate over the past ten financial years). The interest expense from compounding amounts to TEUR 3 (previous year: TEUR 3).

4.2.12 Provisions for taxes

In addition to amounts from previous years, the tax provisions include provisions for corporation tax (tax rate of 15 % plus 0.825 % solidarity surcharge) of TEUR 188 (previous year: TEUR 18) and trade tax provisions (tax rate of 16.45 %) of TEUR 214 (previous year: TEUR 20).

Moreover, there are tax provisions for pro rata profits from the London branch for the year 2021 in the amount of TEUR 18 (previous year: TEUR 27). An income tax rate of 20 % was used as a basis in this instance. In addition, a provision for the tax on the result of the office in Sofia in the amount of TEUR 53 is included for the first time, which was determined using a tax rate of 10 %.

4.2.13 Other provisions

The breakdown of this posting is as follows, accounting for rounding adjustments:

	31.12.2021	31.12.2020
	TEUR	TEUR
Claims for repayment from the tax authorities KEST 2016	3,100	0
Variable remuneration	2,728	1,095
Provisions for litigation and claims	2,725	2,725
Legal and consulting costs	710	240
Audit and annual report costs	700	385
German Bank Compensation Scheme	200	91
Vacation accrual	193	228
Archiving costs	84	73
Other	502	18
Total	10,942	4,855

The tax authorities' claim for repayment (notice of 22 December 2021) is based on the fact that a fund in which Varengold AG held a stake and which was terminated in 2016 failed to deduct capital gains tax and the solidarity surcharge that the tax authorities considered necessary. An appeal was made against the decision. A suspension of execution was granted.

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 represent unsecured and subordinated bonds of Varengold Bank. The semi-annual interest payments for these bonds are based on their nominal amount and the development of the EURIBOR. The bond conditions contain regulations according to which Varengold Bank can be both obliged and has the comprehensive right to make its own decision not to pay interest at any time. Interest payments are not cumulative and will not be higher in subsequent years to catch up on any interest payments that may not have occurred in previous years. The bonds have no maturity date. They can first be terminated by Varengold Bank five years after their issue and thereafter on each interest payment date. They can also be terminated early under certain conditions. The bond conditions stipulate, among other things, that Varengold Bank can only terminate the bonds in full and not in part if there are specific supervisory or tax reasons for doing so. Any premature termination requires the prior approval of the responsible supervisory authority. The repayment amount and the nominal amount of the bonds can be reduced if there are triggering circumstances. A triggering situation would be the drop in Varengold Bank's Tier 1 core capital ratio to below 5.125 %. The bonds can be assigned if under certain conditions a triggering event occurs.

The accrued interest expense for these bonds is EUR 0.00 as of 31 December 2021.

Additional Tier 1 Notes outstanding as of 31 December 2021:

Currency	Amount in EUR	Type	Date of issue	Interest	Maturity
EUR	5,000,000	Variable interest, cumulative subordinate	19 August 2014	Variable	No expiration date

4.2.15 Share equity

The fully paid share capital TEUR 10,043 (previous year: TEUR 10,043) is divided into 10,043,015 no-par value registered shares on the reporting date.

In the last five financial years the capital reserve from the distribution of new shares developed as follows:

Year	New shares	Premium	Reserve
2017	1,217,730	2.99	3,641,012.70
2018	2,070,141	1.80	3,726,253.80
2019	3,105,211	1.50	4,657,816.50
2020	727,381	2.85	2,073,035.85
2021	0	0	0
			14,098,118.85
As of 31.12.2016			30,607,373.80
As of 31.12.2021			44,705,492.65

In January 2020, the share capital was increased by EUR 621,000.00 by a partial implementation of the "Authorized Capital 2018" and by EUR 106,381.00 with a partial utilization of the "Authorized Capital 2019." After which followed the "Authorized Capital 2018" of EUR 2,484,211.00 and the "Authorized Capital 2019" of EUR 1,446,225.00. At the Annual General Shareholders Meeting on 25 November 2020, the cancellation of the "Authorized Capital 2018" and the "Authorized Capital 2019" occurred, and subsequently the new "Authorized Capital 2020" in the amount of EUR 5,021,507.00 was approved.

According to the resolution passed by the Shareholders at the Annual General Meeting on 8 August 2012, "Conditional Capital 2012 II" continues to exist. At the time, the share capital was conditionally increased by up to EUR 140,000.00 through the issuance of up to 140,000 no-par value bearer shares. The conditional capital increase was related to a stock option program that provided for the issue of shares until 8 August 2017. Of the 140,000 possible subscription rights, 128,750 have been accepted by those entitled to do so but have not been exercised. These subscription rights have now expired. There are still 11,250 subscription rights that may be exercised until 14 January 2023.

In 2021, no stock options were issued by the end of the reporting period.

4.2.16 Contingent liabilities

As of 31 December 2021, there were liabilities from guarantees and warranty agreements, mainly in the form of guarantee credits, in the amount of TEUR 50 (previous year: TEUR 6,752). The risk of claims is classified as low. The guarantees are fully collateralized by cash, liquid securities, or a combination of both.

The risk of losses from the utilization of contingent liabilities is based primarily on the credit risk of the customer. The bank assesses the risk that a loss will result from the utilization of a contingent liability prior to binding its commitment as part of a credit check of the client and, where appropriate, by assessing the expected fulfillment of the underlying obligations by the respective client.

As of 31 December 2021, there were other commitments in the form of irrevocable loan commitments in the amount of TEUR 38,087 (previous year: TEUR 15,260) to customers, who can draw on partial amounts as required. Credit contractual disbursement requirements apply to these claims, compliance with which is checked before the respective disbursement. The bank assesses the risk of a loss resulting from the utilization of the irrevocable loan commitments before committing to its obligation as part of the credit check.

4.2.17 Transferred collateral

In accordance with the conditions for open market transactions, the Deutsche Bundesbank was provided with collateral in the form of securities (ECB eligible bonds), as well as primarily promissory note loans totaling TEUR 31,117 (previous year: TEUR 163,359), see also § 4.2.8.

5 Notes to the Profit and Loss Statement

5.1 Interest income

Interest income mainly consists of income from loans granted and fixed-income securities. Negative interest paid (mainly incurred by the Deutsche Bundesbank and for deposited collateral) is deducted openly from interest income.

Interest expenses mainly include interest on customer deposits (on demand, fixed term, and time deposits). Negative interest received for customer collateral and customer deposits is also deducted openly from interest expenses. In the reporting period, this negative interest was higher than interest expense, so "interest expense" is listed as income.

5.2 Current income from shares and other variable-yield securities or from shares in affiliated companies

Income from equities and other variable-yield securities includes exclusively distributions from fund investments.

Income from affiliated companies of TEUR 450 results from the liquidation of subsidiaries and sub-subsidiaries (previous year: TEUR 0).

5.3 Provision income

The commission income mainly includes income for commissions in payment transactions (TEUR 44,408, previous year: TEUR 15,985), lending business (TEUR 2,148; previous year: TEUR 2,014) and the guarantee and letter of credit business (TEUR 1,892; previous year: TEUR 1,213).

The commission expenses mainly relate to brokerage fees for transactions in the Transaction Banking business area.

	2021	2020
	TEUR	TEUR
Provision income	48,519	19,529
Provision expense	3,881	1,601
Provision surplus	44,638	17,928

5.4 Other operating income

Other operating income mainly includes income from costs passed on and fronting proceeds (together TEUR 1,649, previous year: TEUR 431), from the write-off of liabilities (TEUR 253, previous year: TEUR 239) and from the reversal of provisions (TEUR 272, previous year: TEUR 164). In addition, sales tax refund claims for 2020 and 2021 totaling TEUR 716 (previous year: TEUR 0) were recorded.

5.5 Personnel expenses

	2021 TEUR	2020 TEUR
Wages and salaries	9,881	7,596
Social benefits	949	839
Expenses for pensions and support	454	528
Total	11,284	8,963

The increase in personnel expenses is mainly due to a further increase in the number of employees and the increase in the bonus provision by TEUR 1,634.

5.6 Other administrative expenses

	2021 TEUR	2020 TEUR
Consulting, accounting, and auditing costs	3,446	2,981
IT expenses	3,436	2,725
Other services	1,459	882
Premiums and insurance	1,230	761
Occupancy costs	755	492
Office supplies, magazines, and training	372	123
Communication expenses	382	430
Advertising, entertainment, and travel costs	180	189
Vehicle costs including leasing (excluding road tax)	40	23
Other administrative expenses	292	17
Total	11,592	8,623

“Other services” includes the purchase of services from third parties that cannot necessarily be assigned to one of the other categories.

5.7 Other business expenses

In addition to the expense from the formation of a provision for repayment claims by the tax authorities in the amount of TEUR 3,100 (previous year: TEUR 0), see note 4.2.13 – there were considerable expenses from currency conversions in the reporting year of TEUR 293 (previous year: TEUR 379), prior period expenses of TEUR 272 (previous year: TEUR 2,564) and expenses from the disposal of assets of TEUR 27 (previous year: TEUR 0). Expenses relating to prior periods include payments to the German National Bank for an audit in accordance with § 44 KWG amounting to TEUR 162 (previous year: TEUR 0), write-off of sales tax 2019 of TEUR 51 (previous year: TEUR 0) and the 2020 contribution to the Bulgarian National Bank of TEUR 29 (previous year: TEUR 0).

5.8 Taxes from income and earnings

The assessment basis for income taxes is primarily characterized by non-deductible depreciation and contributions on the one hand and tax-free reversals of value adjustments from previous years on the other hand, as well as additions to the provision reserve in accordance with § 340f HGB.

The tax result results primarily from corporate tax including solidarity surcharge in the amount of TEUR 1,929 (previous year: TEUR 318), as well as commercial tax of TEUR 2,046 (previous year: TEUR 279).

6 Other information

6.1 Institutions

6.1.1 Supervisory Board

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

Mr. Vasil Stefanov Deputy Chairman
Management Board, Euro-Finance AD; Head of M&A, Euroins Insurance Group AD

Mr. Francesco Filia
Chairman, Fasanara Capital Ltd.

6.1.2 Management Board

Dr. Bernhard Fuhrmann
Back Office

Mr. Frank Otten
Market

Dr. Bernhard Fuhrmann and Mr. Frank Otten are each entitled to represent the company together or with another board member or an authorized representative.

6.1.3 Mandates on Supervisory Boards

The following entries are current as of the reporting date 31 December 2021:

Dr. Lemnitzer has no other appointments to statutory supervisory boards or comparable control bodies as defined by § 125 para. 1 sentence 5 AktG.

Mr. Stefanov is, in addition to his post as Supervisory Board member of Varengold Bank AG also member of the Supervisory Board of the insurance company Euroins Georgia JSC (Tbilisi), Management Board member of Euro-Finance AD (Sofia), non-executive Director of Hanson Asset Management Limited (London), Supervisory Board member of the First Investment Bank AD (Moscow), as well as co-owner of Vinart Stefanovi Ltd. (Plovdiv) and Arkont-Invest Ltd. (Plovdiv).

Mr. Filia holds the post of Chairman of Fasanara Capital Ltd. (London) in addition to his post as Supervisory Board member of Varengold Bank AG on the reporting day.

Dr. Fuhrmann is engaged in the role of liquidator at Varengold Verwaltungs Aktiengesellschaft i.L., Hamburg on the reporting day. Moreover, he is the Chief Executive Officer of JUCLA Invest GmbH, Hamburg.

In addition to his post on the Supervisory Board of Varengold Bank AG, Mr. Otten is also Chief Executive Officer of the consulting firm Arensburg Consult GmbH, Molfsee, member of the Advisory Board of the KERNenergie GmbH, Großwallstadt, CEO of KERNenergie Hamburg Store GmbH, Hamburg, and Chairman of the Supervisory Board of the Varengold Verwaltungs Aktiengesellschaft i.L., Hamburg. Since the beginning of 2021 he is also a non-executive director of Hanson Asset Management Ltd., London.

Mr. Lukas Diehl and Dr. Volkart Tresselt, authorized representatives of Varengold Bank AG, are also members of the Supervisory Board of Varengold Verwaltungs Aktiengesellschaft i.L., Hamburg. Mr. Lukas Diehl is the Managing Director of Elbe2021 Incubator GmbH.

6.1.4 Board member remuneration and loans

With regard to the disclosure of the total remuneration of the Board, according to § 285 No. 9a HGB, as well as that of surviving dependents in accordance with § 285 No. 9b HGB, the protection clause per § 286 para. 4 HGB is utilized.

The members of the Supervisory Board received for their contribution in the time period 1 January to 31 December 2021 total remuneration in the amount of TEUR 403 (previous year: TEUR 338. This includes employment compensation of TEUR 400 (previous year: TEUR 333) and TEUR 3 of incurred travel expenses.

On the reporting date there are no loan receivables from the members of the Supervisory Board or the Board of Directors. Prepaid expenses include amounts paid in advance for annual agreed upon compensation components.

6.2 Employees

The average number of employees in 2021 was 99 in total (previous year: 86), including 40 women (previous year: 35). With the exception of 17 employees, all employees work in Germany. 17 employees work part-time. Five senior employees were granted power of attorney. As an authorized signatory, Mr. Kai Friedrichs was also granted general powers of attorney.

6.3 Other financial obligations

The other financial obligations primarily include obligations from real estate rental agreements in the amount of TEUR 2,021 (previous year: TEUR 2,546) and from costs for software, hardware, and services, above all for ongoing IT operations (TEUR 1,843). In the previous year, these amounts were not included in the posting. The remaining terms for the largest individual amounts are between 2 and 60 months.

6.4 Forward transactions

The company changed the way it hedges currency risks in the reporting year. This resulted in exchange rate-related increases in value, which were offset in accordance with the IDW RS BFA 4 statement by setting up a passive adjustment item that is reported under other liabilities.

6.5 Auditor's fee

The total auditor's fee calculated for the financial year amounts to a total of TEUR 775 (previous year: TEUR 615) in accordance with § 285 No. 17 HGB. An amount of TEUR 498 (previous year: TEUR 48) relates to auditing services, an amount of TEUR 88 to other confirmation services (audit in accordance with § 89 WpHG, verification of reports in accordance with the specifications for TLTRO transactions) and an amount of TEUR 189 to tax consulting services. The corresponding prior-year amounts were TEUR 425 for auditing services, TEUR 33 for other certification services and TEUR 157 for tax advising services.

6.6 Proposal for the use of the results

It was suggested at the Annual General Meeting to offset the annual surplus against the loss carried forward and to carry the remaining amount forward to new account (distributable profit).

6.7 Notifications according to § 20 AktG

In the reporting year, no notifications were transmitted to Varengold Bank AG in accordance with § 20 (1) AktG and therefore no announcements in accordance with § 20 (6) AktG were published in the Federal Gazette.

6.8 German Corporate Governance Code

From 20 March 2007 to 28 February 2017, the Varengold Bank AG stock (ISIN DE0005479307) was listed in the Entry Standard of the German Stock Exchange. After the closing of Entry Standard, the Varengold stock has been listed on the Basic Board of the Open Market since 01 March 2017. Varengold Bank AG is not obliged to publish a declaration of compliance with the German Corporate Governance Code (§ 161 AktG), as the company is not listed according to § 3 para. 2 AktG.

6.9 Supplementary statement

There have been no events of particular importance since the end of the 2021 financial year. We assume that the political and economic measures taken against Russia will not have a significant immediate impact on our business activities. We are currently unable to estimate any lasting indirect effects, such as price increases, scarcity of resources and/or any recession or stagflation that may result from this.

Hamburg, 17 June 2022

Varengold Bank AG



Dr. Bernhard Fuhrmann



Frank Otten

Management Report

A. Fundamentals of the Varengold Bank

The Varengold Bank is a publicly listed German credit institute with a full banking license with headquarters in Hamburg and branch offices in London and Sofia. The Varengold Bank is registered with the Federal Ministry of Finance (BaFin) under number 109520 and the Varengold shares (ISIN: DE0005479307) have been listed on Open Market of the Frankfurt Stock Exchange since 2007.

The core business areas of the Varengold Bank are Marketplace Banking and Commercial Banking (Transaction Banking).

The current portfolio of the Varengold Bank in Marketplace Banking contains funding, fronting services for products requiring a bank license / Banking as a service (BaaS), as well as debt and equity capital markets products. Customers are global digital credit marketplaces (FinTechs) with a concentration in Europe. These customers operate within the asset classes of receivable finance, real estate finance, trade finance, consumer finance or SME finance. In this business area, Varengold Bank positions itself as a partner for mostly young marketplace operators. Varengold Bank has the capital, as well as the efficient processes and agility for this modern type of banking.

In addition to Marketplace banking, the second core business area of Varengold Bank includes Commercial Banking (Transaction Banking) with the areas of international payment transactions, trade finance and Lombard loans. Varengold Bank supports corporate customers worldwide in their global trading and investment activities. The trading focus is on the regions of Eastern Europe and the Middle East.

Varengold Bank refinances itself predominantly through call money and time deposits that are made available to the bank by customers based in Germany.

B. Economic report

1. Macro-economic and industry-related conditions

The year 2021 started with a positive phase of global economic recovery after being forced to cope with the serious consequences of the COVID19 pandemic in 2020. However, the initial return to the old growth path became more difficult in the second half of the year. The slow progress with vaccinations, coupled with the appearance of new virus strains led to recurring waves of infection and a return to tightened lockdown measures. The consequences were global delivery bottlenecks and scarcity of raw materials, which in turn led to significant price increases and slowed industry accordingly. At the end of 2021, the inflation rate in the euro area rose to around 5 %; the highest level since the beginning of monetary union.¹ The average inflation rate was 2.6 % higher than in the previous year.²

1 <https://www.boerse-frankfurt.de/nachrichten/111cff3e-e918-4d87-890c-10dc61888133>

2 <https://de.statista.com/statistik/daten/studie/156285/umfrage/entwicklung-der-inflationsrate-in-der-eu-und-der-eurozone/>

The ongoing corona crisis critically overshadowed other topics in 2021 due to the personal nature of the issue. Geopolitical tensions, such as the Taliban's takeover of power in Afghanistan, the smoldering trade conflict between the USA and China, as well as the escalating Russia-Ukraine conflict were additional stress factors for the global economy.

In the USA, the economy recovered much more quickly than in Europe in the reporting year. China was affected by the pandemic earlier than Europe and the USA, which is why the economic recovery started much earlier there. In 2021, real gross domestic product (GDP) growth in China was around 8 % compared to the previous year.³ The USA was able to close the past year with a 5.7 % increase.⁴ In the euro zone, growth in 2021 was 5.3 %, after a decline of 6.4 % in the previous year.⁵

According to the Federal Statistical Office, German economic output was 2.7 % higher in 2021 than in 2020.⁶ The annual average unemployment rate in Germany was 5.7 % (previous year: 5.9 %) and thus remained below the eurozone average (7.6 %). The reason for this is the existing state aid and short-time work provisions.^{7,8}

The uncertainties in connection with the ongoing course of the pandemic had comparatively little effect on the stock markets in the past year. In the banking sector, the economic and political environment exacerbated the existing risks and problems in some areas – for example regarding weak profitability in the low-interest environment. Loan defaults at banks have so far remained very moderate, despite some considerable decreases in economic activity in some sectors. In addition, burdens in the lending business of European banks have so far been significantly eased, mainly through government support of the real economy, as well as security measures taken by the central banks. Within the SREP process, the ECB has again intensified its review of the banks' internal risk models, also with a view to the COVID19 pandemic.

Despite the increase in inflation rates, the major central banks maintained their expansive monetary policy in the first half of 2021, and the European Central Bank (ECB) in particular initially remained committed to the PEPP (Pandemic Emergency Purchase Program) to ensure price stability and the effectiveness of monetary policy in the eurozone. Over the course of the year, the central banks began to alter their perspective: the higher inflation rate is no longer regarded as a temporary phenomenon. In this context, the ECB announced in December 2021 that it would purchase fewer government bonds and not extend the emergency purchase program that ran until the end of March 2022.

At the same time, German banks in particular made renewed operational efforts with a view to the various tightening regulations and legal requirements, the implementation of which still requires both financial and human resources. The acronym "ESG" (Environment, Social, Governance) was also on everyone's minds again in 2021 and, as a regulatory requirement, became one of the dominant themes for banks.

3 <https://de.statista.com/statistik/daten/studie/14560/umfrage/wachstum-des-bruttoinlandsprodukts-in-china/>

4 <https://de.statista.com/statistik/daten/studie/14558/umfrage/wachstum-des-bruttoinlandsprodukts-in-den-usa/>

5 <https://de.statista.com/statistik/daten/studie/159507/umfrage/prognose-zur-entwicklung-des-bip-in-den-laendern-der-eurozone>

6 <https://www.bundesbank.de/de/aufgaben/themen/deutsche-wirtschaft-waechst-2021-um-2-7-prozent-883750>

7 <https://de.statista.com/statistik/daten/studie/1224/umfrage/arbeitslosenquote-in-deutschland-seit-1995/>

8 <https://ec.europa.eu/eurostat/documents/2995521/11563247/3-01092021-AP-DE.pdf/937ff3e0-4ec0-1e90-8f3b-dbb0195007dc>

In addition to this increased focus on sustainability, the topic of digitization has also gained tremendous momentum – accelerated by the pandemic. On the one hand, the digital transformation changed technologies, as well as customer requirements at an enormous speed, and in order to satisfy these demands, modern structures and products needed to be developed and implemented. On the other hand, the government is constantly developing new sets of rules to which banks must immediately adapt their internal processes.

2. Business development

Varengold Bank consistently pursued its growth path in 2021 and closed the financial year with record figures. The business results far exceeded the previous year's value and original target. Varengold Bank acted prudently in its business activities in view of the ongoing pandemic situation and its consequences and followed a conservative risk provisioning course. The forecast of earnings before taxes (EBT) of EUR 5.5 million expected at the beginning of the reporting period was increased significantly to EUR 16.4 million in the middle of the year, as the bank experienced dramatically increasing earnings in the area of Transaction Banking and anticipated high demand for the bank's products and services over the remainder of the year. Due to the renewed very strong business development in the fourth quarter of 2021 in connection with risk provisions that were below expectations, this forecast was increased again in December to an EBT of between EUR 21 million and EUR 22 million for the 2021 financial year.

Compared to the same period of the previous year (EUR 27.4 million), net income nearly doubled to EUR 55.6 million. Earnings before taxes increased more than tenfold compared to 2020 (EUR 1.9 million). It reached EUR 21.4 million and thus within the highly corrected EBT forecast. The result includes a net addition to risk provisioning of EUR 7.5 million (previous year: EUR 4.5 million). A further EUR 3.1 million was allocated to a provision for reimbursement claims from the tax authorities; in the previous year there was a provision for civil law litigation risks in the amount of EUR 2.5 million.

In 2021, Varengold Bank once again made special investments in its future viability – the digital transformation at all levels of the bank, the implementation of the “New Work” concept, the increase in personnel including training and further education, as well as the further development of the Bulgarian location were the focus of these investments. This resulted in an increase in administrative expenses to EUR 22.9 million in the reporting period (previous year: EUR 17.6 million).

The promotion of interdepartmental and cross-location teamwork, as well as the consistent digitization of business processes have made Varengold Bank more agile, creative, and efficient, which benefits the bank in particular in the Marketplace Banking business area. Varengold has succeeded in further strengthening its positioning as a partner in lending and fronting services / BaaS. In this way, new high-profile customers could also be won for fronting services in the area of credit card processing accounts for companies. To date Varengold Bank has focused on early-stage platforms; with the further development of the 2021 business strategy, the radius was also expanded to include start-ups which are not yet active in the market.

In July 2021, Varengold Bank also founded a subsidiary designed to take equity investments in the future, to further sharpen its own profile as a partner of FinTechs and to strengthen customer loyalty. In this way, the bank is also positioning itself for further sales and earnings potential. The plan is to initially invest in customers

from the Marketplace Banking area via “Elbe2021 Incubator GmbH”, but also in non-bank customers with a FinTech lending background.

In Commercial Banking, Transaction Banking was once again the main growth driver. Thanks to the constant acquisition of new customers, the payment transaction business was further expanded and the new acquisition of credit business with fungible collateral propelled forward. However, product expansions and launches in the trade finance business have also provided positive impulses for overall development.

The growth of the Varengold Bank is also reflected in the increasing number of employees within Germany and abroad. As of 31 December 2021, the total number of employees at all three locations was 107 (previous year: 91). Also contributing to this was the culture change initiated in 2020, which increased employee satisfaction while optimizing the way the bank achieves its business goals. As part of the “New Work” concept, Varengold Bank is therefore responding to modern transformations in the world of work. At the beginning of May 2021, not only were modern and open-plan office space occupied, but the entire working environment was redesigned. Collaborative work, concentrated work (also remotely from home), as well as social exchange and a sufficient flow of communication are now supported by appropriate and flexible room structures, as well as IT components. Especially in the times of the pandemic, when there was a lack of personal contact, it was and is important to remain connected, at least digitally.

Also in 2021, the topic of sustainability plays an important role at the Varengold Bank. As a central component of the business strategy, activities in this area have been increased and additional human resources have been allocated. In this area the bank focuses primarily on resource efficiency and environmental protection, as well as social engagement. The measures were collected with a view to economic, social, and ecological interests and published in a sustainability report available to the public at the beginning of 2021.

Chief Operation Officer Kai Friedrichs has been a key figure in the development and implementation of the new corporate culture and the digital transformation of Varengold Bank in recent years. At the end of the 2021 financial year, Mr. Friedrichs was appointed General Manager of Varengold Bank effective 01 January 2022. His responsibilities at the bank include operations, people & culture, regulatory reporting, organization, and IT.

3. Position

The following information may include rounding errors.

3.1 Financial position

The company’s interest income decreased from TEUR 8,674 in 2020 to TEUR 5,273 in 2021. Interest income includes negative interest on German National Bank deposits of TEUR 4,099 (previous year: TEUR 1,283). Their disproportionate increase is the main reason why the balance of interest income has fallen so significantly.

Interest income also includes interest income from fixed-income securities. These declined slightly from TEUR 485 to TEUR 459.

While in the previous year there was interest expense in the amount of TEUR 1,309, even taking negative interest received into account, interest income of TEUR 1,477 resulted in the reporting year. This is mainly due to the positive interest from open market transactions and banking business, which increased from TEUR 1,477 to TEUR 4,018 (an increase of EUR 2,541). The reason for this is the increased deposit volume of customers. In contrast, there was a slight decrease in interest expenses for time deposits and overnight deposits from TEUR 2,785 to TEUR 2,471 (a decrease of TEUR 314).

As a result, net interest income of TEUR 6,750 (previous year: TEUR 7,365) was achieved.

Current income from shares and other variable-income securities decreased from TEUR 1,036 to TEUR 793 and is due mainly to distributions from investment funds. The portfolio was increased again in 2021 from TEUR 99,129 to TEUR 122,657. In addition, liquidation-related income was recorded from shares in affiliated companies in the amount of TEUR 450 in the reporting year.

Commission income increased from TEUR 19,529 to TEUR 48,519. The main driver of this strong increase (+ 148%) is the payment transaction business, in which the commission income of TEUR 15,985 could be increased to TEUR 44,408. This gain was achieved through consistent new customer acquisition, as well as higher business volume with existing customers. At the same time, commission expenses increased from TEUR 1,601 to TEUR 3,880, resulting in net commission income surplus of TEUR 44,638 (previous year: TEUR 17,928).

Other operating income of TEUR 2,979 (previous year: TEUR 1,041) is primarily comprised of fees and costs passed on for project transactions amounting to TEUR 1,650 (previous year: TEUR 421). In addition, in the reporting year income from other periods of TEUR 552 (of which TEUR 316 from VAT refund claims) was recorded, income from the recognition of VAT refund claims for the current year (TEUR 400) and income from the reversal of provisions in the amount of TEUR 272, as well as other cost reimbursements and remuneration of TEUR 70.

The company's general administrative expenses increased by TEUR 5,278 (from TEUR 17,586 in 2020 to TEUR 22,876 in 2021). The main reasons for this are, in addition to increased personnel expenses (TEUR +2,323) due to the hiring of new employees and increased variable remuneration, the increase in expenses for maintenance and IT (TEUR +995) and third-party services (TEUR +577).

Depreciation and value adjustments on intangible assets and property, plant and equipment increased due to investments from TEUR 96 in the previous year to TEUR 114 in 2021.

Other operating expenses increased from TEUR 2,955 in 2020 to TEUR 3,703 in 2021. In both years, this mainly was attributable to expenses for additions to other provisions. Expenses for hedging foreign currency positions and exchange rate-related income and expenses decreased from TEUR 379 in the previous year to TEUR 230 in 2021.

The item depreciation and value adjustments on receivables and certain securities, as well as additions to provisions in the lending business amounts to TEUR 7,513 (previous year: TEUR 4,511). The negative result from the liquidity reserve amounts to TEUR 6,540 (previous year: TEUR 2,305). The change compared to the previous year's expenses is due to an altered risk structure in a fund investment. In addition, there is a negative

balance of expenses and income for the creation and reversal of value adjustments of TEUR 973 after TEUR 2,206 in the previous year.

There were no depreciation and value adjustments on investments, shares in affiliated companies and securities treated as fixed assets (previous year: TEUR 367) in the current reporting year.

In total, the results from normal business activities at Varengold Bank AG amount to TEUR 21,403 (previous year: TEUR 1,855).

Taking taxes on earnings and income and other taxes into account, the net income for the year reached TEUR 17,166 (previous year: TEUR 1,715).

The return on capital according to § 26a KWG, calculated from the quotient of net profit and total assets, is 1.17 %, following 0.17 % in the previous year.

3.2 Financial situation

In financial year 2021, the balance sheet total increased again by 47.4 % from EUR 995.2 million to EUR 1,466.7 million, after 40.7 % in the previous year. The assets side, in addition to receivables from customers (EUR 304.1 million), bolstered mainly by the cash reserve (EUR 956.3 million) and shares and other non-fixed-income securities (EUR 122.6 million). Overall, these three items account for 94.3 % of the balance sheet total. At EUR 1,198.3 million or 81.7 %, customer deposits continue to be the dominant item on the liabilities side of the balance sheet.

The core capital ratio (TIER 1) as of 31 December 2021 was 16.21 percent.

The Varengold Bank AG has a healthy asset and capital structure.

3.3 Liquidity position

At EUR 964.6 million or 65.8 % of the balance sheet total, the regulatory cash and cash equivalents represent a large and ever-increasing proportion of the assets side of the balance sheet. On the recording date, the regulatory liquidity ratios at 235.79 %, lie significantly over the regulatory requirements, as they did in the previous year. The liquidity situation of the bank was never endangered. The irrevocable loan commitments change depending on new customer business or limit increases. They amounted to EUR 38.1 million on 31 December 2021 after EUR 15.3 million in the previous year.

3.4 Financial performance indicators

The key performance indicator is earnings before taxes. Despite the ongoing COVID-19 pandemic, revenues increased significantly from EUR 30.3 million in 2020 to EUR 58.0 million in 2021. As a result, negative interest in the item “interest expense” was recorded. This amount is not included in this item.

However, the altered overall economic environment also gave rise to risks which, from the Management Board's point of view, have been accounted for with appropriate risk provisions and reserves. Expenses totaling around EUR 10.6 million, compared to EUR 7.4 million in the previous year, were incurred for depreciation and value adjustments on receivables, securities, and investments, as well as additions to provisions. As a result, a financial performance indicator in the amount of EUR 21.4 million was achieved. Other performance indicators are, for example, the number of new project customers in Marketplace Banking or in the area of Trade Finance. Furthermore, non-financial performance indicators have been established; they are currently not yet the subject of formal bank management.

C. Risk, opportunity, and outlook reports

1. Risk report

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

The mission of Varengold Bank AG is to develop itself into the leading bank in the marketplace lending industry. A fundamental aspect of the business strategy of Varengold Bank is to offer flexible, competitive products and services and to permanently adapt to the changing market conditions.

The business strategy must determine the essential objectives of Varengold Bank for each business activity, as well as design and implement measures to achieve those objectives.

The risk strategy describes the implications of the business strategy on the risk situation of Varengold Bank and describes the procedures to manage the existing risks, as well as the ability to carry the risks.

Central instruments of risk management at Varengold Bank AG are, in addition to this risk strategy, the risk carrying concept, the limit system and monitoring process which are oriented to the business activities.

Every potential future risk must be fully transparent from the start. Only with complete transparency can an evaluation be made as to whether or not a risk should be approved. This decision is taken by the Management Board always taking into consideration the question whether the particular risk can bring a reasonable return and whether an ability to carry the risk exists. When a risk is taken, this takes place within the firmly established risk tolerance that is derived primarily in the risk-bearing capacity assessment the compliance thereof is continuously monitored.

The risk carrying analysis is undertaken by risk controlling on a monthly basis. The methodology of analysis is continuously evaluated for plausibility and the most recent state of the regulatory environment.

The risk controlling and risk management system used by the bank corresponds to the provisions of "Minimum Requirements of the Risk Management" (MaRisk) of the Federal Financial Supervisory Authority (BaFin).

Risk is understood to be the negative deviation of occurring events from the expected events. The foundation of the risk management system includes the categorization of significant risks of the bank into counterparty risk, liquidity risk, market risk, operational risk, and other risks which, among other things, include reputation risk, strategic risks, as well as the risk concentrations associated with these types of risk.

To manage these risks, a continuous monitoring and assessment of the identified risks is carried out as part of the risk management system. The entire process includes the following steps which are built upon each other:

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

The Board of Directors determines the amount of the total allowable risk and its distribution among each of the individual types of risk. In this context care is continuously taken to ensure that the different business activities are backed with sufficient risk coverage potential.

The risk controlling department is responsible for the monitoring of adherence to Varengold Bank AG's risk strategy. The results from risk controlling are transparently reported to the management team in a timely fashion in order to ensure adequate management.

On 24.05.2018 the German Financial Supervisory Authority (BaFin) and the German Central Bank published the new "Prudential assessment of internal bank risk-carrying concepts" guidelines and their procedural integration in the overall bank management "(ICAAP) – new orientation". It contains policies, principles and criteria which are essential to the supervision of the assessment of internal bank risk-carrying concepts which as "less significant institutions" (LSI) are directly subject to German bank supervision. The risk-carrying concept as a central component of the ICAAP according to § 25a para. 1 sentence 3 No. 2 KWG in conjunction with AT 4.1 subsection 1 (and subsection 2) MaRisk is comprised of two perspectives: a normative perspective and an economic perspective. Both serve the long-term sustainability of the institution based on its own current situation and earning power. To this end the normative perspective pursues the explicit goal of supporting the continuation of the institute and the economic perspective has the goal of protecting the creditor from loss from the economic perspective.

For the normative perspective, the risk covering potential and the risks concept compliance for the current, as well as the future planning periods are determined. Capital planning encompasses the time period from inception through three years and includes the supervisory required plan and an adverse scenario. Moreover, the bank utilizes the possibility contained in subsection 35 of the new risk-bearing capacity guidelines in conjunction with AT 4.3.3 subsection 3 MaRisk developed comprehensive risk type stress test "serious economic downturn" 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.

The risk-carrying potential in the normative perspective is comprised of the regulatory equity capital and the contingency reserves according to § 340 f HGB. The processes utilized to quantify risk in the normative

perspective address provision risks, market risks and operational risks from the current legal requirements of the cash conversion rate, for which risk-weighted position entries are calculated. In the plan scenario the entire equity requirement is held which can be utilized in an adverse scenario shortfall of the combined capital buffer requirement according to § 10i KWG.

The regulatory equity capital funds requirements amounted to TEUR 36,467 as of 31 December 2021. To cover these requirements, the bank has TEUR 46,047 in equity capital funds at its disposal.

On 31.12.2021 all capital requirements in the plan and in the adverse scenario on both the reporting day, as well as for the three-year planning horizon were secured. In the “serious economic downturn scenario” the combined capital buffer requirement fell short according to § 10i KWG as of the 3rd quarter 2024. The hard minimum requirement of currently 11.2 % is maintained in all scenarios throughout the entire planning period.

In the economic perspective the bank uses a present value modelling of risk carrying capacity. The risk carrying potential in the amount of EUR 64.1 million EUR is comprised of the regulatory equity capital, the contingency reserves according to § 340f HGB, the profit of the current business year, as well as hidden charges and reserves.

Fundamentally, the maximum tolerable capacity is limited to 100 %. Capacities over 90 % of the total limit and capacities over 100 % within an individual type of risk require a response of the Board of Directors.

The capacity of the risk-carrying potential on 31 December 2021 reached 53 %, of which 44 % was counterparty risk, 30 % market risk, 20 % operational risk and 6 % of strategic and reputation risk.

Conventional models are used for the monitoring of the main contingency and market price risks.

The contingency risk is comprised for the quantification in the sense of risk-carrying ability from a more narrowly defined provision risk (AAR strict interpretation) in combination with the migration risk. These two risks are combined.

In addition to the classic default risk, the default risk also includes the issuer, counterparty, and investment risk. Country risks are not backed by risk coverage potential in the risk-bearing capacity calculation. These risks are accounted for in both the external and internal ratings and are thus included in the rating grade and the probability of default and thus in the total risk.

To limit country risks, the bank implemented a country limit system, which is based at the headquarters of the debtor’s parent company.

The quantification of the counterparty risk in the narrower sense is based on the risk indicators “expected loss” (EL) and “unexpected loss” (UL). The EL is determined on the basis of the default probabilities, accounting for the LGDs (loss given default). The UL is quantified by using a credit risk model for a confidence level of 99.9 % and a time horizon of one year. The calculation is based on the Gordy model, which is used by the Basel Committee on Banking Supervision to model capital adequacy requirements under Basel II and as part of the further development in Basel III. The credit risk model determines the contributions of the individual

borrowers and investments to the unexpected loss at the portfolio level, which are combined to determine an unexpected loss of the overall portfolio. If available, the external or internal default probabilities (PDs) and the transaction-specific loss given default (LGD) are used. The other model parameters are determined based on the standard requirements of Basel III. In addition to the default probabilities and loss ratios, the correlations of the counterparties with the systematic risk factor, as well as the granularity of the portfolio and the remaining terms are included. Only the portfolio's unexpected loss is included in the risk-bearing capacity. The expected loss is already included via the general value adjustment (PWB). In the event that the expected loss exceeds the PWB, the difference is also included in the determination of the risk-bearing capacity.

Moreover, the portfolio migration risk is determined for a time horizon of one year. For this purpose, external migration matrices are utilized. The EL is then recalculated using the determined increased failure rates; the difference between the EL determined using this method and the narrowly-defined EL AAR results in the risk sum for the migration risk.

The market price risk is determined by adding the risk totals for price risk, credit spread risk, as well as interest rate risk. Correlations between the risk types are not accounted for this calculation.

The price risk (general price risk) is quantified using the value at risk. This is measured for the trading book, as well as the banking book with a confidence level of 99.9 %, a holding period of 250 days and a lookback of 520 days measured using a historic simulation of changes in swap and money market rates with the appropriate maturity and currency. As of 31 March 2022, the bank extended the period of historical changes to 21 years.

The price risk is calculated and limited for the entire portfolio, as well as separately for the investment book, trading book and foreign currency futures (as far as possible in the look-through). In addition to securities investments, which have a price risk, this also accounts for open foreign currency positions, as well as foreign currency futures held for hedging purposes.

Risk controlling measures the interest rate risk on a quarterly basis. The change in the present value of the interest book is determined in the event of ad-hoc interest rate changes of +200 basis points and -200 basis points, as well as six additional scenarios in accordance with RS 06/2019 (BA) – “Interest rate risk in the investment book”. The greater negative change in these eight interest rate change scenarios is included as a risk value in the overall risk-bearing capacity calculation.

The bank defines credit spread risk as the negative changes in the market value of bonds in its own portfolio as a result of a deterioration in the creditworthiness of issuers that has not yet been reflected in a rating downgrade (particular price risk). The credit spread risk is quantified using the value at risk method. This is calculated for both the trading book and the banking book with a confidence level of 99.9 %, a holding period of 250 days and a lookback of 520 days through historic simulation of the changes in the asset swap spreads of the bonds. As of 31 March 2022, the bank extended the period of historical changes to 21 years and uses the rating-dependent asset swap spreads for this purpose.

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 monitor the liquidity risk, the Treasury department prepares a liquidity progress report on a daily basis. Management is based on the size of the “distance to illiquidity” (at least three months) and a daily “minimum liquidity” (EUR 20 million). The monitoring is carried out by risk controlling. Furthermore, an emergency plan, which is initiated by an early warning system, is defined in the liquidity management concept.

In this calculation a distinction is made between refinancing, forward, call, market liquidity and liquidity spread risk.

The bank does not quantify the liquidity risk as part of the risk-bearing capacity, as this is only possible to a very limited extent. A quantitative and qualitative analysis of the risk is conducted using stress tests. Moreover, the liquidity progress report is monitored daily with regard to established limits; on the one hand the distance to illiquidity of at least 3 months and on the other hand the minimum daily liquidity of EUR 20 million. Both limits were adhered to at all times during the financial year.

The quantification of operational risks, which also include the model risk, is carried out quarterly by risk controlling in cooperation with the heads of departments and the Management Board using a scenario analysis for all identified operational risks. The scenarios represent possible “bad case” scenarios of risk types and are presented and assessed with regard to potential damage levels and the probability of occurrence.

In connection with share transactions around the respective dividend date for the years 2010-2016, the Cologne public prosecutor’s office is investigating (former / current) employees and bodies of Varengold Bank AG and Varengold Verwaltungs AG i.L. (formerly Varengold investment stock company with sub-company assets) due to an initial suspicion of tax evasion.

The quantification of operational risks, which also include the model risk, is carried out quarterly by Risk Controlling in cooperation with the heads of department and the Management Board using a scenario analysis for all identified operational risks. The scenarios represent possible „bad case“

In connection with share transactions around the respective dividend date for the years 2010-2016, the Cologne public prosecutor’s office is investigating (former / current) employees and bodies of Varengold Bank AG and Varengold Verwaltungs AG i.L. (formerly Varengold investment stock company with sub-company assets) because of the initial suspicion of tax evasion.

Varengold Bank AG could be considered a possible secondary stakeholder and in the worst-case scenario could possibly face a fine and/or profit reduction, which would theoretically result in significant expenses.

In this context, external consultants were commissioned to conduct the (continuous) review and analysis of the public prosecutor’s files.

Based on the opinion of external consultants, the Management Board estimates the risk of claims being made against the subsidiary Varengold Verwaltungs AG i.L. as conceivable, the risk of liability for Varengold Bank AG for these claims, however, as very low.

According to the Management Board's current knowledge, the investigation files do not contain any statements from the public prosecutor's office on the probability or extent of any measures against Varengold Bank AG.

Based on this background situation, the likelihood of the Varengold Bank AG being held liable is considered to be low overall.

Varengold Bank AG is a defendant in civil law proceedings together with 19 other natural and legal persons. The subject of the dispute is a possible claim for reimbursement, which relates to an additional tax claim in relation to transactions of an independent sub-investment fund of the former Varengold Investmentaktiengesellschaft with sub-funds, today Varengold Verwaltungs AG i.L. from the year 2010. The former investment stock company is the first defendant in these proceedings. Varengold Bank AG was a minority shareholder in this investment company in 2010. The lawsuit is aimed at the joint and several reimbursements of refunded capital gains tax including solidarity surcharge totaling around EUR 92 million (plus any interest and other damages incurred by the plaintiff), which was paid to the sub-fund in 2010 and which the Munich tax office had reclaimed from the plaintiff's legal predecessor. Varengold Bank AG has filed a reply with the respective court to dismiss the lawsuit. There are good reasons to believe that a possible claim of the plaintiff is time-barred and that in any case there is no joint and several liability of all defendants. The Management Board and the external experts involved estimate the probability of occurrence of the risk from these proceedings as very low. However, if the lawsuit is successful, the continued existence of the bank could be at risk.

The strategic and reputation risk are accounted for by considering declines in income in the course of risk-bearing capacity. A risk amount of 25 % of the expected profits over the next 12 months (minimum amount TEUR 400) is established using the economic perspective.

In order to contain concentration risks, further limits have been set by the Management Board, which are continuously monitored.

All risk limitation measures are carried out as a rule in an economically reasonable manner, which appropriately considers the size of the institution, its capital resources, as well as the particular business model.

The effects of the COVID-19 pandemic on the Bank's business activities and earnings are at the present time only marginal. The bank currently continues to assume that this will not have a significant impact on the planned objectives of the bank.

The Varengold Bank AG makes targeted use of its market opportunities as part of its business activities and accepts the associated risks in a responsible manner at all times. The bank assumes that the political and economic measures taken against Russia will not have a significant immediate impact on business activities. Ongoing indirect effects, such as price increases, scarcity of resources and a possibly resulting recession or stagflation, cannot be estimated at the moment.

2. Opportunity report

The development of the Varengold Bank to date is proof that it is strategically positioned on the correct path toward sustainable growth. In 2021 the bank managed to more than double the number of transactions and new customers compared to 'before Corona' and at the same time by implementing a wide range of projects, invested in the organizational structure and thus in the future of the bank.

Varengold Bank has increasingly established its competitive position in both of its core business areas, Marketplace Banking and Commercial Banking. The bank has become more strongly recognized in its sector and is actively sought after without offensive or cost-intensive marketing – not least through the expansion of the international network of customers and business partners. In its activities, the bank is increasingly concentrating on the core competence of a regulated institute and can consolidate its position in the long term with anchor products such as credit provisioning and fronting services / BaaS, thereby increasing profitability and yields where other providers do not offer an adequate range of products.

The strategic alignment of Varengold Bank with the existing core business areas basically continued in 2022. However, the constant observation of market trends and the associated further analysis of new areas, products and services also remain an important part of the strategy. The 2022 financial year will be characterized in particular by an expansion of new customer business and risk-aware business growth.

In the Marketplace Banking business area, the expansion of the loan book and fronting services / BaaS will be further intensified. The bank's target customers are young start-ups and (online) platforms that connect credit-seeking customers and investors. These platforms are potential competitors for established banks, leasing, and factoring companies, as they usually offer customers significantly faster, easier, and therefore more convenient loan processing. The goal of Varengold Bank is to differentiate itself from the competition, particularly through the efficient implementation of funding and/or fronting projects with customers. In 2020, the necessary IT requirements for the further expansion of Fronting Services / BaaS already began. Toward this aim, components of the banking license are "loaned" to lending marketplaces, which have customers and a strong product idea, but no banking license. The implementation (especially in other EU countries) is to continuously take place with different expansion stages in financial year 2022.

In addition, the subsidiary "Elbe2021 Incubator GmbH" creates an additional structure in order to invest directly in a portion of the bank's existing customers (ECM business) and to expand the network in the venture capital area.

The Commercial Banking business area has been able to build up a considerable international and reputable customer base over the past years. Varengold Bank continues to focus on global trading companies that are active in niche markets. Varengold supports these customers primarily with services in the area of transaction banking and trade finance. In the current fiscal year, the bank will further strengthen its position as a strong transaction bank and extend the promotion of the internationalization of services. The south-eastern European region will receive increased focus, particularly due to the expansion of the branch in Sofia that has already taken place. Moreover, the digital transformation of the operational processes continues to be promoted and a change management program is being established within the area to realize the vision of a sustainable and agile organization.

The deposit business, which focuses almost exclusively on the target group of German private customers, plays a central role in the bank's refinancing strategy. As part of the deposit business, the bank offers customers overnight and fixed-term deposit products with various maturities of up to ten years. As a benchmark for the interest rate conditions offered, Varengold Bank on the market offering of banks which are subject to German deposit insurance. The Varengold Bank's deposit business should continue to grow organically over the next few years. The bank's refinancing strategy envisages keeping the volume of fixed-term deposits and call money at a constant level, implementing further diversification measures in terms of maturities, and managing deposits in close coordination with opportunities from the Marketplace Banking and Commercial Banking business areas.

Varengold Bank will continue to sharpen its own profile as a high-performing partner and financial services provider, while driving developments in digital transformation with high strategic priority. In order to position the bank sustainably and successfully in the long term, a focus on customer satisfaction, an efficient internal organization, the retention of a highly qualified and motivated team and the recruitment of competent specialists are pursued as critical success factors. The six pillars of Varengold Bank build the foundation for strategic success: Culture, Work Environment, Leadership, Digital Transformation, Empowerment and Corporate Social Responsibility. These pillars were established along with the three accompanying corporate value statements "Customer Centric", "No Silos" and "Go the extra mile".

Moreover, target group-oriented communication (internal/external) with a modern information architecture should make a value contribution in order to grow together in a cross-functional team. Individual project and deal teams have already demonstrated that complex customer transactions can be successfully completed with suitable structures while under great time pressure. This also includes the consistent implementation of the digitization strategy and further process automation solutions. The bank also uses process automation robots for recurring work (e.g., in customer service) or tests the optimization of processes with the help of artificial intelligence. The goal is to streamline business processes and to improve quality. Significantly shorter product cycles mean a high degree of innovation, and modern work processes require a technologically sophisticated environment. The Varengold Bank has taken these requirements into account with the implementation of the "New Work" concept.

The bank's entire work philosophy will continue to be developed under the "New Work" model, with cultural change, new management style and increased personal responsibility on the part of employees playing a central role. With the future-oriented "New Work" concept and the office space designed for collaborative work, the bank will seize the opportunities offered by the current transformation of the working world.

In addition, Varengold Bank is continuously working on sharpening its employer profile and asserting itself in the competition for the best specialists. The employees should bond with the company in the long term and the work processes should be optimized in order to ultimately generate added value for customers and investors through increased efficiency.

Furthermore, the Varengold Bank will not lose sight of the goal of further reducing the ecological footprint. Not only is a comprehensive understanding of sustainability conveyed, but active measures for environmental protection and social commitment are implemented and healthy corporate management is promoted. The continuous offsetting of its own emissions since 2019 reflects an important element in the development of a

responsible and sustainable corporate culture. The bank also engages in pursuing greater sustainability with the help of initiatives and partnerships. In addition, the sustainability aspects are to be incorporated more extensively into the various processes that characterize Varengold Bank's customer portfolio in terms of ESG performance. The framework conditions should therefore also ensure that the bank's strategy and practice are in line with its own vision of sustainable development and external expectations.

Despite all the positive developments in recent years, Varengold Bank acts prudently and closely monitors the market environment. The economic and social impact of the COVID-19 pandemic, as well as the as yet unforeseeable consequences of Russia's aggression against Ukraine are affecting numerous industries in a variety of ways. As a credit provider, Varengold Bank cannot entirely avoid this. In the event of an unfavorable development in the global situation, various risk factors could adversely affect the development of earnings in the coming years to an extent that cannot be conclusively quantified. Nevertheless, the Management Board remains convinced that Varengold Bank has a very stable business model which will meet the requirements and needs of the players on the financial market.

3. Outlook report

The forward-looking statements contained in this section are based on assessments and conclusions made by Varengold Bank at the time this report was prepared. The statements contained in the report are based on assumptions and, unless otherwise noted, on internal estimates. The bank expressly states that all statements relating to the future are associated with known or unknown risks and uncertainties and are based on conclusions relating to future events beyond the bank's sphere of influence. A number of important factors could therefore lead to actual results differing substantially from the forward-looking statements.

Even if analysts initially forecast the prospect of economic stabilization for 2022, the current year has been affected by Russia's military invasion of Ukraine since February at the latest. The fierce fighting in Ukraine is not only shocking on an interpersonal level, but also overshadows the global economic outlook. Moreover, in times of the still existing corona crisis and smoldering trade conflicts, the meaningfulness of the analytical patterns as a whole should be viewed with a question mark.

The European Union, including Germany and other allies, has tightened their sanctions against Russia in several steps since the beginning of the war. Negative economic effects of the increased energy prices and the imposed sanctions will be felt increasingly intensely in the coming months, not only in Russia, but in many countries. According to the first developments, falling consumption and new disruptions in the global supply chains, as well as significantly higher raw material prices are to be expected. In a worsening scenario, a recession could hardly be avoided, at least in Germany and in the euro zone, and the Varengold Bank anticipates that the ECB would continue to delay the turnaround in interest rate policy.

Provided the geopolitical conflicts do not further escalate and the war comes to an end in the near future, Varengold Bank believes that the German economy should again expand slightly over the course of the year. Experts also anticipate an overall economic growth rate of just 1.8 % for the current year.⁹ A further recovery

⁹ <https://de.statista.com/infografik/22088/prognose-zur-entwicklung-der-konjunktur-in-deutschland/>

trend is also expected in the euro area, with the banking association forecasting an economic growth average of around 3 % in 2022, and global growth of around 4 %.¹⁰

Since the beginning of Russia's aggression against Ukraine, Varengold Bank conducted its own analysis for different scenarios with macroeconomic and direct effects. The bank is very closely following the related economic and political developments and assumes that the sanctions imposed on Russia will have no immediate significant impact on its business activities. However, possible consequences for the bank could include an impact in the Commercial Banking business area due to a lower volume in payment transactions and in the area of Trade Finance. Permanent indirect effects cannot be estimated at this time.

The outlook for the banking industry as a whole remains very challenging. Extensive measures taken by governments and central banks have so far prevented the real economic crisis from spilling over into the financial sector. An end to the long phase of low interest rates would promote profitability and thus the resilience of the banks. Both the interest and commission business of banks would benefit from a recovery in the export industry, which is so important for German economic development.

The very loose monetary policy is now reaching its limits and the global interest rate markets are positioning themselves for a fundamental shift in direction. Inflation has risen sharply worldwide. Due to this dynamic situation, an increasing number of central banks are heading towards a reversal of their expansive monetary policy. In contrast, the European Central Bank intends to stick to its current monetary policy for the time being and will only raise its key interest rate in the late summer or autumn timeframe.

In addition, regulatory requirements continue to intensify. These include, for example, a new MaRisk amendment, the Financial Market Integrity Strengthening Act (FISG), as well as numerous regulatory initiatives for information security and data protection. One of the aims of the regulatory measures taken initiated in recent years is to create a more crisis-resistant financial sector, essentially through improved equity and liquidity positions, and to keep the risks of business activity away from the public authorities.

The EBA guidelines could possibly lead to additional capital requirements in the SREP and additional requirements for EBA guidelines on lending and supervision (GLOAM) from 2024 onwards. In addition, the EU directive on sustainability reporting (Corporate Sustainability Reporting Directive, CSRD), will be relevant for Varengold Bank with regard to the disclosure of key financial figures starting in 2026. There are many activities at EU level, especially where sustainability is concerned. Banks have to take ESG risks into account in all processes and in the risk analysis; measures which Varengold Bank has already implemented. At the beginning of 2022, an Environmental Social Governance (ESG) questionnaire was created, which is currently being filled out by potential customers as part of a pilot project. This forms the basis for determining future measures which will be a part of the bank's customer acceptance process. The data obtained from this study should serve as the basis for a meaningful ESG scoring model, which will help the bank to control and align the customer portfolio in all business areas with regard to ESG factors. Moreover, the ESG aspect is also included in the internal rating assessment of customers.

¹⁰ <https://bankenverband.de/blog/konjunkturprognose-des-bankenverbandes-fruehjahr-2022/>

In order to ensure timely implementation of all regulatory requirements, the Compliance department at Varengold Bank AG monitors the external and internal implementation status in a monthly “Regulatory Radar”. The processing of individual relevant topics is initiated in a timely fashion in corresponding projects.

The task for the banks will be to assert themselves in this complex environment and, on the one hand, actively manage the loan portfolios, and on the other hand adapt the cost structures even more closely to the persistently challenging market and regulatory environment. Offers such as “Buy now, pay later” influence consumer behavior and the custody of and trading in cryptocurrencies are also gaining in importance. In the longer term, the number of institutes will decrease and competition will further intensify as an increasing number of global technology groups, FinTechs and foreign banks offer selected products from the classic banking business.

All in all, the vast majority of banks in the German market currently have little scope to dramatically improve their margins. The perspectives in the trading business are more favorable than in the interest business, from which many institutes have withdrawn partially or even completely in the past – an opportunity that Varengold Bank knows how to use.

The pandemic has already massively boosted the trend towards digital banking services. Highly automated IT processes and extensive data analytics measures that enable rapid adjustments to changing market conditions are now essential. In so-called “engagement banking”, products and services are designed to be as solution-oriented and individually tailored to customer needs as possible. Financial institutions that follow this trend and offer tailor-made financial solutions will have an advantage in the future.

The planning for the remainder of 2022 at Varengold Bank remains characterized by continued growth. Varengold Bank has created a very solid foundation for this over the past few years. In particular, the structural changes and the new digital components of the bank should support profitability and contribute to a positive overall picture of the company’s development. From today’s perspective, however, the economic effects of the sanctions against Russia and the consequences of an ongoing escalation of the war cannot yet be fully assessed. The bank therefore continues to pursue a conservative risk policy. Overall, the Management Board currently does not foresee any significant negative effects on the bank’s earnings situation and anticipates a positive pre-tax result as a key performance indicator in the amount of EUR 19.8 million for the 2022 financial year.

Hamburg, 17 June 2022

Board of Directors of Varengold Bank AG



Dr. Bernhard Fuhrmann



Frank Otten

Independent Auditor's Report

To the Varengold Bank AG, Hamburg

AUDIT REPORT OF FINANCIAL STATEMENTS AND MANAGEMENT REPORT

Audit opinions

We have audited the annual financial statements of Varengold Bank AG, Hamburg, consisting of the balance sheet as of 31 December 2021 and the income statement for the financial year from 01 January to 31 December 2021 and the Appendix, including the presentation of the accounting and valuation methods. Moreover, we have audited the Management Report of Varengold Bank AG for the financial year from 01 January to 31 December 2021.

According to our assessment based on the knowledge gained during the audit

- › the included annual financial statements comply in all material respects with German commercial law regulations, are prepared using German generally accepted accounting principles, and provide a true and fair view of the assets and financial position of the company as of 31 December 2021, as well as its earnings position for the financial year from 01 January to 31 December 2021 and
- › the provided Management Report as a whole provides an accurate picture of the company's position. In all material respects, this Management Report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

According to § 322 (3) sentence 1 HGB, we declare that our audit has led to no objections to the regularity of the annual financial statements and the Management Report.

Basis for the audit results

We conducted our audit of the annual financial statements and the Management Report in accordance with § 317 HGB and the EU Auditing Regulation (No. 537/2014; hereafter: "EU-APrVO"), taking into account the German principles of proper auditing established by the Institute of Public Auditors (IDW). Our responsibility under these requirements and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our Auditor's Report. We are independent of the company according to the requirements of European law, as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities according to these regulations. Furthermore, we declare in accordance with Article 10, para. 2, letter f) of the EU-APrVO that we have not provided any non-audit services prohibited by Article 5, para. 1 of the EU-APrVO. We believe that the audit evidence provided to us in response to our requests is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the Management Report.

Particularly important audit matters in the audit of the annual financial statements

Key audit matters are those matters that, based on our professional judgment, were most meaningful in our audit of the annual financial statements for the financial year from 01 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, as well as in the formation of our opinion thereof; we do not provide a separate audit opinion on these matters.

From our point of view, the following matters were most meaningful in our audit:

- 1) Provision for risk in the customer lending business
- 2) Building of commission income from payment transactions
- 3) Description of a legal dispute regarding possible repayments of refunded capital gains tax

We have structured our presentation of these particularly important audit matters as follows:

1. Facts and problem description
2. Audit approach and findings
3. Reference to further information

In the following, we present the particularly important audit matters:

- 1) Provision for risk in the customer lending business
 1. In the company's annual financial statements, a customer loan transaction in the amount of € 304.1 million (21 % of the balance sheet total) is reported under the balance sheet item "Receivables from customers". As of 31 December 2021, there was a balance sheet risk provision for this loan portfolio consisting of individual and general value adjustments. The measurement of risk provisioning in the customer lending business is determined in particular by the structure and quality of the loan portfolio, as well as macroeconomic factors and the assessments of the executive directors with regard to future loan defaults. The amount of the individual value adjustments for customer receivables corresponds to the difference between the outstanding loan amount and the lower value that is to be attributed to it on the reporting date. Existing securities are considered. The general value adjustments are determined on the basis of the expected losses. The value adjustments in the customer lending business are particularly important in terms of determining the amount of the company's net assets and results of operations and are also associated with considerable discretionary powers for the executive directors. Moreover, the valuation parameters used, which are subject to significant uncertainties, have a significant impact on the formation or amount of possibly necessary valuation allowances. In this context, this matter was of particular importance in the course of our audit.
 2. As part of our audit, we first assessed the design of the company's relevant internal control system and, based on this, tested the functionality of the controls. In doing so, we evaluated the business organization, the IT systems, and the relevant valuation models. In addition, we assessed the valuation of customer receivables, including the adequacy of estimated values, based on random samples of corresponding credit exposures. Among others, we reviewed the company-provided documents regarding the economic situation, as well as the intrinsic value of the corresponding collateral. With regard to property collateral, for which the company provided us with appraisals, we developed an

understanding of the underlying data, the applied valuation parameters and the assumptions made. We critically assessed them and evaluated whether they were within an acceptable range. Moreover, to assess the individual and general value adjustments made, we also examined the calculation methods applied by the company, as well as the underlying assumptions and parameters. On the basis of the audit procedures we completed, we were convinced overall of the reasonableness of the assumptions made by the legal representatives when testing the impairment of the loan portfolio and of the appropriateness and effectiveness of the controls implemented by the company.

3. The company's disclosures on the accounting and valuation of risk provisions in the customer lending business are contained in Section 2 "Accounting and valuation methods" of the notes.
- 2) Building of commission income from payment transactions
1. Commission income of € 48.5 million is reported in the company's annual financial statements, of which € 44.4 million relates to commission income from payment transaction services (92 % of commission income). Various payment transaction services of the company are accounted for when recording and delimiting this meaningful amount of income. Due to the heterogeneity of these services, the different remuneration scales, as well as the large number of transactions processed, the bank has implemented systems and processes for recording commission income. In this context, this matter was of particular importance in the course of our audit.
 2. As part of our audit, we first gained an understanding of the processes and controls for recording commission income established by the company. Based on this, we assessed, among other aspects, the appropriateness and effectiveness of the relevant controls of the internal control system for recording and realizing commission income, including the IT systems utilized. Moreover, we verified, among other aspects, the determination and accounting treatment of the various income components through random samples taken from the documents submitted to us. In connection with this, we also compared the commission rates charged with the contractually agreed upon fee rates and verified the mathematical accuracy of the commission statements in random samples. Furthermore, we verified the continuity and consistency of the methods used to accrue commission income.

We were satisfied that the systems and processes implemented, as well as the established controls are appropriate overall and that the estimates and assumptions made by the executive directors for the proper recording and accrual of commission income are adequately documented and justified.

3. The company's information on commission income is included in the notes to the income statement (§ 5.3 Commission income).

3) Description of a legal dispute regarding possible repayments of refunded capital gains tax

1. Varengold Bank AG is a defendant in civil law proceedings together with 19 other natural and legal persons. The subject of the dispute is a possible claim for reimbursement, relating to an additional tax claim, related to transactions of an independent sub-investment fund of Varengold Verwaltungs AG i.L. in the form of a public investment fund from the year 2010. The lawsuit is aimed at the joint and several repayment of refunded capital gains tax including solidarity surcharge totaling around € 92 million (plus any interest), which was paid to Varengold Verwaltungs AG i.L. in 2010, because the plaintiff assumed that the fund, as a tax-exempt investment fund, was entitled to a tax refund of this amount. The lawsuit is currently pending in the first instance at the regional court and Varengold Bank AG has filed a statement of defense with the responsible court.

Provisions must be formed for uncertain liabilities in accordance with § 249 para. 1 sentence 1 of the German Commercial Code. For this, an external obligation must have arisen legally or caused economically, and there must be a serious expectation that a claim will be made. If the necessary recognition criteria are met, it is necessary to create a provision for legal risks. The legal representatives of Varengold Bank AG consider the asserted claim to be unfounded, based, among other reasons, on an estimate by an external legal advisor, and have therefore not made any provisions. The risk assessment to be carried out over the course of the legal dispute and the assessment of whether this legal dispute requires a provision to cover the risk is largely influenced by the assessments and assumptions of the legal representatives. In this context, and due to the amount of the claim asserted, from our perspective this matter is of particular importance for our audit.

2. While conducting our audit, we reviewed the content of the existing legal dispute and assessed whether the necessary recognition criteria for the creation of a provision have been met. Our evaluation considered the knowledge gained in the course of our regular discussions with the legal representatives of the bank, as well as the assessments of the outcome of the proceedings that were made available to us in writing. We also reviewed the assessment of an external legal advisor obtained by Varengold Bank, which supports the risk assessment made by the bank, and assessed its usability. We were convinced that the circumstances and the assessments and assumptions made by the executive directors for not recognizing a provision are adequately documented and justified.
3. Explanations by the company on the legal dispute are contained in the “Risk report” section of the Management Report.

Other Information

The legal representatives are responsible for the Other information.

The Other information encompasses the Annual Report, without further cross-references to external information, with the exception of the audited annual financial statements, the audited Management Report and our Auditor’s Report.

Our opinions on the annual financial statements and on the Management Report do not cover the Other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the Other information identified above and, in doing so, to consider whether the Other information

- › exhibits material discrepancies with the annual financial statements, the audited Management Report information or our knowledge obtained in the audit, or
- › otherwise appear materially misrepresented.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the Management Report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, convey a fair and accurate view of the net assets, financial position and results of operations of the company. Moreover, the legal representatives are responsible for the internal controls which they have established, in accordance with the German principles of proper acting, to be necessary to enable the preparation of annual financial statements that are free from any intentional or non-intentional material misstatements.

When preparing the annual financial statements, the legal representatives are responsible for evaluating the Company's ability to continue to operate as a viable concern. Moreover, they also have the responsibility for disclosing, as applicable, matters related to the Company's viability. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances prevent them from so doing.

Moreover, the legal representatives are responsible for preparing the Management Report, which as a whole provides an accurate view of the company's position and furthermore is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a management report according to the applicable German legal requirements and to provide sufficient suitable evidence for the statements in the Management Report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the Management Report.

Responsibility of the auditor for the audit of the financial statements and Management Report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements – intentional or unintentional – and whether the Management Report as a whole provides an appropriate view of the company's position in all material respects with the annual financial

statements; is consistent with the findings obtained in the audit; complies with German legal requirements and appropriately presents the opportunities and risks of future development; as well as to issue an Auditor's Report which contains our audit opinions on the annual financial statements and the Management Report.

Adequate security is a high level of security but is no guarantee that an audit carried out according to § 317 HGB and the EU-APrVO, considering the German principles of proper annual auditing determined by the Institute of Public Auditors (IDW), will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or as a whole, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements and management report.

While conducting the audit, we exercise professional judgment and maintain a critical attitude. In addition,

- › we identify and evaluate the risks of material misstatement – intentional or unintentional – in the annual financial statements and in the Management Report, plan and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that one arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- › we gain an understanding of the internal control system components relevant to the audit of the annual financial statements, as well as the precautions and measures relevant to the audit of the Management Report in order to plan audit procedures which are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems of the company.
- › we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values presented by the legal representatives and the corresponding disclosures.
- › make assessments as to the appropriateness of management's application of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related information in the annual financial statements and Management Report in the Auditor's Report or, if these entries are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to be able to continue as a going concern.
- › evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with German legally required accounting principles, give an accurate and fair view of the assets, financial and earnings situation of the company.
- › we assess the consistency of the Management Report with the annual financial statements, its compliance with the law and the image it conveys of the company's situation.
- › we perform audit procedures on the future-oriented information presented by the legal representatives in the Management Report. On the basis of sufficient appropriate audit evidence, we evaluate, in

particular, the meaningful assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the future-oriented information.

We discuss with those charged with governance, among other issues, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify over the course of our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to affect our independence, as well as the safeguards in place to protect our independence.

Of the matters discussed with the those charged with governance, we determine which matters were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Other information according to Article 10 EU-APrVO

We were elected as auditor during the annual general shareholder's meeting on 29 September 2021. We were engaged by the supervisory board on 13 December 2021. We have been the auditors of Varengold Bank AG, Hamburg, without interruption since the 2015 financial year.

We declare that the audit opinions expressed in this Auditor's Report are consistent with the Additional Report to the Audit Committee in accordance with Article 11 of the EU-APrVO Audit Regulation.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Lothar Schreiber.

Hamburg, 17 June 2022

PricewaterhouseCoopers GmbH
Audit and Assurance Consultants



Lothar Schreiber
Financial Auditor



ppa. Maximilian Hockenberger
Financial Auditor

Corporate information

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Board of Directors

Dr. Bernhard Fuhrmann
Frank Otten

Supervisory Board

Dr. Karl-Heinz Lemnitzer (Chairman)
Vasil Stefanov
Francesco Filia

Corporate Register

District Court of Hamburg, HRB 73684

USt-IdNr. (Value-added tax identification number)

Financial Authority Hamburg, DE247069729

Corporate Governance

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

Permissions/Approvals of Varengold Bank AG

- › Acquisition brokerage (§ 1 para. 1a sentence 2 no. 2 KWG)
- › Investment advisory services (§ 1 para. 1a sentence 2 no. 1a KWG)
- › Investment mediating services (§ 1 para. 1a sentence 2 no. 1 KWG)
- › Investment management services (§ 1 para. 1a sentence 2 no. 11 KWG)
- › Deposit business (§ 1 para. 1 sentence 2 no. 5 KWG)
- › Proprietary business (§ 32 para. 1a KWG)
- › Proprietary trading (§ 1 para. 1a sentence 2 no. 4 KWG)
- › Deposit-taking business (§ 1 para. 1 sentence 2 no. 1 KWG)
- › Factoring (§ 1 para. 1a sentence 2 no. 9 KWG)
- › Financial leasing (§ 1 para. 1a sentence 2 no. 10 KWG)
- › Financial commissions 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)

Deposit insurance

The Varengold Bank AG is a member of the German Banks Compensation Scheme (EdB).

DISCLAIMER

Notes on the content

The information in this report is neither meant for publication nor distribution in, for example, the United States of America, Australia, Canada, Japan, or any other country where such publication or distribution could be unlawful.

This report was prepared with the utmost of care. Rounding, typographical and printing errors may nonetheless not be excluded. While calculating sums of rounded amounts and percentages, rounding differences may occur.

Solely to facilitate readability, this report partially foregoes gender specific language and uses the generic masculine. All personalized designations and terms are applied in the sense of equal gender treatment categorically for all genders. The abbreviated linguistic form is used exclusively for editorial reasons and implies no value.

Forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that include not only the past but are also statements about beliefs and expectations and their underlying assumptions. These statements are based on plans, estimates and projections available to the Board of Directors of Varengold Bank AG at the time of preparation of this Annual Report. Forward-looking statements therefore apply only to the date on which they are made. Therefore, the reader should not excessively trust the statements, especially not in conjunction with contracts or investment decisions. We expressly point out that all forward-looking statements are connected with known or unknown risks and uncertainties and are based on assumptions related to future events beyond our control. We cannot accept any liability for the accuracy, completeness, or for the actual occurrence of the statements made. The Management Board assumes no obligation to update such statements to reflect new information or future events. Numerous important factors could lead to actual events differing materially from forward-looking statements. Such factors include a change in general economic conditions or competitive environment, the threat of decrease 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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Note

This English version of the annual report 2021 is for informational purposes only. Legally binding is solely the German version of the annual report 2021.