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| solarisBank AG | Accounting / | Annual and consolidated financial statements for the | 08/10/2020 |
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solarisBank AG**Berlin****Annual and consolidated financial statements for the business year from 01/01/2019 to 12/31/2019****Active side**

| | | | December 31, 2019 | December 31, 2018 |
|--|--------------|----------------|-------------------|-------------------|
| | EUR | EUR | EUR | EUR |
| Cash reserve | | | 210,234,473.12 | 87,797,617.67 |
| Balances with central banks | | 210,234,473.12 | | 87,797,617.67 |
| including at Deutsche Bundesbank: EUR 210,234,473.12 (previous year: EUR 87,797,617.67) | | | | |
| Claims on credit institutions | | | 9,914,689.36 | 6,406,615.16 |
| Due daily | | 9,914,689.36 | | 6,406,615.16 |
| Loans and advances to customers | | | 178,112,125.18 | 135,898,508.26 |
| of which: secured by mortgages: EUR 0.00 (previous year: EUR 0.00) | | | | |
| Municipal loans: EUR 0.00 (PY: EUR 0.00) | | | | |
| Debt securities and other fixed income securities | | | 10,056,383.05 | 5,039,164.38 |
| Bonds and Notes | | 10,056,383.05 | | 5,039,164.38 |
| From public issuers | 5,098,360.77 | | | 51,586.13 |
| including: loanable to the Deutsche Bundesbank EUR 0.00 (PY: EUR 0.00) | | | | |
| From other issuers | 4,958,022.28 | | | 4,987,578.25 |
| including: loanable to the Deutsche Bundesbank EUR 0.00 (PY: EUR 0.00) | | | | |
| Stocks and other variable income securities | | | 48,079.50 | 0.00 |
| Trading stock | | | 194,320.16 | 23,357.73 |
| Holdings | | | 1,262,715.45 | 4,000,000.00 |
| of which: at banks EUR 0.00 (previous year: EUR 0.00) | | | | |
| of which at financial services institutions EUR 0.00 (previous year: EUR 0.00) | | | | |
| Shares in affiliated companies | | | 25,000.00 | 0.00 |
| of which at banks EUR 0.00 (previous year: EUR 0.00) | | | | |
| of which at financial services institutions EUR 0.00 (previous year: EUR 0.00) | | | | |
| Intangible Assets | | | 11,188,438.06 | 7,961,375.88 |
| Self-created industrial property rights and similar rights and values | | 10,322,813.45 | | 6,898,131.58 |
| Purchased concessions, industrial property rights and | | 676,214.84 | | 892,022.49 |
| Similar rights and values as well as licenses to such rights and values. Advance payments made | | 189,409.77 | | 171,221.81 |
| Property, plant and equipment | | | 623,202.55 | 718,848.00 |
| Other assets | | | 833,927.91 | 2,709,239.19 |

| | | | December 31, 2019 | December 31, 2018 |
|--|----------------|----------------|-------------------|-------------------|
| | EUR | EUR | EUR | EUR |
| Prepaid expenses | | | 12,824,237.59 | 7,187,228.73 |
| Total assets | | | 435,317,591.93 | 257,741,955.00 |
| Passive side | | | | |
| | | | December 31, 2019 | December 31, 2018 |
| | EUR | EUR | EUR | EUR |
| Liabilities to customers | | | 372,352,294.67 | 197,001,982.35 |
| Other liabilities | | 372,352,294.67 | | |
| Due daily | 307,803,370.95 | | | 119,526,440.90 |
| With an agreed term or notice period | 64,548,923.72 | | | 77,475,541.45 |
| Other liabilities | | | 14,563,403.94 | 5,197,518.31 |
| Prepaid expenses | | | 1,101,409.31 | 1,112,305.26 |
| accruals | | | 3,190,582.53 | 1,984,477.45 |
| Other provisions | | 3,190,582.53 | | 1,984,477.45 |
| Fund for general banking risks | | | 500,000.00 | 0.00 |
| Equity | | | 43,609,901.48 | 52,445,671.63 |
| Subscribed capital | | 156,535.00 | | 147,147.00 |
| Capital reserve | | 109,250,528.88 | | 95,115,580.56 |
| Balance sheet profit / balance sheet loss | | -65,797,162.40 | | -42,817,055.93 |
| Loss carryforward | -42,817,055.93 | | | -24,511,521.94 |
| Annual deficit | -22,980,106.47 | | | -18,305,533.99 |
| Total liabilities | | | 435,317,591.93 | 257,741,955.00 |
| Contingent liabilities | | | 796,234.22 | 796,234.22 |
| Liabilities from guarantees and warranty contracts | | 796,234.22 | | 796,234.22 |
| Other obligations | | | 1,683,189.64 | 101,189.64 |
| Irrevocable loans | | 1,683,189.64 | | 101,189.64 |

Income statement of solarisBank AG for the period from January 01, 2019 to December 31, 2019

| | | | Fiscal year | 1.1.2018-31.12.2018 |
|--|----------------|----------------|----------------|---------------------|
| | EUR | EUR | EUR | EUR |
| Interest income from | | | | |
| Credit and money market transactions | 11,737,651.84 | | | 5,048,265.28 |
| Less negative interest | -519,669.62 | 11,217,982.22 | | -159,488.84 |
| Fixed income securities and debt register claims | | 172,241.63 | | 5,015.71 |
| | | 11,390,223.85 | | 4,893,792.15 |
| Interest expenses | | -5,392,255.38 | | -2,746,694.99 |
| | | | 5,997,968.47 | 2,147,097.16 |
| Current income from stocks and other variable income securities | | | 855.00 | 0.00 |
| Commission income | | 9,085,591.04 | | 4,403,058.63 |
| Commission expenses | | -3,521,290.93 | | -2,010,517.27 |
| | | | 5,564,300.11 | 2,392,541.36 |
| Net income or net expense of the trading portfolio | | | 33,930.40 | 2,695.86 |
| Other company income | | | 8,458,783.92 | 5,685,955.10 |
| General administrative expenses | | | | |
| Personnel expenses | | | | |
| Wages and salaries | -17,060,069.48 | | | -12,213,859.04 |
| Social security and pension and support expenses | -2,630,822.07 | | | -1,762,674.73 |
| of which for pensions EUR -46,081.99 (previous year: EUR 32,951.30) | | | | |
| | | -19,690,891.55 | | -13,976,533.77 |
| Other administrative expenses | | -13,533,570.81 | | -10,802,942.97 |
| | | | -33,224,462.36 | -24,779,476.74 |
| Depreciation and amortization of intangible assets and property, plant and equipment | | | -2,834,694.52 | -1,712,161.83 |
| Other operating expenses | | | -391,609.69 | -283,610.62 |

| | EUR | EUR | Fiscal year EUR | 1.1.2018-31.12.2018 EUR |
|--|-----|-----|--------------------|----------------------------|
| Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business | | | -6,043,242.88 | -1,740,457.54 |
| Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets | | | -41,934.92 | -18,116.74 |
| Settings in reserves for general banking risks | | | -500,000.00 | 0.00 |
| The result of the normal business activity | | | -22,980,106.47 | -18,305,533.99 |
| Taxes on income and earnings | | | 0.00 | 0.00 |
| Annual surplus / annual deficit | | | -22,980,106.47 | -18,305,533.99 |
| Loss brought forward from the previous year | | | -42,817,055.93 | -24,511,521.94 |
| Balance sheet profit / balance sheet loss | | | -65,797,162.40 | -42,817,055.93 |

Appendix for 2019

1. General information

SolarisBank AG is headquartered in Berlin, Germany. It is entered under the number HRB 168180 B in the register of the Berlin Charlottenburg District Court. The company's financial statements are published in the electronic Federal Gazette.

The present annual and consolidated financial statements of solarisBank AG as of December 31, 2019 have been prepared in accordance with the provisions of the Commercial Code (HGB) as well as the relevant provisions of the Stock Corporation Act (AktG) and the ordinance on financial reporting by credit institutions (RechKredV). Insofar as the information provided by solarisBank AG and the Group is uniform, it is summarized in the notes. In the event of deviating information, a separate presentation is made.

As of December 31, 2019, solarisBank AG has neither foreign branches nor foreign participations; the bank's business is carried out entirely from Germany.

Disclosure according to Section 26a, Paragraph 1 Clause 2 No. 1 to 6 KWG

1. Company name, type of activity, geographical location of the branch

Company name: solarisBank AG, Berlin.

Type of activity: Offering regulated banking products to third party companies. The main buyers of these products are companies without their own banking license, which in turn offer the products to their private and corporate customers ("Banking-as-a-Service").

Geographical location of the branch: The registered office of the company is in the Federal Republic of Germany. The company does not have any branches, so all information only relates to the company headquarters.

2. Sales

Sum of net interest income, commission income, current income from variable-yield securities, net income from trading income and other operating income: EUR 20,055,837.90 (previous year: EUR 10,228,289.48)

3. Number of wage and salary earners in full-time equivalents

232 employees on an annual average (previous year: 171)

4. Profit or Loss Before Taxes

Loss before taxes EUR 22,980,106.47 (previous year: EUR 18,305,533.99)

5. Taxes on profit or loss

EUR 0.00 (PY: EUR 0.00)

6. Public aid received

SolarisBank AG did not receive any public subsidies.

7. Return on investment

-5.28%

General information on the consolidated financial statements

In 2018 solarisBank AG invested in a security issued by CrossLend Securities SA Compartment D. Compartment D is a compartment of the special purpose vehicle CrossLend Securities SA based in Luxembourg, Luxembourg - which is a 100% subsidiary of CrossLend GmbH, Berlin. The CrossLend Securities SA Compartment D has to sell purchased receivables to investors in the form of securitisations for business purposes. SolarisBank AG is the sole investor in the only security in compartment D. Since it bears the main opportunities and risks of compartment D until the securitisations are sold and can exercise a controlling influence on it, compartment D of CrossLend Securities SA is 290 ff.

On November 28, 2019, solarisBank AG founded solaris Digital Assets GmbH, Berlin. The object of solaris Digital Assets GmbH is the safekeeping, administration and security of digital values or keys that are used to hold, store or transfer digital values and the application for the necessary license to operate the business. The share capital of solaris Digital Assets GmbH in the amount of EUR 25,000.00 is held by solarisBank AG alone. Since solarisBank AG can exercise a controlling influence on solaris Digital Assets GmbH, solaris Digital Assets GmbH is included in the consolidated financial statements of solarisBank AG as part of a full consolidation in accordance with §§ 290 ff. HGB.

2 Accounting and valuation principles for the annual financial statements

The annual financial statements of solarisBank AG are drawn up according to the principles of proper bookkeeping, taking into account the HGB, AktG and RechKredV.

The annual financial statements are prepared on the basis of the continuation of the company's activities in accordance with Section 252 (1) No. 2 HGB.

The structure of the balance sheet and the profit and loss account corresponds to forms 1 and 3 (scaled form) of the RechKredV.

The valuation of assets and debts corresponds to the general valuation regulations of §§ 252 ff. HGB, taking into account the special regulations applicable to credit institutions (§§ 340 ff. HGB).

The depreciation is carried out in accordance with HGB and RechKredV. The underlying depreciation methods are explained in detail in the following paragraphs.

The following accounting and valuation methods continue to be decisive for the preparation of the annual financial statements, although not every accounting issue has occurred so far.

The cash reserve and claims on credit institutions are shown at their nominal value.

Accounts receivable from customers are recognized at cost. If necessary, value adjustments are made to the realizable value.

The initial valuation of bonds and other fixed-income securities is carried out at acquisition cost (Section 253 (1) sentence 1 of the German Commercial Code). As of the balance sheet date, solarisBank AG compares the book value of the bonds with the fair value (Section 253 (2) sentence 3 HGB); Since it is a financial instrument that is held to maturity, the valuation corresponds to the fair value. The book value is retained if it is below the fair value. If the book value is higher than the fair value, solarisBank AG assesses the duration of the impairment, usually based on the requirements of IDW RS VFA 2.

Participations are recognized at acquisition cost. Valuation adjustments are made in the event of an expected permanent impairment.

Purchased intangible fixed assets are valued at acquisition cost and reduced by scheduled depreciation. Depreciation is linear over the respective useful life, currently five years. Depreciation begins when the asset is received.

The option to capitalize internally generated intangible assets in accordance with Section 248 (2) sentence 1 of the German Commercial Code (HGB) is exercised. Self-created intangible fixed assets are valued in accordance with Section 255 of the German Commercial Code (HGB) at the manufacturing costs incurred during development and reduced by scheduled depreciation. The production costs are determined and capitalized at the end of each month. The depreciation is linear over the respective remaining useful life. The total useful life of the self-created intangible assets is five years. It starts with the activation of the same month.

The intangible assets acquired in return for payment as well as internally generated intangible assets are checked regularly, at least on the balance sheet date, for the presence of an unscheduled impairment in accordance with Section 253 (3) sentence 5 of the German Commercial Code.

In accordance with Section 253 (1) sentence 1 of the German Commercial Code (HGB), property, plant and equipment are stated at acquisition or production cost and reduced by scheduled straight-line depreciation. The depreciation is carried out in accordance with the expected useful life on the basis of maximum tax rates. Additions are depreciated on a pro rata basis. Low-value assets up to a value of EUR 800 (net amount) are written off in full in the year of acquisition.

Other assets are shown at their nominal value. If necessary, value adjustments are made.

The prepaid expenses include expenses that represent expenses after the balance sheet date.

Liabilities to customers and other liabilities are stated at the settlement amount in accordance with Section 253 (1) sentence 2 HGB.

The other provisions are recognized in accordance with Section 253, Paragraph 1, Sentence 2 of the German Commercial Code (HGB) in the amount of the settlement amount required according to a reasonable commercial assessment. The provisions include all uncertain liabilities. Provisions with a remaining term of more than one year are discounted in accordance with Section 253 (2) HGB using the average market interest rate corresponding to their remaining term. The valuation of the banking book to determine a liability overhang from the (pending) interest claims and interest obligations still open on the reporting date is based on the statically present value approach. The calculation does not result in any excess liability on the balance sheet date,

In exercising the option under Section 340f (3) HGB, the write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business are offset against the income from write-ups on receivables and certain securities as well as from the reversal of provisions in the lending business and as an expense - or income items are shown.

The deferred income includes income that represents income after the balance sheet date.

By renouncing the option to apply in accordance with Section 274 (1) Sentence 2 HGB, deferred taxes are not capitalized; the differences result from the capitalization of self-created intangible assets.

Contingent liabilities are recorded under the balance sheet unless they are shown on the liabilities side.

The annual financial statements and consolidated financial statements are drawn up in EUR. Assets and liabilities denominated in foreign currencies are generally converted using the mean spot exchange rate on the reporting date. With a remaining term of more than one year, the realization principle (Section 252, Paragraph 1, No. 4, Clause 2 HGB) and the acquisition cost principle (Section 253, Paragraph 1, Sentence 1, HGB) are observed. The interest received is valued at the monthly average rate.

Insofar as assets and pending transactions are combined with financial instruments to compensate for opposing changes in value or cash flows from the occurrence of comparable risks (valuation unit), Section 249 (1), Section 252 (1) No. 3 and 4, Section 253 (1) sentence 1 and § 256a HGB not applied to the extent and for the period in which the opposing changes in value or cash flows offset each other.

Negative interest on the bank's deposits are shown in the profit and loss account as a factor that reduces earnings in a separate item; In the balance sheet, it is shown as a reduction in the claim against the Deutsche Bundesbank and credit institutions.

Accounting and valuation principles for the consolidated financial statements

The accounting and valuation principles for the consolidated financial statements correspond to the accounting and valuation principles for the annual financial statements and are therefore drawn up in accordance with the principles of proper bookkeeping in compliance with the HGB, AktG and RechKredV.

The revaluation method was used for the first-time consolidation. The scope of consolidation includes solarisBank AG, Compartment D of CrossLend Securities SA and solaris Digital Assets GmbH. The asset, financial and earnings position of solarisBank AG, Compartment D of CrossLend Securities SA and solaris Digital Assets GmbH are presented in accordance with Section 297 (3) HGB as if these companies were a single company.

3 Notes on the balance sheet

solarisBank AG and group: cash reserve

The balance sheet item includes balances with the Deutsche Bundesbank of EUR 210,234,473.12 (previous year: EUR 87,797,617.67).

solarisBank AG: Receivables from credit institutions

The position contains the liquidity investments with four credit institutions.

Breakdown by remaining term (including pro rata interest)

| | December 31, 2019 | December 31, 2018 |
|-----------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 9,914,689.36 | 6,406,615.16 |

| | December 31, 2019 | December 31, 2018 |
|-------|-------------------|-------------------|
| | EUR | EUR |
| total | 9,914,689.36 | 6,406,615.16 |

Group: Claims on credit institutions

The position contains the liquidity investments with five credit institutions.

Breakdown by remaining term (including pro rata interest)

| | December 31, 2019 | December 31, 2018 |
|-----------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 12,016,015.16 | 10,508,282.63 |
| total | 12,016,015.16 | 10,508,282.63 |

solarisBank AG: Claims on customers**Breakdown according to remaining term**

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 40,403,158.78 | 26,093,586.28 |
| up to 1 month | 9,997,183.91 | 6,996,173.20 |
| up to 3 months | 13,348,512.37 | 8,641,718.65 |
| more than 3 months to 1 year | 34,778,325.64 | 33,078,498.98 |
| more than 1 year to 5 years | 76,766,619.99 | 57,183,690.84 |
| more than 5 years | 2,818,324.49 | 3,904,840.31 |
| total | 178,112,125.18 | 135,898,508.26 |

The receivables from customers due on demand include receivables from solaris Digital Assets GmbH in the amount of EUR 732,190.64 (previous year: EUR 0.00).

There are no claims against third parties for services provided for administration and brokerage in accordance with Section 35 (5) RechKredV.

Group: Claims on customers**Breakdown according to remaining term**

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 39,534,726.92 | 26,093,586.28 |
| up to 1 month | 10,005,660.23 | 6,996,173.20 |
| up to 3 months | 13,348,512.37 | 8,641,718.65 |
| more than 3 months to 1 year | 35,028,414.63 | 33,771,151.54 |
| more than 1 year to 5 years | 79,364,751.16 | 57,376,949.06 |
| more than 5 years | 2,818,324.49 | 3,904,840.31 |
| total | 180.100.389.80 | 136,784,419.04 |

There are no claims against third parties for services provided for administration and brokerage in accordance with Section 35 (5) RechKredV.

solarisBank AG: bonds and other fixed-income securities

The balance sheet item essentially includes a security issued by CrossLend Securities SA Compartment D and two state bonds (bonds) issued by NRW.BANK AöR, Düsseldorf and Münster. All positions were valued according to the moderated lowest value principle.

| | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| | EUR | EUR |
| Debt from listed public issuers | 5,087,650.77 | 51,336.71 |
| Accrued interest on bonds from public issuers | 10,710.00 | 249.42 |
| Unlisted security | 4,958,022.28 | 4,987,578.25 |
| total | 10,056,383.05 | 5,039,164.38 |

Of this item, EUR 0.00 (previous year: EUR 0.00) is due in the year following the balance sheet date.

Group: bonds and other fixed income securities

The balance sheet item includes bonds from publicly listed issuers i. H. v. EUR 5,087,650.77 (previous year: EUR 51,336.71) and pro rata accrued interest i. H. v. EUR 10,710.00 (previous year: EUR 249.42).

solarisBank AG and Group: shares and other variable-yield securities

The balance sheet item included listed fund shares i. H. v. EUR 48,079.50 (previous year: 0.00).

The internal criteria for the inclusion of financial instruments in the trading portfolio were not changed during the financial year.

solarisBank AG and Group: trading portfolio

The trading portfolio valued on the basis of published market prices i. H. v. EUR 194,320.16 consists of EUR 162,598.40 in Bitcoin (previous year: 23,357.73) and EUR 31,721.76 in Ethereum (previous year: 0.00).

solarisBank AG and Group: Investments

The balance sheet item includes an investment of EUR 1,262,715.45 (previous year: EUR 4,000,000.00) in CrossLend GmbH, this corresponds to a participation rate of 3.23% (previous year: 13.9%). CrossLend GmbH is a Berlin-based securitization platform.

According to the published annual financial statements as of December 31, 2018 of CrossLend GmbH:

Equity: EUR 0.00

Annual deficit: EUR 5,009,151.78

The annual deficit of CrossLend GmbH results from initial losses from the development of the business. There is a positive forecast for the future, so that the investment is viewed as valuable.

solarisBank AG: Shares in affiliated companies

On November 28, 2019, solarisBank AG Bank paid EUR 25,000.00 into the share capital of the newly founded solaris Digital Assets GmbH, Berlin, which corresponds to a participation quota of 100.0%.

The annual deficit of solaris Digital Assets GmbH of EUR 155,931.20 results from initial losses from the development of the business. There is a positive forecast for the future, so that the shares in solaris Digital Assets GmbH are considered valuable.

solarisBank AG: Intangible assets

As of the reporting date, the bank had acquired intangible assets, brand names and similar rights and values in the sense of H. v. EUR 676,214.84 (previous year: EUR 892,022.49) as well as internally generated intangible assets in the amount of H. v. EUR 10,322,813.45 (EUR 6,898,131.58). In particular, the licenses for the core banking system PASS and the risk control software zeb.control.risk were acquired for a fee.

Advance payments on intangible assets i. H. v. EUR 189,409.77 (previous year: 171,221.81) relate in particular to the cost of implementing software purchased for a fee.

The self-created intangible assets of the fixed assets are valued at the production costs incurred during development and reduced by scheduled depreciation. The production costs are determined and capitalized at the end of each month. The depreciation is linear over the respective remaining useful life. The total amount of the production costs incurred and capitalized in the financial year was EUR 5,653,680.03 in the 2019 financial year (previous year: EUR 4,574,720.60).

Unscheduled impairments were not necessary in the financial year.

In accordance with Section 268 (8) of the German Commercial Code (HGB), the internally generated intangible assets shown in the balance sheet are subject to a distribution block.

Group: intangible assets

The group has self-created intangible assets i. H. v. EUR 10,707,325.04 (EUR 6,898,131.58).

All other information on intangible assets is identical to that of solarisBank AG.

The development of the intangible fixed assets is shown in the fixed asset schedule, including the depreciation in the financial year.

solarisBank AG: Tangible assets

The property, plant and equipment shown i. H. v. EUR 623,202.55 (previous year: EUR 718,848.00) are operating and office equipment in the amount of H. v. EUR 552,779.55 (previous year: EUR 646,159.00) and for fixtures in rented properties i. H. v. EUR 70,423.00 (previous year: EUR 72,689.00).

Group: property, plant and equipment

The property, plant and equipment shown i. H. v. EUR 783,302.57 (previous year: EUR 718,848.00) are operating and office equipment in the amount of H. v. EUR 712,879.57 (previous year: EUR 646,159.00) and fixtures in rented properties in the amount of H. v. EUR 70,423.00 (previous year: EUR 72,689.00).

The development of property, plant and equipment was shown in the schedule of assets, including the depreciation for the financial year.

solarisBank AG: Schedule of assets as of December 31, 2019

| Balance sheet item | designation | As of 01/01/2019 | | |
|---|--|----------------------------------|-------------------------|---------------|
| | | Acquisition / production costs | Cumulative depreciation | Book value |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 8,727,966.61 | -1,829,835.03 | 6,898,131.58 |
| | brand names | 30,249.83 | 0.00 | 30,249.83 |
| | Computer software | 1,372,311.26 | -585,579.14 | 786,732.12 |
| | similar rights and values | 75,040.53 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 171,221.81 | 0.00 | 171,221.81 |
| Property, plant and equipment | Factory equipment | 1,049,066.74 | -402,907.74 | 646,159.00 |
| | Low-value assets | 135,846.80 | -135,846.80 | 0.00 |
| | Fixtures in rented properties | 75,425.97 | -2,736.97 | 72,689.00 |
| Holdings | Holdings | 4,000,000.00 | 0.00 | 4,000,000.00 |
| Shares in affiliated companies | Shares in affiliated companies | 0.00 | 0.00 | 0.00 |
| Debt securities and other fixed income securities | Unlisted security | 5,000,000.00 | -12,421.75 | 4,987,578.25 |
| | Debt securities issued by public issuers | 51,336.71 | 0.00 | 51,336.71 |
| | | 20,688,466.26 | -2,969,327.43 | 17,729,848.83 |
| Balance sheet item | designation | Accesses | | |
| | | of which capitalized FK interest | | |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 5,653,680.03 | 0.00 | 0.00 |
| | brand names | 17,566.47 | 0.00 | 0.00 |
| | Computer software | 51,332.64 | 0.00 | 0.00 |
| | similar rights and values | 0.00 | 0.00 | 0.00 |

| Balance sheet item | designation | Accesses | Departures | |
|---|--|---------------|----------------------------------|-------------------------|
| | | | of which capitalized FK interest | |
| | | (EUR) | (EUR) | (EUR) |
| Property, plant and equipment | Down payments immat. Property | 18,187.96 | 0.00 | 0.00 |
| | Factory equipment | 195,085.99 | 0.00 | 0.00 |
| | Low-value assets | 30,304.12 | 0.00 | 0.00 |
| | Fixtures in rented properties | 0.00 | 0.00 | 0.00 |
| Holdings | Holdings | 0.00 | 0.00 | -2,737,284.55 |
| Shares in affiliated companies | Shares in affiliated companies | 25,000.00 | 0.00 | 0.00 |
| Debt securities and other fixed income securities | Unlisted security | 0.00 | 0.00 | 0.00 |
| | Debt securities issued by public issuers | 5,047,024.06 | 0.00 | 0.00 |
| | | 11,027,471.27 | 0.00 | -2,737,284.55 |
| Balance sheet item | designation | Depreciation | Depreciation | was standing |
| | | | cumulative | as of December 31, 2019 |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | -2,228,998.16 | -3,972,055.66 | 10,322,813.45 |
| | brand names | 0.00 | 0.00 | 47,816.30 |
| | Computer software | -284,706.76 | -870,285.90 | 553,358.00 |
| | similar rights and values | 0.00 | 0.00 | 75,040.53 |
| Property, plant and equipment | Down payments immat. Property | 0.00 | 0.00 | 189,409.77 |
| | Factory equipment | -288,744.99 | -690,240.73 | 552,500.00 |
| | Low-value assets | -30,024.57 | -165,871.37 | 279.55 |
| | Fixtures in rented properties | -2,266.00 | -5,002.97 | 70,423.00 |
| Holdings | Holdings | 0.00 | 0.00 | 1,262,715.45 |
| Shares in affiliated companies | Shares in affiliated companies | 0.00 | 0.00 | 25,000.00 |
| Debt securities and other fixed income securities | Unlisted security | -29,555.97 | -41,977.72 | 4,958,022.28 |
| | Debt securities issued by public issuers | 0.00 | 0.00 | 5,098,360.77 |
| | | -2,864,296.45 | -5,745,434.35 | 23,155,739.10 |

Group: Fixed assets as of December 31, 2019

| Balance sheet item | designation | As of 01/01/2019 | | |
|---|--|--------------------------------|----------------------------------|---------------|
| | | Acquisition / production costs | Cumulative depreciation | Book value |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 8,727,966.61 | -1,829,835.03 | 6,898,131.58 |
| | brand names | 30,249.83 | 0.00 | 30,249.83 |
| | Computer software | 1,372,311.26 | -585,579.14 | 786,732.12 |
| | similar rights and values | 75,040.53 | 0.00 | 75,040.53 |
| Property, plant and equipment | Down payments immat. Property | 171,221.81 | 0.00 | 171,221.81 |
| | Factory equipment | 1,049,066.74 | -402,907.74 | 646,159.00 |
| | Low-value assets | 135,846.80 | -135,846.80 | 0.00 |
| | Fixtures in rented properties | 75,425.97 | -2,736.97 | 72,689.00 |
| Holdings | Holdings | 4,000,000.00 | 0.00 | 4,000,000.00 |
| Debt securities and other fixed income securities | Debt securities issued by public issuers | 51,336.71 | 0.00 | 51,336.71 |
| | | 15,688,466.26 | -2,956,905.68 | 12,731,560.58 |
| Balance sheet item | designation | Accesses | Departures | |
| | | | of which capitalized FK interest | |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 6,038,191.62 | 0.00 | 0.00 |
| | brand names | 17,566.47 | 0.00 | 0.00 |
| | Computer software | 51,332.64 | 0.00 | 0.00 |
| | similar rights and values | 0.00 | 0.00 | 0.00 |
| Property, plant and equipment | Down payments immat. Property | 18,187.96 | 0.00 | 0.00 |
| | Factory equipment | 355,186.01 | 0.00 | 0.00 |
| | Low-value assets | 30,304.12 | 0.00 | 0.00 |
| | Fixtures in rented properties | 0.00 | 0.00 | 0.00 |
| Holdings | Holdings | 0.00 | 0.00 | -2,737,284.55 |
| Debt securities and other fixed income securities | Debt securities issued by public issuers | 5,047,024.06 | 0.00 | 0.00 |
| | | 11,557,792.88 | 0.00 | -2,737,284.55 |

| Balance sheet item | designation | Depreciation | Depreciation cumulative | was standing as of December 31, 2019 |
|---|--|---------------|----------------------------|---|
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | -2,228,998.16 | -3,972,055.66 | 10,707,325.04 |
| | brand names | 0.00 | 0.00 | 47,816.30 |
| | Computer software | -284,706.76 | -870,285.90 | 553,358.00 |
| | similar rights and values | 0.00 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 0.00 | 0.00 | 189,409.77 |
| Property, plant and equipment | Factory equipment | -288,744.99 | -690,240.73 | 712,600.02 |
| | Low-value assets | -30,024.57 | -165,871.37 | 279.55 |
| | Fixtures in rented properties | -2,266.00 | -5,002.97 | 70,423.00 |
| Holdings | Holdings | 0.00 | 0.00 | 1,262,715.45 |
| Debt securities and other fixed income securities | Debt securities issued by public issuers | 0.00 | 0.00 | 5,098,360.77 |
| | | -2,834,740.48 | -5,703,456.63 | 18,717,328.43 |

solarisBank AG: Other assets

| | December 31, 2019 | December 31, 2018 |
|-------------------|-------------------|-------------------|
| | EUR | EUR |
| value added tax | 0.00 | 2,200,893.60 |
| Security deposits | 129,214.05 | 129,214.05 |
| Others | 704,713.86 | 379,131.54 |
| total | 833,927.91 | 2,709,239.19 |

Group: other assets

| | December 31, 2019 | December 31, 2018 |
|-------------------|-------------------|-------------------|
| | EUR | EUR |
| value added tax | 135,891.22 | 2,200,893.60 |
| Security deposits | 129,214.05 | 129,214.05 |
| Others | 704,713.86 | 379,131.54 |
| total | 969,819.13 | 2,709,239.19 |

solarisBank AG: Active prepaid expenses

| | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| | EUR | EUR |
| Accrual for commission expenses paid in the previous year in the e-money business | 8,621,880.39 | 4,228,555.72 |
| Delimitation of commission expenses in connection with loans and deposits | 3,164,522.34 | 2,207,503.75 |
| Deferred item factoring | 329,752.18 | 370,295.73 |
| Other prepaid expenses | 708,082.68 | 380,873.53 |
| total | 12,824,237.59 | 7,187,228.73 |

Group: prepaid expenses

| | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| | EUR | EUR |
| Accrual for commission expenses paid in the previous year in the e-money business | 8,621,880.39 | 4,228,555.72 |
| Delimitation of commission expenses in connection with | 3,164,522.34 | 2,207,503.75 |
| Loans and deposits | | |
| Deferred item factoring | 329,752.18 | 370,295.73 |
| Other deferral items | 740,080.51 | 380,873.53 |
| total | 12,855,235.42 | 7,187,228.73 |

solarisBank AG: liabilities to customers**Breakdown according to remaining term**

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| up to 3 months | 316,229,477.11 | 128,054,055.54 |
| more than 3 months to 1 year | 14,727,151.73 | 23,375,928.95 |
| more than 1 year to 5 years | 41,395,665.83 | 45,571,997.86 |
| total | 372,352,264.67 | 197,001,982.35 |

The liabilities to customers with a remaining term of up to 3 months include liabilities to solaris Digital Assets GmbH in the amount of EUR 25,000.00.

Group: liabilities to customers**Breakdown according to remaining term**

| | December 31, 2019 | December 31, 2018 |
|--|-------------------|-------------------|
| | EUR | EUR |

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| up to 3 months | 316,204,477.11 | 128,054,055.54 |
| more than 3 months to 1 year | 14,727,151.73 | 23,375,928.95 |
| more than 1 year to 5 years | 41,395,665.83 | 45,571,997.86 |
| total | 372,327,294.67 | 197,001,982.35 |

solarisBank AG and Group: Other liabilities

The other liabilities include:

| | December 31, 2019 | December 31, 2018 |
|-------------------------------------|-------------------|-------------------|
| | EUR | EUR |
| VAT liabilities | 643,460.46 | 2,597,246.86 |
| liabilities from goods and services | 2,311,161.34 | 1,575,050.86 |
| Factoring clearing accounts | 2,799,617.87 | 19,715.32 |
| Payables / church tax liabilities | 398,001.00 | 307,267.14 |
| Other liabilities | 8,411,163.27 | 698,238.13 |
| total | 14,563,403.94 | 5,197,518.31 |

The remaining term of the other liabilities is less than one year.

The liabilities to shareholders amount to EUR 15,447.29 in the reporting year (previous year: EUR 33,003,220.02).

solarisBank AG and Group: Deferred income

The deferred income amounts to EUR 1,101,409.31 in the 2019 financial year (previous year: EUR 1,112,305.26) and is essentially due to deferred income for services in the context of the factoring business.

solarisBank AG and Group: Provisions

The provisions are made up as follows:

| | December 31, 2019 | December 31, 2018 |
|--------------------------------------|-------------------|-------------------|
| | EUR | EUR |
| Provisions for staff costs | 455,755.58 | 349,971.59 |
| Provisions for tax consultancy costs | 122,500.00 | 0.00 |
| Provisions for legal advice costs | 115,390.00 | 257,152.00 |
| Other provisions | 2,496,936.95 | 1,377,353.86 |
| total | 3,190,582.53 | 1,984,477.45 |

The other provisions essentially include provisions for outstanding invoices and for the auditor's fee.

solarisBank AG and Group: Fund for general banking risks

SolarisBank AG has set up reserves for general banking risks in accordance with Section 340 HGB in the amount of EUR 500,000.00 (previous year: 0.00).

solarisBank AG and Group: Equity**Share capital**

On January 1, 2019, the subscribed capital was EUR 147,147.00, divided into 147,147 shares with a nominal value of EUR 1.00. Using the approved capital 2018/2019, by issuing new shares, the subscribed share capital of solarisBank AG increased in 2019 compared to the previous year by EUR 9,388.00 to EUR 156,535.00 (payment to the capital reserve: EUR 14,134,948, 40) as of December 31, 2019.

Based on the authorization granted by the Annual General Meeting on August 30, 2017 - Authorized Capital 2017/1 - the share capital of solarisBank AG was increased by EUR 22,898.00 to EUR 132,413.00 (investment round B, excluding Bilbao Vizcaya Holding, SA, Madrid.; Payment to the capital reserve: EUR 34,476,144.72) and entered in the commercial register on April 20, 2018.

After completion of the owner control procedure of Bilbao Vizcaya Holding, SA, the share capital, utilizing the authorization - Authorized Capital 2017 / I, was increased by EUR 14,668.00 on October 16, 2018 (investment round B - payment into the capital reserve: EUR 22,084,727, 52) and EUR 66.00 (participation by JJK Asset GmbH, Selzen - payment to the capital reserve: EUR 99,438.24). The approval of the inclusion of the new capital as hard core capital according to CRR Art. 26 ff. Was granted by the BaFin on June 13, 2018 and November 12, 2018.

Authorized Capital

The remaining Authorized Capital 2018/2019 in the amount of EUR 7,737.00 was canceled by resolution of the General Meeting on October 25, 2019. At the same time, with the resolution of the General Meeting in preparation for a capital increase, the Authorized Capital 2019/2020 was created in the amount of EUR 78,267.00. The authorization ends on December 31, 2021 and was entered in the commercial register on November 11, 2019.

Capital reserve

In the 2019 financial year, payments were made to the capital reserve i. H. v. EUR 14,134,948.32 (previous year: EUR 56,660,310.48) (Section 272 (2) No. 1 HGB), which are to be offset against the statutory reserve. Adding the payment from previous years, this results in a balance of EUR 109,250,528.88 (previous year: 95,115,580.56) on the balance sheet date.

There were no withdrawals from the capital reserve in the reporting period.

Loss carryforward

As of December 31, 2019, there was a balance sheet loss of H. v. EUR 65,797,162.40 and EUR 65,953,093.60 at group level. This includes a loss carryforward from previous years i. H. v. EUR 42,817,055.93.

Balance sheet loss

i) solarisBank AG

| | December 31, 2019 | December 31, 2018 |
|---------------------------------------|-------------------|-------------------|
| | EUR | EUR |
| Annual deficit | 22,980,106.47 | 18,305,533.99 |
| Loss carryforward from previous years | 42,817,055.93 | 24,511,521.94 |
| Balance sheet loss | 65,797,162.40 | 42,817,055.93 |
| ii) Group | | |
| | December 31, 2019 | December 31, 2018 |
| | EUR | EUR |
| Annual deficit | 23,136,037.67 | 18,305,533.99 |
| Loss carryforward from previous years | 42,817,055.93 | 24,511,521.94 |
| Balance sheet loss | 65,953,093.60 | 42,817,055.93 |

solarisBank AG: Other financial obligations

As of December 31, 2019, there were contingent liabilities i. H. v. EUR 796,234.22 (previous year: EUR 796,234.22). As of the balance sheet date, the risk of the likelihood that the financial obligation will be utilized is not considered to be material, as the contingent liabilities are 100% covered by cash collateral.

The total amount of the assets transferred as collateral amounted to EUR 796,234.22 on the balance sheet date of December 31, 2019 (previous year: EUR 796,234.22).

As of December 31, 2019, there were irrevocable loan commitments in the amount of EUR 1,683,189.64 (previous year: EUR 101,189.64), including EUR 1,550,000.00 (previous year: EUR 0.00), which solaris Digital Assets GmbH has promised.

Group: other financial obligations

As of December 31, 2019, there were contingent liabilities i. H. v. EUR 796,234.22 (previous year: EUR 796,234.22). As of the balance sheet date, the risk of the likelihood that the financial obligation will be utilized is not considered to be material, as the contingent liabilities are 100% covered by cash collateral.

The total amount of the assets transferred as collateral amounted to EUR 796,234.22 on the balance sheet date of December 31, 2019 (previous year: EUR 796,234.22).

As of December 31, 2019, there were irrevocable loan commitments in the amount of EUR 133,189.64 (previous year: EUR 101,189.64).

4 Notes to the income statement

solarisBank AG: Interest income

The interest income mainly relates to interest income from lending and money market transactions as well as from the security issued by CrossLend Securities SA Compartment D and is broken down as follows:

| | 2019 | 2018 |
|---------------------|---------------|--------------|
| | EUR | EUR |
| Consumer credit | 2,690,806.13 | 1,272,221.11 |
| SME lending | 3,081,840.74 | 408,979.67 |
| Factoring | 5,944,175.98 | 3,223,848.28 |
| Credit institutions | 0.00 | 7,009.09 |
| Checking accounts | 70,219.53 | 35,264.65 |
| Securities | 172,241.63 | 100,942.48 |
| Others | -49,390.54 | 5,015.71 |
| Negative interest | -519,669.62 | -159,488.84 |
| total | 11,390,223.85 | 4,893,792.15 |

Group: interest income

The interest income relates to interest income from lending and money market transactions and is broken down as follows:

| | 2019 | 2018 |
|---------------------|---------------|--------------|
| | EUR | EUR |
| Consumer credit | 2,690,806.13 | 1,272,221.11 |
| SME lending | 3,249,432.63 | 413,995.38 |
| Factoring | 5,944,175.98 | 3,223,848.28 |
| Credit institutions | 0.00 | 7,009.09 |
| Checking accounts | 70,219.53 | 35,264.65 |
| Securities | 4,649.74 | 0.00 |
| Others | -49,390.54 | 100,942.48 |
| Negative interest | -519,669.62 | -159,488.84 |
| total | 11,390,223.85 | 4,893,792.15 |

solarisBank AG and Group: Interest expenses

The interest paid from lending and money market transactions in 2019 amounted to EUR 5,392,255.38 (previous year: EUR 2,746,694.99). Taking into account the interest income, the net interest income amounts to EUR 5,997,968.47 (previous year: EUR 2,147,097.16).

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| | EUR | EUR |
| Interest expense factoring | 4,409,651.65 | 2,070,163.21 |
| Interest expense time deposit | 719,461.49 | 594,393.34 |
| Interest expenses other | 263,142.24 | 82,138.44 |

| | 2019 | 2018 |
|-------|--------------|--------------|
| | EUR | EUR |
| total | 5,392,255.38 | 2,746,694.99 |

solarisBank AG: commission income

The commission income is made up as follows:

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Tax-free commission income | 3,977,772.57 | 2,074,059.45 |
| Commission income from identity business | 1,463,861.47 | 11,448.00 |
| Commission income from solaris Digital Assets GmbH | 868,081.86 | 0.00 |
| Inland non-taxable commission income | 846,294.44 | 670,290.59 |
| Commission income from e-money business | 530,266.61 | 1,518,524.38 |
| Commission income from SME lending business | 497,069.32 | 0.00 |
| MasterCard commission income | 495,000.00 | 0.00 |
| Other income | 407,244.77 | 128,736.21 |
| total | 9,085,591.04 | 4,403,058.63 |

The tax-free commission income consists largely of commission income for factoring, digital banking & cards and payments as well as trading in crypto currencies. The commission income that is not taxable in Germany consists largely of commission income for digital banking & cards and payments. The remaining income includes income from the provision of personnel to solaris Digital Assets GmbH.

Group: commission income

The commission income is made up as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Tax-free commission income | 3,977,772.57 | 2,074,059.45 |
| Commission income from identity business | 1,463,861.47 | 11,448.00 |
| Inland non-taxable commission income | 846,294.44 | 670,290.59 |
| Commission income from e-money business | 530,266.61 | 1,518,524.38 |
| Commission income from SME lending business | 497,069.32 | 0.00 |
| MasterCard commission income | 495,000.00 | 0.00 |
| Other income | 407,244.77 | 128,736.21 |
| total | 8,217,509.18 | 4,403,058.63 |

The tax-free commission income consists largely of commission income for factoring, digital banking & cards and payments as well as trading in crypto currencies. The commission income that is not taxable in Germany consists largely of commission income for digital banking & cards and payments.

solarisBank AG and Group: Commission expenses

The commission expenses paid in 2019 amounted to EUR 3,521,290.93 (previous year: EUR 2,010,517.27).

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Commission expenses from e-money business | 394,371.81 | 1,377,293.01 |
| Commission expenses from identity business | 802,058.76 | 0.00 |
| Commission expenses from SME lending business | 755,949.28 | 105,529.02 |
| Commission expenses | 654,265.09 | 210,722.85 |
| Credit Consumer Business | | |
| Commission expenses from digital banking business | 510,567.34 | 65,359.26 |
| Commission expenses other | 404,078.65 | 251,613.13 |
| total | 3,521,290.93 | 2,010,517.27 |

Taking into account the commission income, the commission income of solarisBank AG amounts to EUR 5,564,300.11 (previous year: EUR 2,392,541.36) and that of the group to EUR 4,696,218.25 (previous year: EUR 2,392,541.36).

solarisBank AG and Group: net income from trading portfolio

This item includes realized and unrealized gains and losses from the Bitcoin and Ethereum portfolio in the amount of EUR 33,930.40 (previous year: EUR 2,695.86).

solarisBank AG and Group: Other operating income

Other operating income mainly includes income from the capitalization of production costs for internally generated intangible fixed assets as well as sign-on fees and is made up as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Capitalized personal performance of intangible assets | 3,641,730.34 | 2,837,094.40 |
| Sign-on fees | 3,736,562.53 | 2,458,181.20 |
| income for other accounting periods | 789,992.90 | 8,876.53 |
| Other income | 290,498.15 | 381,802.97 |

| | 2019 | 2018 |
|-------|--------------|--------------|
| | EUR | EUR |
| total | 8,458,783.92 | 5,685,955.10 |

Out-of-period income mainly results from tax refunds.

The other income includes income from the reversal of provisions i. H. v. EUR 133,462.26 (previous year: 0.00).

solarisBank AG and Group: General administrative expenses

a) Personnel expenses

The personnel expenses amount to EUR 19,690,692.55 (previous year: EUR 13,976,533.76) and are broken down as follows:

| | 2019 | 2018 |
|--|---------------|---------------|
| | EUR | EUR |
| Wages and salaries | 17,060,069.48 | 12,213,859.04 |
| Social security contributions and expenses for | 2,630,822.07 | 1,762,674.73 |
| Retirement and for support | | |
| including: for pensions | 46,081.99 | 32,951.30 |
| total | 19,690,891.55 | 13,976,533.77 |

b) other administrative expenses

i) solarisBank AG

The other administrative expenses i. H. v EUR 13,533,570.81 (previous year: EUR 10,802,942.97) mainly contain costs for third-party services in the area of consulting and freelancing, expenses for payment transactions as well as licenses and concessions. The other administrative expenses are made up as follows:

| | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| | EUR | EUR |
| Expenses for licenses and concessions | 2,308,351.39 | 1,187,386.97 |
| External staff | 2,219,853.86 | 1,637,070.81 |
| Advice in general | 1,597,006.59 | 1,722,581.00 |
| Payments expenses | 828,075.42 | 1,359,920.62 |
| Rental costs including utilities | 1,052,897.40 | 937,277.88 |
| Legal advice costs | 820,584.07 | 841,988.54 |
| Others | 4,706,802.08 | 3,116,717.15 |
| total | 13,533,570.81 | 10,802,942.97 |

ii) Group

| | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| | EUR | EUR |
| Expenses for licenses and concessions | 2,308,351.39 | 1,187,386.97 |
| External staff | 2,219,853.86 | 1,637,070.81 |
| Advice in general | 1,597,006.59 | 1,722,581.00 |
| Payments expenses | 828,075.42 | 1,359,920.62 |
| Rental costs including utilities | 1,052,897.40 | 937,277.88 |
| Legal advice costs | 820,584.07 | 841,988.54 |
| Others | 3,994,651.42 | 3,116,717.15 |
| total | 12,821,420.15 | 10,802,942.97 |

Auditor's fees within the meaning of IDW RS HFA 36 new version

The fee for the auditor recognized as an expense in the financial year is made up as follows:

| | 2019 | 2018 |
|------------------------------|------------|------------|
| | EUR | EUR |
| Audit services | 353,129.01 | 360,552.43 |
| Other certification services | 130,000.00 | 0.00 |
| Tax advisory services | 81,173.72 | 105,889.36 |
| Other services | 39,000.00 | 15,931.13 |
| total | 603,302.73 | 482,372.92 |

Activities of the auditor

The other confirmation services relate to audit services in connection with the elimination of findings by the Federal Financial Supervisory Authority. The tax advisory services relate to permissible advisory services in connection with sales tax issues that do not have a material impact on the financial statements. The other services related to training measures for accounting without specific reference to individual business transactions.

solarisBank AG and Group: Other operating expenses

The other operating expenses amount to EUR 391,609.51 (previous year: EUR 283,610.62) and are broken down as follows:

| | 2019 | 2018 |
|---------------------|------------|-----------|
| | EUR | EUR |
| Catering and events | 108,518.61 | 62,856.23 |

| | 2019 | 2018 |
|------------------------------|------------|------------|
| | EUR | EUR |
| Other operating requirements | 149,691.63 | 118,895.64 |
| Currency transaction fees | 88,193.80 | 70,167.75 |
| Others | 45,205.65 | 31,691.00 |
| total | 391,609.69 | 283,610.62 |

solarisBank AG: Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Addition of individual value adjustments | 5,578,034.19 | 512,541.40 |
| Addition of general bad debt allowance | 409,759.05 | 1,120,566.14 |
| Others | 55,449.64 | 107,350.00 |
| total | 6,043,242.88 | 1,740,457.54 |

Group: Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Addition of individual value adjustments | 5,578,034.19 | 512,541.40 |
| Addition of general bad debt allowance | 409,759.05 | 1,120,566.14 |
| Others | 88,925.61 | 125,466.74 |
| total | 6,076,718.85 | 1,756,574.28 |

solarisBank AG: Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets

| | 2019 | 2018 |
|--------------------------------|-----------|-----------|
| | EUR | EUR |
| Amortization of CrossLend Note | 33,475.97 | 17,432.67 |
| Other depreciation | 8,458.95 | 684.07 |
| total | 41,934.92 | 18,116.74 |

Group: Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets

| | 2019 | 2018 |
|--------------------|----------|------|
| | EUR | EUR |
| Other depreciation | 8,458.95 | 0.00 |
| total | 8,458.95 | 0.00 |

5 Notes to the consolidated cash flow statement

Financial resources are defined as liabilities to banks due at any time and other borrowing within the framework of short-term liquidity procurement. These consist of cash reserves and claims on banks.

6 Other information

Assets - amounts in foreign currency

The assets denominated in foreign currency are converted using the reference rates published by the ECB at the end of the year and amount to EUR 7,441,582.74 (previous year: EUR 6,827,288.02):

- EUR 6,630,125.83 (previous year: EUR 6,031,138.93); the original amount i. H. v. GBP 5,640,911.05 (previous year: EUR 5,395,034.72) was converted into euros at a rate of 1: 0.8508
- EUR 811,456.91 (previous year: EUR 796,149.09); the original amount i. H. v. USD 911,590.69 (previous year: EUR 911,590.69) was converted into euros at a rate of 1: 1.1234.

There were no debts denominated in foreign currency as of the balance sheet date.

The net result of currency translation was EUR 111,145.74 (previous year: 142,618.52)

Employee

SolarisBank GmbH had an average of 227 employees in the 2019 financial year (previous year: 171); of these, 217 employees (previous year: 162) were employed full-time and 10 employees (previous year: 9) were employed part-time. In addition, 6 interns (previous year: 5) were employed on an annual average.

On the balance sheet date of December 31, 2019, a total of 292 employees were employed.

Solaris Digital Assets GmbH had no employees in the 2019 financial year.

Appropriation of earnings

The Management Board will propose to the Annual General Meeting that the annual deficit of solarisBank AG i. H. v. EUR 22,980,106.47 together with the loss carryforward and the consolidated net loss for the year of EUR 23,136,037.67 together with the loss carryforward to the new account.

Management Board: Presentation as of December 31, 2019

Roland Folz: Chairman of the Board of Management and Board Member for the following departments:

Business Unit Products, Internal Products, Legal & Compliance, Regulatory Compliance, Anti Financial Crime Compliance, People & Organization, Strategy & Shareholder Coordination, Corporate Communications, Data, Treasury, Board Assistance and Office Management, Agile Growth Team.

Jörg Diewald, board member responsible for the following departments:

Business Development, International Sales, National Sales, Marketing & Communications, Onboarding Project Management, Partner Management, Partner Experience, Commercial Excellence.

Andreas Bittner, board member for the following departments (left on February 14, 2020):

Banking Operations, Engineering, IT Service Management, Quality & Processes, Core Banking System.

Thomas Rasser, board member for the following departments (appointed on August 15, 2019):

Finance, Risk Management (Financial Risk Management, Information Security, Non-Financial Risk Management, Risk and Data), Credit Risk.

With effect from February 15, 2020, Dr. Jörg Howe in appointed to the board.

The total remuneration of the Management Board granted for the activities in the financial year for 2019 amounted to EUR 1,319,540.67 (previous year: EUR 1,294,041.95). The amount of the total remuneration includes 45 shares, which were allocated proportionally in the context of target achievement for 2017. These shares are part of the variable remuneration for 2017, which is extended over three years, depending on the achievement of the sustainability component, under a trust agreement. The amount already promised for the non-share-based payments for the years 2019-2023 is currently EUR 675,993.33 and depends on the achievement of the sustainability component each year.

No loans were granted to members of the Management Board in the financial year.

Supervisory board

The Supervisory Board of solarisBank AG was composed as follows in the 2019 financial year:

- Dr. Gerrit Seidel (chairman)
- Ramin Niroumand (Deputy Chairman)
- Dr. Friedhelm Herb
- Michael Hock (resigned on November 1, 2019)
- Mark Schmitz (resigned on May 31, 2019)
- Juan Lopez Carretero
- Enrique Checa Esteban (retired on October 25, 2019)
- Elias Reitter
- Naoyoshi Yoneyama
- Carlos Jack Lopez Moctezuma Jassan (member of the Supervisory Board since October 26, 2019)
- Dr. Birte Sandra Sewing (member of the Supervisory Board since November 1, 2019)

On January 1, 2020, Dr. Birte Sandra Sewing as the successor to Dr. Gerrit Seidel appointed as new Chairman of the Supervisory Board.

The remuneration granted to the Supervisory Board for their work in the financial year totaled EUR 202,300.00 (previous year: EUR 202,300.00).

No loans were granted to members of the Supervisory Board in the financial year.

Mandates of the members of the Management Board and the Supervisory Board

| Position in solarisBank AG | Surname | Company Name | Organ, function in the organ |
|--|-------------------|--|--|
| Chairman of the Board of Directors | Dr. Roland Folz | Studio Babelsberg AG | chairman of the supervisory board |
| | | Godewind Real Estate AG | Supervisory board |
| | | Alpha UG (limited liability) | chief Executive Officer |
| | | BITFAST GmbH | chief Executive Officer |
| Board | Andreas Bittner | n / A | n / A |
| Board | Thomas Rasser | JJK Asset GmbH | chief Executive Officer |
| Chairman of the supervisory board | Dr. Gerrit Seidel | Dorint GmbH | Supervisory board |
| | | DHI Dorint Hospitality & Innovation GmbH | Supervisory board |
| | | Digital Publishing AG (Speex) | Supervisory board |
| | | Yabeo Venture Tech AG | Board |
| | | Bromberg Capital GmbH | chief Executive Officer |
| | | Yabeo Management GmbH | chief Executive Officer |
| | | AdTech 2016 GmbH | chief Executive Officer |
| | | Bromberg Yachting MCPY | Board of Directors |
| | | Property Tech 2016 GmbH | chief Executive Officer |
| | | PairFinance GmbH | Member of the advisory board |
| | | Yabeo Advisors GmbH | chief Executive Officer |
| | | FinLeap GmbH | chief Executive Officer |
| | | Element Insurance AG | Chairman of the Supervisory Board (until November 1, 2019) |
| | | RND Assets GmbH | chief Executive Officer |
| Deputy Chairman of the Supervisory Board | Ramin Niroumand | | |

| Position in solarisBank AG | Surname | Company Name | Organ, function in the organ |
|---|------------------------------------|--|---|
| | | finleap connect GmbH | chief Executive Officer |
| | | Joonko AG | Chairman of the Supervisory Board |
| Supervisory Board (member of the Supervisory Board since November 01, 2019) | Dr. Birte Sandra Sewing | FinLeap GmbH | Manager |
| | | Element Insurance AG | Chairwoman of the Supervisory Board (from November 1, 2019) |
| Supervisory board | Friedhelm Herb | eHotel AG | Supervisory board |
| | | Eduard Pfeifer Foundation | Chairman of the Supervisory Board |
| | | Foundation "Future for Children" | Board of Trustees |
| | | Schwaben International eV | Board |
| | | Aquis Technology GmbH | chief Executive Officer |
| | | Volant GmbH | liquidator |
| | | Wallerstein Interior GmbH iL | liquidator |
| | | Volan NA UG (limited liability) iL | liquidator |
| | | HEGUS Beteiligungen GmbH | chief Executive Officer |
| | | HEGUS Vermögensverwaltungs GmbH | chief Executive Officer |
| | | NOTO GmbH | chief Executive Officer |
| | | DATO GmbH | chief Executive Officer |
| | | Equidel SA | president |
| Supervisory Board (member of the Supervisory Board until November 1, 2019) | Michael Hock | Finleap GmbH | chief Executive Officer |
| | | JJ Venture GmbH | chief Executive Officer |
| | | Pair Finance GmbH | Advisory Board |
| | | finleap srl | Board President |
| | | FinLeap general partner GmbH | chief Executive Officer |
| | | FinLeap Trust GmbH | chief Executive Officer |
| | | FL FinTech I GmbH | chief Executive Officer |
| | | FL FinTech R GmbH | chief Executive Officer |
| | | FL FinTech V GmbH | chief Executive Officer |
| | | FL FinTech W GmbH | chief Executive Officer |
| | | MoneyMap GmbH | chief Executive Officer |
| | | Fenius GmbH | chief Executive Officer |
| | | Finavi GmbH | chief Executive Officer |
| | | JJ Venture GmbH | chief Executive Officer |
| | | FL P SPV 1 UG | chief Executive Officer |
| Supervisory Board (member of the Supervisory Board until May 31, 2019) | Mark Schmitz | Joonko AG | Member of the Supervisory Board |
| | | Lakestar Advisors Germany GmbH | chief Executive Officer |
| | | LS 75 UG (limited liability) | chief Executive Officer |
| | | CrossLend GmbH | Administrative and supervisory body |
| | | Serene GmbH | Administrative and supervisory body |
| Supervisory board | Naoyoshi Yopeyama | Element Insurance AG | Supervisory board |
| | | Strategic Business Innovator Berlin GmbH | chief Executive Officer |
| | | B3i Services AG | Member of the Supervisory Board (March 2019) |
| Supervisory board | Elias Reitter | TradeIX, Ltd. | Supervisory Board (May 2019) |
| | | arvato infoscore GmbH | chief Executive Officer |
| | | AZ Direct Beteiligungs GmbH | chief Executive Officer |
| Supervisory Board (resigned on October 25, 2019) | Enrique Checa Esteban | Deutsche Post Adress GmbH & Co. KG | Shareholders' Committee |
| | | n / A | n / A |
| Supervisory board | Juan Lopez Carretero | n / A | n / A |
| Supervisory Board (member of the Supervisory Board since October 26, 2019) | Carlos Jack Lopez Moctezuma Jassan | Open Pay SA | Member of the board |

Event after the deadline

The existence of the novel coronavirus (Covid-19) was confirmed in early 2020 and has spread around the world, causing disruption to economic activities. For solarisBank AG and the Group, this is an event that does not need to be taken into account after the balance sheet date. With the situation moving rapidly, it is impractical to make a quantitative estimate of the potential impact of this outbreak, although the digital focus of the bank and the group provides a strong position for continued business growth.

Berlin, May 14, 2020

solarisBank AG

The board of directors

Dr. Roland Folz

Jörg Diewald

Thomas Rasser

Dr. Jörg Howein

Combined management report for the 2019 financial year

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I Basics of solarisBank AG and the group

SolarisBank AG is a non-listed stock corporation and a credit institute within the meaning of the German Banking Act (KWG). As a PIE (Public Interest Entity) it is subject to the supervision of the European Central Bank (ECB). On March 10, 2016, solarisBank AG received permission to conduct banking business and to provide financial services in accordance with Section 1 Paragraph 1 and Paragraph 1a KWG and to conduct proprietary business in accordance with Section 32 Paragraph 1a KWG. The bank code and BIC of solarisBank AG are (BKZ) 110 101 00 and SOBKDEBBXXX. On September 9, 2019, solarisBank AG acquired a secondary BIC, SOBKDEB2XXX, for structuring downstream processes for various types of business and new partners. SolarisBank AG is headquartered in Berlin, Germany. No other locations are maintained. It is entered under the number HRB 168180 B in the register of the Berlin Charlottenburg District Court.

There is also a stake in a fintech company, the crosslend securitization platform, Berlin.

On November 28, 2019, solarisBank AG founded solaris Digital Assets GmbH, Berlin. The share capital of solaris Digital Assets GmbH i. H. v. EUR 25,000.00 is held by solarisBank AG alone. Since solarisBank AG can exercise a controlling influence on solaris Digital Assets GmbH, solaris Digital Assets GmbH was included in the consolidated financial statements of solarisBank AG as part of a full consolidation in accordance with Section 290 ff. HGB.

In the previous year solarisBank AG invested in a security issued by CrossLend Securities SA Compartment D. CrossLend Securities SA is a special purpose vehicle based in Luxembourg and a wholly-owned subsidiary of CrossLend GmbH. SolarisBank AG is the sole investor in the only security in Compartment D and thus holds the majority of the rights and opportunities in this security, which is why Compartment D of CrossLend Securities SA was included in the consolidated financial statements as of December 31, 2019.

There are no other subsidiaries, joint ventures or investments. In addition to the existing specialist departments, there was a subdivision into five business areas, so-called business units, in a matrix structure in 2019.

The bank and the group have the following departments:

- Banking Operations

- Board Assistance & Office Management
- engineering
- Data
- Credit Risk
- Finance
- Treasury
- IT service management
- Core banking system
- Quality & Processes
- Legal & Compliance
- Regulatory compliance
- Anti Financial Crime Compliance
- International sales
- National Sales
- Marketing & Communications
- Onboarding Project Management
- Partner management
- Partner Experience
- Commercial Excellence
- business development
- People & Organization
- Product support
- Products business unit
- Internal Products
- Risk Management (Financial Risk Management, Information Security, Non-Financial Risk Management, Risk and Data)
- Strategy & Shareholder Coordination
- Agile Growth Team
- Corporate Communications

In addition, the following business units (BUs) were founded; these are largely based on the bank's product portfolio:

- BU Digital Banking / Cards
- BU Payments
- BU balance sheet
- BU Identity
- BU Blockchain Factory

The bank and the group are managed by the Management Board and an extended management team ("Extended Management Board").

1 business model of the company

The main service of solarisBank AG consists of offering regulated banking products for external companies. The main buyers of these products are companies without their own banking license, which in turn offer the products to their private and corporate customers ("Banking-as-a-Service"). SolarisBank AG strictly follows a B2B2X approach and thus behaves completely neutrally towards corporate customers as well as end customers. With the "Banking-as-a-Service" approach, solarisBank AG enables its corporate customers to offer banking services without doing any banking themselves.

The products developed and operated with corporate customers (hereinafter also referred to as "partners") are bundled in the five BUs:

- BU Digital Banking / Cards: Digital Banking i. W. Payment accounts, cards
- BU Payments: Gift Cards, Peer-to-Peer Payments, Virtual IBAN, Acquiring
- BU balance sheet: consumer loans, corporate customer loans, bridging loans, factoring
- BU Identity: KYC for private and corporate customers
- BU Blockchain Factory: Payment and trading solutions for everything to do with crypto assets

The aim is to make the products available in a largely automated and digitized form.

The target market is currently the European Union, with the main focus of business activities in the Federal Republic of Germany. Major target groups are large corporations, national and international banks as well as tech and e-commerce companies that have a large network of end customers. Fintech companies are also among the bank's target customers.

The object of the new company, solaris Digital Assets GmbH, is the safekeeping, administration and security of digital values and / or keys that are used to hold, store or transfer digital values. The company is entitled to take all actions and measures that are directly or indirectly suitable for promoting the aforementioned corporate purpose, including the establishment of and holdings in other companies and the establishment of branches in the Federal Republic of Germany and other EU countries.

The purpose of investing in the security of CrossLend Securities SA Compartment D is to generate interest income until the loans contained in the security are fully repaid. The CrossLend Platform is used by solarisBank AG as a channel for the acquisition, securitization and sale of receivables from other originators, with whom CrossLend GmbH has already established business relationships and the necessary technical integrations.

2 Development of banking-as-a-service products

SolarisBank AG uses its strong technological skills to meet the special needs of the business model by developing its own software and application programming interfaces, which requires the integration of highly digitized financial services into the respective business model of our business partners. To achieve this, existing products are further developed and new products are generated in largely agile development processes together with our partners. The core components of all products are the bank-specific end-to-end processes that are made accessible to the partners via APIs. As far as it makes economic sense,

The different products are bundled in the five business units of solarisBank and all of them use the solarisBank AG platform solutions.

In addition to the further development of the product groups described below, a special focus in 2019 was on the further development of an essential core banking system component, the payment account system. This system is to be used to manage an increasing proportion of the payment account sub-ledger in the course of 2020 and to process the associated payment transactions.

BU Digital Banking / Cards: With the products developed in this business unit, solarisBank AG offers its partners full digital bank accounts with modern functions as well as a flexible banking infrastructure under its own branding. The 'Digital Banking' account solutions focus on payment accounts. For this purpose, the interfaces to the core banking systems are developed and maintained here, which thus become an elementary part of the provision of services to the partners. The 'Cards' unit area also enables Visa and MasterCard debit cards to be issued, which are made available to partners with the connected issuing processor SIA SpA and the card manufacturer IDEMIA.

BU Payments: In the Payments Unit of solarisBank AG, products are developed for various types of bulk payment transactions (including voucher card processing, bulk direct debit or acquiring), which can also be integrated by the business partners of solarisBank AG via APIs. Specific providers are also connected for this, including Kantox Ltd., London, for processing international payment transactions.

BU Balance Sheet: The services and products of the BU Balance Sheet cover almost all aspects of the interest-bearing banking business. The focus is on solutions for consumer loans, SME loans, factoring and bridging / trade financing as well as deposit products. Here, too, the core service of solarisBank AG is the provision of largely digitized products and processes via APIs to the partners of solarisBank AG. SCHUFA Holding AG (scoring) or FinTecSystems GmbH (account information service) should also be mentioned as major providers.

BU Identity Unit: The solarisBank Identity Unit develops products for the identification of natural persons and companies which, in addition to being used for internal KYC processes, are also sold as stand-alone solutions. In addition to the APIs for the integration of the services by partners, this also includes, in particular, the connection of various third-party providers via which sub-processes are mapped (e.g. videolident procedures) or data from external sources (e.g. commercial registers) are made available.

BU Blockchain Factory: In the blockchain factory of solarisBank AG, payment transaction solutions in the context of crypto trading and other blockchain-based solutions are developed, which are then made available to the partners of solarisBank AG. In some cases, existing products from the other units are used, which are then expanded contextually, e.g. with regard to transaction monitoring in the crypto trading context. In the second half of 2019, there was a focus on developing neglect for virtual currencies ("crypto currencies") and other tokenized assets. This solution has been made available to partners since the end of 2019.

Both the expenses for freelancers to develop the software i. H. v. EUR 2,394.2 thousand (previous year: EUR 2,172.0 thousand) as well as own work were capitalized with 80% as self-created intangible assets of the fixed assets. Expenses for external consultants i. H. v. 100% kEUR 161.4 (previous year: kEUR 0.0) were capitalized. The capitalized internally developed software is amortized on a straight-line basis over a period of five years. In the 2019 financial year, the total amount of own work capitalized was EUR 5,653.7 thousand (previous year: EUR 4,574.7 thousand). The depreciation on self-developed software amounted to EUR 2,233.0 thousand (previous year: EUR 1,267.9 thousand).

No further research and development costs were incurred in the reporting period.

II economic report

1 Macroeconomic and industry-specific framework conditions

The current basic tenor of technical experts on product depth within banks is that banking products must be designed to be simpler and easier to integrate in the future. As of today, the expansion of the product range to include value-added services and technologically enhanced modularity for the faster generation of customized solutions in the banking industry is not yet very pronounced. Here, solarisBank AG offers innovative and future-proof solutions with its API-based and transparently designed payment, deposit and credit products.

The year 2019 was characterized by increasing global uncertainty in connection with geopolitical factors and growth fluctuations, which had a volatile effect on the global financial markets. Global growth recorded the slowest pace in 2019 since the global financial crisis a decade ago. Rising trade barriers and the associated uncertainty put an additional strain on the mood and activities of companies around the world.

In this increasingly difficult environment, economic development in Germany continued to be robust, albeit with a clearly slowing pace. According to the preliminary calculations of the Federal Statistical Office, the calendar-adjusted gross domestic product (GDP) increased by + 0.6% in 2019. The increase in macroeconomic output was thus significantly weaker than in 2018 (+1.5%) and 2017 (+ 2.8%). Growth in 2019 was mainly supported by consumption: after adjustment for prices, private consumer spending was 1.6% higher than in the previous year, while government consumer spending rose by 2.5%.

The unemployment rate in Germany has also remained low and has improved from 3.6% in December 2017 to 3.3% in December 2018 and 3.2% in December 2019.

In this increasingly difficult but still stable overall economic situation, the situation in the financial services sector improved only slightly. Despite the positive development in loan volumes, the continued very low interest rate environment had a lasting negative impact on earnings. Attempts to pass negative interest rates on to customers and to improve their commission results through price adjustments have not shown a comprehensive positive effect on profitability.

With a few exceptions, the efforts of the European banks to achieve a sustainable improvement on the cost side have not yet led to a noticeable improvement in earnings. Increasing profitability remains a key challenge for European banks.

The market position of the established financial service providers remains difficult. SolarisBank AG assumes that cost-intensive services will be offered in the branches for a surcharge, whereas standard products will increasingly be offered via digital channels. The importance of contextual banking is expected to continue to grow and banking services will be digitally embedded in other processes.

In addition, the increasing number of customer-oriented fintech companies on offer comes into play. These companies know how to put the customer at the center of the product range and the initiation processes, especially with digital business models, and to reach the customer at any time and anywhere by using digital devices.

The challenge for these companies lies in the frequent lack of permission from the banking supervisory authority (BaFin, Bundesbank) to operate certain business models. Established banks repeatedly turn out to be unsuitable partners because they see the fintech companies on the one hand as a threat to their own business models and on the other hand cannot adequately answer the approach and implementation speed of these fintech companies.

The growing need of established companies, especially in connection with more digital, customer-friendly business models, to expand their own value chain with integrated financial products from partner companies, which results in particular value for the business model of solarisBank AG, is also clearly recognizable.

This is where the business model of solarisBank AG described above comes into play.

2 Control: Financial and non-financial performance indicators

The important financial performance indicators are:

- Net interest income
- Net commission income, including setup fees
- Annual surplus / annual deficit

The use of other financial performance indicators to control the bank and the integration into the ongoing management reporting are carried out in line with the expansion of business activities and the range of products.

The setup fees included in the financial performance indicator 'Net commission income, including setup fees' are reported under other operating income.

Non-financial performance indicators were continuously expanded as defined with the start of regular business activities in 2016. This particularly affected the sales area, for which the "Salesforce" software solution is used. The significant non-financial performance indicators that are regularly checked and analyzed in the monthly evaluations include:

- Partner (number of new business contracts, active contractual relationships)
- Number of employees in FTE

On the basis of these performance indicators, compliance with the target figures as well as further business activities in terms of the development of business volume, the acquisition of new partners, the expansion of existing business relationships and the composition and increase of the workforce are analyzed and specified.

3 Course of business

The most important business developments in 2019 include the expansion and deepening of the product portfolio, strong revenue growth and the founding of the subsidiary solaris Digital Assets GmbH, which supplements solarisBank's range of digital white label banking services with a custody account solution.

The actual business development in the previous period largely corresponded to the plans submitted with the shareholders.

The net interest income of solarisBank AG and the group rose from EUR 2,147.1 thousand to EUR 5,997.9 thousand and was thus slightly above the agreed plan, while the net commission income including setup fees rose less than expected from EUR 4,850.7 thousand to EUR 9,300.9 thousand.

By the end of 2018, solarisBank AG had already concluded a total of 90 service contracts. In the 2019 reporting year, a further 36 contracts (previous year: 39 new contracts) were added, which is slightly below the planned number, and the total number of service contracts at the end of 2019 was 111. In the 2019 reporting year, 13 service contracts were terminated. At the end of 2019, solarisBank is working with a total of 79 different partners (previous year: 57), which roughly corresponds to the planned number of partners. According to our planning, some projects with our partner were not yet completed by the end of 2019,

In accordance with the budget planning, the number of employees increased significantly over the course of the year, from 209 to 292 FTE - (as of December 31, 2019, this includes 7 interns and 11 working students FTE). In addition, 7 (previous year: 8) direct freelancers and 31 (previous year: 27) consultants were employed through agency contracts in the reporting period. This significantly exceeds the planned sizes.

In the reporting period, the range of products and the generation of income increasingly focused on commission-based products, particularly in BU Digital Banking / Cards. The range of services has been expanded to include many new functions, e.g. Visa Token Service for the provision of mobile payment solutions, real-time interaction via push messages with end customers in the event of suspected fraud, sub-accounts for digital banking customers, and "device binding" as a security mechanism. The number of customers also increased significantly and solarisBank AG started its international expansion in Italy by offering digital banking outside of Germany for the first time.

The earnings of the BU Balance Sheet rose sharply, which was due to the growth in lending to customers in the first half of the year. In the second half of the year, product development focused on contextual consumer credit, particularly the new Splitpay product, which will be launched in 2020. The portfolio of credit products and corresponding partnerships and thus interest-bearing banking business were further expanded in the 2019 financial year. Overall, a consumer loan volume as of the balance sheet date i. H. v. EUR 44,810.1 thousand (previous year: EUR 53,009.2 thousand), factoring i. H. v. EUR 41,922.9 thousand (previous year: EUR 42,189.3 thousand) and loans to SME customers i. H. v. EUR 78,365.5 thousand (previous year: EUR 27,372.8 thousand) generated.

BU Identity also recorded strong growth, driven by business growth in the other business units as well as the new range of services as an independent product.

In BU Blockchain, solarisBank supported the Stuttgart stock exchange group in the development of the first regulated trading platform for digital assets in Germany - Börse Stuttgart Digital Exchange (BSDEX). In addition, in the partnership between solarisBank and Bitwala, the range of crypto trading services was expanded to include Ethereum in addition to Bitcoin.

In the Payments Unit, the card volume in the e-money area increased year-on-year from around 2.7 million to around 3.3 million cards issued by the end of 2019. This corresponds to a customer credit totaling EUR 95.2 million (previous year: EUR 75.4 million) and an average credit per card of EUR 28.3 (previous year: EUR 28.4).

As of December 31, 2019, the balance sheet total of solarisBank AG increased by EUR 177,575.6 thousand to EUR 435,317.6 thousand, of which EUR 14,144.3 thousand resulted from a capital increase.

The administrative expenses of solarisBank AG increased in the reporting period to EUR 33,224.5 thousand (previous year: EUR 24,779.5 thousand) and to EUR 32,512.3 thousand at group level (previous year: EUR 24,779.5 thousand). The increase is mainly due to the expansion of the product portfolio and the associated significant increase in the workforce. SolarisBank AG is consciously investing further in the development of employees in order to further develop the product and business model.

The annual deficit of solarisBank AG i. H. v. KEUR 22,980.1 (KEUR 23,136.0 at group level) is mainly due to the higher than planned administrative expenses. In 2018, the net loss for the year was EUR 18,305.5 thousand (EUR 18,305.5 thousand at group level).

4 VFE location: presentation, analysis, assessment

a earnings position

On the basis of the income statements for the last two financial years, the following overview of earnings results for the annual financial statements of solarisBank AG. The presentation is based on business management aspects.

solarisBank AG: earnings overview

| | December 31, 2019 | December 31, 2018 | change |
|-----------------|-------------------|-------------------|---------|
| | KEUR | KEUR | KEUR |
| Interest income | 5,998.0 | 2,147.1 | 3,850.9 |

| | December 31, 2019 | December 31, 2018 | change |
|---|-------------------|-------------------|----------|
| | KEUR | KEUR | KEUR |
| Current income from stocks and other variable income securities | 0.9 | 0.0 | 0.9 |
| Commission income | 5,564.3 | 2,392.5 | 3,171.8 |
| Interest and commission income | 11,563.2 | 4,539.6 | 7,023.6 |
| Trading portfolio net income | 33.9 | 2.7 | 31.2 |
| Other company income | 8,458.8 | 5,686.0 | 2,772.8 |
| Personnel expenses | -19,690.9 | -13,976.5 | -5,714.4 |
| Other administrative expenses | -13,533.6 | -10,802.9 | -2,730.7 |
| General administrative expenses | -33,224.5 | -24,779.5 | -8,445.0 |
| Depreciation | -2,834.7 | -1,712.2 | -1,122.5 |
| Other operational expenses | -391.6 | -283.6 | -108.0 |
| Individual and general value adjustments | -6,085.2 | -1,758.6 | -4,326.6 |
| Special item for general banking risks | -500.0 | 0.00 | -500.0 |
| The result of the normal business activity | -22,980.1 | -18,305.5 | -4,674.6 |
| Annual result | -22,980.1 | -18,305.5 | -4,674.6 |

Group: earnings overview

| | December 31, 2019 | December 31, 2018 | change |
|---|-------------------|-------------------|----------|
| | KEUR | KEUR | KEUR |
| Interest income | 5,998.0 | 2,147.1 | 3,850.9 |
| Current income from stocks and other variable income securities | 0.9 | 0.0 | 0.9 |
| Commission income | 4,696.2 | 2,392.5 | 2,303.7 |
| Interest and commission income | 10,695.1 | 4,539.6 | 6,155.5 |
| Trading portfolio net income | 33.9 | 2.7 | 31.2 |
| Other company income | 8,458.8 | 5,686.0 | 2,772.8 |
| Personnel expenses | -19,690.9 | -13,976.5 | -5,714.4 |
| Other administrative expenses | -12,821.4 | -10,802.9 | -2,018.5 |
| General administrative expenses | -32,512.3 | -24,779.5 | -7,732.8 |
| Depreciation | -2,834.7 | -1,712.2 | -1,122.5 |
| Other operational expenses | -391.6 | -283.6 | -108.0 |
| Individual and general value adjustments | -6,085.2 | -1,758.6 | -4,326.6 |
| Special item for general banking risks | -500.0 | 0.00 | -500.0 |
| The result of the normal business activity | -23,136.0 | -18,305.5 | -4,830.5 |
| Annual result | -23,136.0 | -18,305.5 | -4,830.5 |

In the past financial year, solarisBank AG was able to significantly increase its interest and commission income to EUR 11,563.2 thousand (previous year: EUR 4,539.6 thousand) and at group level to EUR 10,695.1 thousand (previous year: EUR 4,539.6 thousand). The increase in commission income is mainly the result of a significantly larger number of partners compared to the previous year, particularly in the BUs Digital Banking / Cards and Payments. The full effect on earnings will often not materialize until the following year, since many partners acquired in the second half of the year are still in the onboarding process due to the ongoing growth. Taking into account the commission expenses incurred in the financial year from new business, the commission result was i. H. v. KEUR 5,564.3 (previous year: KEUR 2. 392.5). At the group level after elimination of intra-group income, the figure is EUR 4,696.2 thousand (previous year: EUR 2,392.5 thousand).

Compared to the previous year, the credit volume of solarisBank AG and the group increased significantly in the 2019 financial year through credit transactions with business customers (SME segment). The consumer credit and factoring business remained largely at the previous year's level. The resulting interest income was offset by negative interest on credit balances and the interest expense that arose on customer deposits.

As of December 31, 2019, personnel expenses and other administrative expenses for the Group totaled EUR 32,512.3 thousand (previous year: EUR 24,779.5 thousand) and were thus above the business plan. SolarisBank AG recorded administrative expenses of EUR 33,224.5 thousand (previous year: EUR 24,779.5 thousand).

Personnel costs increased significantly compared to the previous year from EUR 13,976.5 thousand to EUR 19,690.9 thousand due to the increase in the number of qualified, technology-savvy employees to implement the growth strategy. In particular, the areas of software development and product management as well as the control functions were increased in terms of personnel.

The depreciation and write-downs on intangible assets and property, plant and equipment of solarisBank AG rose to EUR 2,834.7 thousand (previous year: EUR 1,712.2 thousand) and the write-downs on receivables in the lending business increased to EUR 6,043.2 thousand (previous year: EUR 1,758.6 thousand) due to the increasing loan volume and advancing age of the loan portfolio.

The other administrative expenses of solarisBank AG increased to EUR 13,533.6 thousand (previous year: EUR 10,802.9 thousand), also due to the further expansion of business activities. As in previous years, material expenses included costs for outsourced functions. The largest cost items outside of the personnel area were infrastructure licenses in the IT area i. H. v. EUR 2,308.4 thousand (previous year: EUR 1,187.4 thousand), expenses for consulting services i. H. v. EUR 1,597.0 thousand (previous year: EUR 1,722.6 thousand), expenses for payment transactions i. H. v. EUR 828.1 thousand (previous year: EUR 1,359.9 thousand), rental costs including ancillary costs i. H. v. EUR 1,052.9 thousand (previous year: EUR 937.3 thousand) and legal advice i. H. v. EUR 820.6 thousand (previous year: EUR 842.0 thousand). The increase in general administrative expenses is due in particular to the further expansion of business activities. The expenses for legal advice and advisory services decreased due to one-time expenses in connection with the capital increase (Series B round) in 2018.

The other operating result essentially contained other operating income in the amount of H. v. EUR 8,458.8 thousand (previous year: EUR 5,686.0 thousand) in which, in addition to one-off partner revenues (EUR 3,736.6 thousand, previous year: EUR 2,458.2 thousand), an additional EUR 3,641.7 thousand (previous year: EUR 2,837.1

thousand) for the capitalization of self-generated intangible Assets are included.

The annual result of solarisBank AG i. H. v. KEUR -22,980.1 as well as the group i. H. v. KEUR - 23,136.0 was below the planned annual result and also below the previous year's result i. H. v. KEUR -18,305.5. The increase in the annual deficit is due to further investments in the products and processes of solarisBank AG.

b financial position

Capital structure

On January 1, 2019, the subscribed capital was EUR 147,147.00, divided into 147,147 shares with a nominal value of EUR 1.00. As a result of the issue of new shares, the subscribed capital of solarisBank AG and in the group increased in 2019 by EUR 9,388.00 compared to the previous year to EUR 156,535.00.

The equity of solarisBank AG as of December 31, 2019 was composed as follows:

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |
| Loss carryforward from previous years | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual loss | -22,980.1 | -18,305.5 | -4,674.6 |
| | 43,609.9 | 52,445.7 | -8,835.8 |

At group level, equity amounts to EUR 43,454.0 thousand, which includes the net loss for the year of solaris Digital Assets GmbH i. H. v. EUR 155,931.20, resulting from initial losses from the development of the business.

As of the balance sheet date, the balance sheet equity ratio was 10.0% at the level of solarisBank AG. The total regulatory capital ratio was 17.9%. There are no restrictions on the availability of equity. Positive effects from the activation of self-developed software are subject to a distribution block.

Investment analysis

The most important investment of solarisBank AG and the group consists in intangible assets. As of December 31, 2019, the intangible assets of solarisBank AG increased - after depreciation - by EUR 3,227.0 thousand to EUR 11,188.4 thousand (previous year: EUR 7,961.4 thousand), mainly due to an increase in self-created intangible assets. At group level, the intangible assets are EUR 11,572.9 thousand (previous year: EUR 7,961.4 thousand).

The other investments made by solarisBank AG at the end of the 2019 financial year are as follows:

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|--------|
| | KEUR | KEUR | KEUR |
| IT software | 553.4 | 786.7 | -233.3 |
| Property, plant and equipment: | | | |
| Factory equipment | 552.5 | 646.2 | -93.7 |
| Fixtures in rented properties | 70.4 | 72.7 | -2.3 |
| Low-value assets | 0.3 | 0.0 | 0.3 |
| | 1,176.6 | 1,505.6 | -329.0 |

The book value of property, plant and equipment decreased by EUR 95.6 thousand to EUR 623.2 thousand (previous year: EUR 718.9 thousand) due to straight-line depreciation.

At group level, investments in factory equipment have increased slightly due to investments in the infrastructure for crypto custody solutions for the newly founded solaris Digital Assets GmbH.

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|--------|
| | KEUR | KEUR | KEUR |
| IT software | 553.4 | 786.7 | -233.3 |
| Property, plant and equipment: | | | |
| Factory equipment | 712.6 | 646.2 | 66.4 |
| Fixtures in rented properties | 70.4 | 72.7 | -2.3 |
| Low-value assets | 0.3 | 0.0 | 0.3 |
| | 1,336.7 | 1,505.6 | -168.9 |

In addition, solarisBank AG invested EUR 51.3 thousand in 2018 and EUR 5,032.2 thousand in 2019 in two green bonds (debentures) issued by NRW.BANK AöR, Düsseldorf and Münster.

Liquidity analysis

As shown in the Group's cash flow statement, the liquidity position of solarisBank AG and the Group is essentially characterized by the further expansion of business activities in 2019. In 2019 there was an increasing inflow of funds from the operational activities of BU Digital Banking / Cards. SolarisBank AG as well as the group were able to raise sufficient deposits at planned costs at any time in the reporting year in order to securely refinance growth.

Cash outflows resulted primarily from the issuing of loans, as well as expenses for personnel, other administrative expenses and investments in intangible assets.

Overall, the financial resources have increased significantly compared to the previous year's reporting date and are therefore related to the continued dynamic growth of the loan portfolio:

Financial resources: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|--|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Bundesbank balances | 210,234.5 | 87,797.6 | 122,436.9 |
| Receivables from credit institutions (due daily) | 9,914.7 | 6,406.6 | 3,508.1 |
| | 220,149.2 | 94,204.2 | 125,945.0 |

The available financial resources of solarisBank AG were held at the Bundesbank and four other credit institutions.

Financial resources: Group

| | December 31, 2019 | December 31, 2018 | change |
|--|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Bundesbank balances | 210,234.5 | 87,797.6 | 122,436.9 |
| Receivables from credit institutions (due daily) | 12,016.0 | 10,508.3 | 1,507.7 |
| | 222,250.5 | 98,305.9 | 123,944.6 |

The Group's available financial resources were held at the Bundesbank and five other credit institutions.

The net cash outflows were also financed through the provision of equity by the shareholders. The inflow of funds from the capital increase of EUR 14,134.9 thousand took place in the second and third quarters of 2019 in accordance with regulatory approval. SolarisBank AG was always able to meet all payment obligations on time in the reporting year. The liquidity coverage ratio was over 100% at all times and thus met all regulatory liquidity ratios.

There are off-balance sheet obligations for contingent liabilities i. H. v. EUR 796.2 thousand (previous year: EUR 796.2 thousand) from a rental guarantee and irrevocable loan commitments i. H. v. KEUR 1,683.2 (previous year: KEUR 101.2), including KEUR 1,550.0 (previous year: KEUR 0.0), which solaris Digital Assets GmbH has promised. At the group level, the irrevocable loan commitments amount to KEUR 133.2 (previous year: KEUR 101.2).

c financial position

As a result of the further expansion of business activities in 2019 and the increases in subscribed capital and the capital reserve, the asset position of solarisBank AG and the group changed significantly. The following overview of assets results for the 2019 annual financial statements of solarisBank AG. The presentation is based on business management aspects.

Assets overview: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Balances with central banks | 210,234.5 | 87,797.6 | 122,436.9 |
| Claims on credit institutions | 9,914.7 | 6,406.6 | 3,508.1 |
| Loans and advances to customers | 178,112.1 | 135,898.5 | 42,213.6 |
| Fixed Income Securities | 10,056.4 | 5,039.2 | 5,017.2 |
| shares | 48.1 | 0.0 | 48.1 |
| Trading stock | 194.3 | 23.4 | 170.9 |
| Holdings | 1,262.7 | 4,000.0 | -2,737.3 |
| Shares in affiliated companies | 25.0 | 0.0 | 25.0 |
| Intangible Assets | 11,188.4 | 7,961.4 | 3,227.0 |
| Property, plant and equipment | 623.2 | 718.8 | -95.6 |
| Other assets | 833.9 | 2,709.2 | -1,875.3 |
| Prepaid expenses | 12,824.2 | 7,187.2 | 5,637.0 |
| assets | 435,317.6 | 257,742.0 | 177,575.6 |

Overview of assets: Group

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Balances with central banks | 210,234.5 | 87,797.6 | 122,436.9 |
| Claims on credit institutions | 12,016.0 | 10,508.3 | 1,507.7 |
| Loans and advances to customers | 180,100.4 | 136,784.4 | 43,316.0 |
| Fixed Income Securities | 5,098.4 | 51.6 | 5,046.8 |
| shares | 48.1 | 0.0 | 48.1 |
| Trading stock | 194.3 | 23.4 | 170.9 |
| Holdings | 1,262.7 | 4,000.0 | -2,737.3 |
| Intangible Assets | 11,572.9 | 7,961.4 | 3,611.5 |
| Property, plant and equipment | 783.3 | 718.8 | 64.5 |
| Other assets | 969.8 | 2,709.2 | -1,739.4 |
| Prepaid expenses | 12,856.2 | 7,187.2 | 5,669.0 |
| assets | 435,316.7 | 257,742.0 | 177,574.7 |

Assets overview liabilities: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Liabilities to customers | 372,352.3 | 197,002.0 | 175,350.3 |
| Other liabilities | 14,563.4 | 5,197.5 | 9,365.9 |
| Prepaid expenses | 1,101.4 | 1,112.3 | -10.9 |
| accruals | 3,190.6 | 1,984.5 | 1,206.1 |
| Fund for general banking risks | 500.0 | 0.00 | 500.0 |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |

| | December 31, 2019 | December 31, 2018 | change |
|-------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Loss carryforward | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual deficit | -22,980.1 | -18,305.5 | -4,674.6 |
| liabilities | 435,317.6 | 257,742.0 | 177,575.6 |

Balance sheet liabilities: group

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Liabilities to customers | 372,327.3 | 197,002.0 | 175,325.3 |
| Other liabilities | 14,563.4 | 5,197.5 | 9,365.9 |
| Prepaid expenses | 1,101.4 | 1,112.3 | -10.9 |
| accruals | 3,190.6 | 1,984.5 | 1,206.1 |
| Fund for general banking risks | 500.0 | 0.00 | 500.0 |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |
| Loss carryforward | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual deficit | -23,136.0 | -18,305.5 | -4,830.5 |
| liabilities | 435,316.7 | 257,742.0 | 177,574.7 |

The cash reserve consisted exclusively of balances at the Deutsche Bundesbank and, like the balances at banks, is due to the growth in digital banking deposits and the inflow of liquidity from the capital increase.

The significant increase in receivables from customers from EUR 42,213.6 thousand to EUR 178,112.1 thousand at the individual financial statement level and from EUR 43,316.0 thousand to EUR 180,100.4 thousand at the group level is related to the expansion of the lending business in the SME segment. In addition, this position includes a security deposit i. H. v. TUSD 911.6 in connection with the credit card business and receivables from e-money activities in BU Payments.

The intangible assets of the fixed assets are mainly self-developed software i. H. v. EUR 10,322.8 thousand (previous year: EUR 6,898.1 thousand) at solarisBank AG level and at group level i. H. v. EUR 10,707.3 thousand (previous year: EUR 6,898.1 thousand) as well as purchased software i. H. v. EUR 676.2 thousand (previous year: EUR 892.0 thousand), which includes both APIs and core bank elements.

The liabilities to customers i. H. v. EUR 372,352.3 thousand at the level of the individual financial statements and EUR 372,327.3 thousand at the group level were significantly above the forecast value, mainly due to increasing payments to digital banking accounts. The balance sheet item also includes time deposits from private and corporate customers i. H. v. KEUR 64,548.9 (previous year: KEUR 77,475.5).

The equity of solarisBank AG decreased to EUR 43,609.9 thousand (previous year: EUR 52,445.7 thousand) and at group level to EUR 43,454.0 thousand (previous year: EUR 52,445.7 thousand); this is due to the annual deficit, which was partly due to an allocation to the capital reserve i. H. v. EUR 14,134.9 thousand was offset in the 2019 financial year.

4 overall statement

The asset, financial and earnings position of solarisBank AG in 2019 is characterized by the expansion of business activities and is in line with overall expectations. The main focus continued to be on the development of new and the further development of existing products, the intensification of existing business relationships with partners and the acquisition of new partners while ensuring sufficient capital resources and liquidity at all times.

III risk report

Consciously accepting opportunities and risks is an essential part of banking. Achieving income from banking is not possible without certain risks. The aim of solarisBank AG was and is to only make those decisions that lead to a positive opportunity-risk profile. This principle is followed by a comprehensive risk management system, with the help of which all relevant areas are continuously monitored and which is continuously improved. Risk development is an integral part of regular reporting. Risk management prepares a monthly risk report in which up-to-date reports on all types of risk are provided beyond the respective reference date.

In accordance with the minimum requirements for risk management (MaRisk), the management board of solarisBank AG ensures that risk management receives all decisions and information relevant to business development and can report on them independently.

1 business and risk strategy

In line with the self-image of solarisBank AG, the risk strategy was derived directly from the constantly evolving business model. The acceptance of the business model on the market, the associated examination of the opportunities and realization probabilities of income to cover the planned start-up losses in the future, as well as the capital resources required for the development phase were the three main risks in the first financial years of the market appearance.

In the current growth phase, the products of the business units of solarisBank already described are being further developed and in some cases expanded with additional innovative products and services. This makes a large number of basic banking products available via APIs, which can also cover numerous use cases in the broadly differentiated "contextual banking" market. This range of services also contributes to the diversification of the income of solarisBank AG, whereby generally a comparatively low cost level prevails due to extensive automation of numerous processes. In the earnings mix, net interest income will continue to be relevant

This strategic orientation includes a fundamental risk diversification between the equity-intensive build-up of risk-weighted assets and the commission business that does not directly burden equity. The risk of raising equity in the lending business is offset by the advantage of greater sustainability in interest income.

2 Risk management system in accordance with MaRisk

SolarisBank AG plans and controls the development of the institute with the help of key figure and limit systems. Particular importance is attached to limiting the risks of business activity.

The management, monitoring and control of risks is oriented towards the entire bank and integrated into the corporate planning and management of solarisBank AG.

By separating functions in the work processes and the activities of the internal auditing department, the reliability of the control information from the orderly business transaction is ensured. The internal audit department regularly reviews the risk management system in accordance with the audit planning and assesses its appropriateness.

The risk management for the early detection of risks is of great importance against the background of the growing complexity of the markets in the banking business and is seen as a central task. The organizational units responsible for this report directly to the Executive Board.

Monthly reporting has been implemented by Risk Controlling to the Management Board. The bank's reporting system complies with regulatory requirements with regard to external reporting. Major decisions on risk management are dealt with in the established Risk Committee.

3 Major Risks

SolarisBank AG attaches particular importance to the following types of risk and risk aspects:

- Counterparty default risks
- Interest rate and market price risks, including foreign currency risks (virtual currency risks)
- Liquidity risk
- Operational risk
- Business risks

The proportion of these risk types in solarisBank AG's risk profile in the event of unexpected risks occurring in the form of the economic capital required to cover the risk is determined and monitored as part of the monthly risk report. The observation takes place on the one hand over an observation period of twelve months and on the other hand over a period of several years. There are no existential risks.

As of the reporting date, solarisBank AG had financial instruments amounting to around 2.3% of the balance sheet total, which essentially consisted of bonds from other issuers i. H. v EUR 5.0 million.

a counterparty default risks

SolarisBank AG understands counterparty default risk primarily as the risk that a customer or counterparty cannot or can only partially meet his contractual obligations. Since, according to Section 19 KWG, all assets fall under the extended definition of credit, all receivables are subject to a potential counterparty risk. In this respect, not only the classic customer credit risk, but also the issuer, counterparty, service provider and country risk belong in this category.

For solarisBank AG, the counterparty default risk exists primarily in the lending business and in the investment portfolio (mostly counterparty risk).

Counterparty default risk in the lending business

To limit the risk of counterparty default in the lending business, the bank has implemented a minimum creditworthiness requirement for borrowers and requirements for the use of loan collateral. In exceptional cases and, if necessary, with cash collateral, it is also possible to grant loans with a lower credit rating. Furthermore, the concentration in sectors or branches is regularly checked and excessive concentration is avoided.

At the end of 2019, 92% of the loan portfolio was concentrated in Germany, with 3% in Luxembourg, 3% Great Britain, 1% in the Netherlands and 1% in other countries.

At the end of 2019 there was the following concentration by sector in the loan portfolio:

| Credit sectors | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|--------------------------|-------------------|---------------|-------------------|---------------|
| (Values in EUR thousand) | | | | |
| Corporate loans | 80,473 | 45% | 27,372 | 22% |
| Retail lending | 86,707 | 49% | 95,198 | 76% |
| Other | 10,932 | 6% | 3,094 | 2% |
| Total | 178.112 | 100% | 125,665 | 100% |

The concentration of corporate and retail loans is determined in the course of preparing the monthly risk report for management. The calculation is based on the internal risk class and is calculated based on the proportion of the outstanding loan amounts per risk class:

| Risk class | December 31, 2019 | December 31, 2018 |
|------------|-------------------|-------------------|
| 1 | 3% | 6% |
| 2 | 14% | 25% |
| 3 | 21% | 11% |
| 4th | 10% | 15% |
| 5 | 7% | 9% |
| 6th | 33% | 22% |
| 7th | 3% | 4% |
| 8th | 3% | 3% |
| 9 | 4% | 5% |
| 10 | 0% | 0% |
| n / A | 2% | |

In the risk-bearing capacity analysis, the required gross return on economic capital is determined for the counterparty default risk in accordance with this definition, which is compared with existing collateral instruments and mechanisms in order to determine the net amount required for the future business of solarisBank AG.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Loan portfolio (gross risk position) | 167,180 | 125,665 |
| Risk mitigation measure (cash collateral) | 1,610 | 278 |
| Credit portfolio by risk mitigation measure (net risk position) | 165,569 | 125,387 |
| Counterparty default risk | 4,028 | 2,082 |

As of the reporting date, the economic capital required for counterparty default risks was EUR 4,028 thousand. If unexpected risks occur, this corresponds to 27.6% of the calculated risk cover funds.

The bank assumes that even if the economic environment deteriorates, there will be no major default risks in the loan portfolio: the factoring portfolios are secured risk-free by a buyback guarantee. In the area of consumer and business customer loans, there are no significant concentrations to report due to the small amount of the respective partner loan portfolios.

General valuation allowance

For loans for which there is no objective evidence of impairment, ie loan items that are not impaired, a general allowance is made on the basis of an expected loss approach.

- For all receivables for which no individual value adjustment or flat-rate individual value adjustment has necessarily been allocated, an expected loss is assumed based on the days in arrears on the reporting date and recognized as a general value adjustment.
- The total amount of the value adjustment thus calculated less the already existing general value adjustment describes the general value adjustment to be made for the loan portfolio.
- The bank uses a general bad debt allowance ratio of 1.3% of the outstanding loan volume, unchanged from the previous year. As a precautionary measure, general value adjustments i. H. v. EUR 1,693 thousand.

For credit positions (credit volume up to EUR 100 thousand) with a default, flat-rate individual value adjustments are made in a simplified procedure.

Generalized individual value adjustment

For credit positions (credit volume up to EUR 100 thousand) with a default, flat-rate individual value adjustments are made in a simplified procedure.

- For all receivables for which no individual valuation allowance or general valuation allowance has necessarily been allocated, an expected loss based on the days in arrears on the reporting date is assumed and recognized as a generalized individual valuation allowance (credit exposures less than or equal to EUR 100 thousand).
- The total amount of the value adjustment thus calculated describes the flat-rate individual value adjustment to be made for the loan portfolio.
- Depending on the days in arrears on the reporting date, the bank uses a flat-rate individual allowance ratio of 15% to 100% of the outstanding loan volume.
- In accordance with internal value adjustment guidelines, generalized individual value adjustments were made for loans with an exposure of less than EUR 100 thousand. H. v. EUR 1,540 thousand.

Individual value adjustment

Individual value adjustments are made at least quarterly to all defaulted or default-endangered receivables with an outstanding amount of EUR 100 thousand. The value adjustment determined describes the individual value adjustment to be made for the credit exposure.

- The book value of the exposure is used for this. The expected repayments, discounted at the average market interest rate for their term, and the expected payments from the sale of the loan collateral are subtracted from the carrying amount. The costs associated with the sale of the loan security are then added up again to determine the amount of the individual value adjustment.
- For loans with an exposure of more than EUR 100 thousand, individual value adjustments in the amount of H. v. EUR 3,980 thousand.

At the end of 2019, the risks from the lending business were classified as "low".

Counterparty Risk:

In order to limit the risk of counterparty default in the investment portfolio, a minimum rating, a maximum amount, the purpose and the term are specified for each counterparty or each counterparty group. Each counterparty and the approved limits are checked at least once a year and, if necessary, ad hoc.

solarisBank:

| Values in EUR thousand | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|------------------------|-------------------|---------------|-------------------|---------------|
| Central bank | 210.234 | 95% | 87,798 | 93% |
| Financial institutions | 9,915 | 5% | 6,406 | 7% |
| Total | 220.149 | 100% | 94.205 | 100% |

Group:

| Values in EUR thousand | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|------------------------|-------------------|---------------|-------------------|---------------|
| Central bank | 210.234 | 95% | 87,798 | 93% |
| Financial institutions | 12,016.0 | 5% | 10,508 | 7% |
| Total | 222,250 | 100% | 98,306 | 100% |

The counterparties of solarisBank AG mostly have investment grade ratings.

The following potential loss results from the utilization of counterparties for solarisBank AG:

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|-------------------------|-------------------|-------------------|
| Counterparty risk (net) | 441 | 112 |

As of December 31, 2019, solarisBank AG estimates the counterparty risk to be low.

b market price risks

The share price, currency and commodity risks can be summarized under the general term of market price risks. SolarisBank AG does not differentiate between the general market price risk and the specific risk related to the contractual partner. The specific market price risk is included in the consideration of the market price risk.

Market price risks related to share and index risks are negligible on the reporting date, since solarisBank AG has no relevant holdings in these asset classes.

Interest rate risks

The interest rate risk is the risk of negative effects of fluctuations in market interest rates on the success or the assets of the bank. This is particularly the case if the stocks in the respective maturity bands are not congruent.

The general level of interest rates is currently still very low. Compared to the interest rates at the end of 2019, solarisBank AG expects only minor changes overall, so that the slope of the yield curve will also change little over the course of 2020.

In general, solarisBank AG tries to limit the interest rate risk to a minimum. The asset and liability structure is aimed for under the principle of the closest possible maturity congruence. In order to prevent concentrations, an attempt is made to avoid the accumulation of volumes according to time bands. For this purpose, the cash flows are regularly checked and, if necessary, management recommendations are made and implemented accordingly.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Market price risks - interest rate risk (gross = net) | -463 | -292 |
| Interest rate risk coefficient according to interest rate shock of 200 BP | 11.11% | 3.74% |

The calculation for the market price risk is based on the method of the periodic interest rate risk for the risk-bearing capacity.

For the present value indicator with a simulated interest rate shock of 200 basis points in accordance with regulatory requirements from Circular 6/2019 (BA), which measures the potential change in the present value of all assets and liabilities in the event of the simulated increase or decrease in the discount interest rate in relation to the equity capital, a limit of 20% of regulatory capital is set. In addition, mainly short-term positions are held on the assets and liabilities side or variable interest products (based on the same interest rate) are used.

In accordance with BaFin circular 6/2019 (BA), sudden and unexpected changes in interest rates were simulated with a parallel shift of + (-) 200 BP. As of the reporting date, rising (falling) interest rates resulted in an interest rate coefficient of 11.11% (3.92%). The interest rate changes do not lead to any significant valuation effects due to the largely matching maturities of the refinancing.

The interest rate risk is assessed as low for solarisBank AG.

Foreign currency risks

Significant foreign currency risks on the reporting date were caused by the purchase of GBP for a loan portfolio (TGBP 4,396 on the balance sheet date), a GBP cash claim (TGBP 1,072 on the balance sheet date) and the purchase of US dollars for the security deposit with the partner MasterCard (TUSD 912 on the balance sheet date). From this, minor valuation risks can be derived in the accounting.

In general, solarisBank AG tries to limit the foreign currency risk to a minimum. Loans are granted exclusively in the local currency (EUR) and refinancing is also ensured via EUR. In addition, the inclusion of currency positions for speculative purposes is not permitted. The loan portfolio i. H. v. TGBP 4,822 was hedged to ensure that there are no material foreign currency risks. In the case of bank contracts in foreign currencies, the open positions and in particular the development of the exchange rate are continuously monitored.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Open foreign currency inventory | 1,774 | 1,396 |
| Hedged foreign currency inventory | 5,668 | 5,431 |
| Market price risks - foreign currency risks (gross = net) | 351 | 148 |

As part of the risk analysis, currency risks were considered together with interest rate and market price risks. This included open GBP positions that are not fully covered by the FX forward as well as USD positions for security deposits. A value-at-risk was calculated for open FX positions based on a historical simulation at a confidence level of 99% with a holding period of 365 days. As of the reporting date, the economic capital required according to this method was i. H. v. EUR 381 thousand within the assigned limit of the determined risk cover amount. The methodology of the variance-covariance approach, which was replaced in the reporting year, would have resulted in a value of EUR 351 thousand.

The foreign currency risk of solarisBank AG is assessed as low.

Virtual Currency Risk

At the end of 2018, solarisBank AG introduced a virtual currency trading service as a new business activity in line with its corporate strategy. Bitcoin trading is initially offered. Small amounts of proprietary positions in Bitcoins are held for a short time in order to conduct business with private customers and Exchange.

The bank concludes positions in virtual currencies for proprietary trading only. The inclusion of virtual currency positions for speculative purposes is not permitted. There is an upper limit for the position size, which depends on the virtual currency volatility and solarisBank's own funds. The Risk Management department monitors and reviews virtual currency positions at least daily.

Virtual currencies are subject to price fluctuations. A value-at-risk is calculated according to the historical simulation at a confidence level of 99% with a holding period of 1 year. The VaR limit utilization is measured continuously. An intraday alert is triggered if the limit is exceeded and countermeasures are initiated.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Open positions in Virtual Currency (Bitcoin & Ethereum) | 81 | 23 |
| Market Price Risks - Virtual Currency | 60 | 16 |

For 2019, the number of customers and the trading volume increased significantly, which resulted in a significant increase in proprietary positions.

The associated increased market price risks in Virtual Currency are hedged through the introduction of derivatives.

The market price risks in Virtual Currency of solarisBank AG are currently considered to be low.

c liquidity risks

The bank's liquidity risk is the risk that could arise if the bank is unable to meet its current and future payment obligations (liquidity risk in the strict sense) and, if necessary, refinancing options are not available in sufficient form or only on significantly higher terms (refinancing risk) or existing assets can only be sold at a discount (market liquidity risk).

The development of the total stock of liquidity reserves, loans and deposits is monitored monthly by the Risk Controlling department using liquidity planning and regularly using the due list and the net capital balance and reported to the Management Board on a monthly basis. With the help of the liquidity planning, which is broken down by maturity, medium-term potential liquidity bottlenecks can be identified and measures to secure liquidity can be initiated in good time. In the long-term area (refinancing risk), liquidity is derived from budget planning and current knowledge about business development. The update is carried out monthly and includes a rolling planning horizon of twelve months. At the end of the year, the Liquidity Coverage Ratio (LCR) was 1,063% and was thus well above the regulatory requirements. The requirements of the Liquidity Ordinance and the minimum reserve requirement were also met at all times.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| LCR | 1,063% | 2,627% |
| Liquidity risk (gross = net) | 0 | 453 |

With the daily maturity of the liquidity reserve at the Bundesbank, the theoretical call risk for sight deposits could be reduced to a considerable extent. There is little risk with regard to maturity transformation, since the terms of the asset and liability positions are largely coordinated by solarisBank AG.

SolarisBank AG refinances itself primarily through stable customer deposits (current accounts, fixed-term deposits, e-money, etc.) in order to reduce its dependence on the functionality and liquidity of the interbank market. The refinancing structure is currently largely focused on customer funds and still equity. There are no concentrations in other funding sources.

SolarisBank AG holds sufficient liquidity reserves and is prepared for unplanned developments. As of December 31, 2019, the bank had a cash reserve of H. v. EUR 210,234 thousand.

There is no exposure to liquidity-tight markets.

The liquidity and refinancing risk only play a subordinate role in the current business model of solarisBank AG and are therefore classified as very low in terms of the expected consequences.

d Operational risks

Every company, including solarisBank AG, is exposed to operational risks that can arise from human or technical failure, but also from external factors. SolarisBank AG systematically identifies and controls operational risks, e. B. through the use of the damage database, the implementation of so-called risk assessments and through the introduction and review of efficient controls and internal processes.

Damage events and potential risks are documented, approved and monitored accordingly in the "Okular" damage event database by the provider parcIT GmbH, Cologne. In addition, a corresponding risk control self-assessment is carried out with all departments in the bank once a year. Potential risks are documented and assessed accordingly here. Risks classified as "high" or "significant" must be reduced. Corresponding measures are recorded in Okular (Operational Risk Management System / incident database).

As part of the Risk Control Self Assessments (RCSA) carried out in 2019, all potential operational risks of solarisBank AG were recorded. The result of this inventory was incorporated into the risk-bearing capacity assessment by taking into account all risks not expected for the observation period.

The following risk aspects are in particular focus:

Specific IT risk

As a banking-as-a-service company and against the background that all banking processes are to be digitized one hundred percent and can therefore only be carried out with IT, the IT risk is in the foreground among the risk assessment aspects. The IT risk includes both cases of interruptions and complete system failures in the internal and external area. The risks include: system failure, excessive utilization of the systems (network capacity; network load), system vulnerability, system errors caused by changes (e.g. after a software release change in the core banking system), system insecurity due to a change in the Firewall,

The entire IT infrastructure, software development and all security precautions are implemented in accordance with the demanding standards. With the strategic decisions for different service providers (including PASS IT-Consulting GmbH & Co. KG, Aschaffenburg and iNOVO Cloud GmbH, Eschborn) and the daily balancing of "make or buy", the IT service for solarisBank AG is permanently subject to the highest Quality requirements and cost-benefit considerations.

The measures to limit risk include:

All system changes are automatically accepted in accordance with the four-eyes principle. Changes are only tested in the test environment and are imported into the production environment after successful acceptance. To minimize the risk of system failure, solarisBank AG operates two data centers; the IT architecture is set up in such a way that a switch between these two data centers can be carried out at any time. There is a redundant internet connection in both data centers. To monitor the system load, solarisBank AG has created metrics that promptly indicate a corresponding overload. This means that solarisBank AG can take appropriate measures here before a system failure occurs.

Furthermore, solarisBank carries out daily security checks in order to identify possible weak points in good time and to be able to take appropriate measures. In addition to the daily checks, there are other penetration tests ('white and black box') that are carried out on a regular basis.

SolarisBank AG carries out small system changes at regular intervals so that possible errors can be corrected quickly. SolarisBank AG has introduced a rights and approval system in order to minimize the risk of breaches of duty of care by responsible employees.

Furthermore, a corresponding backup concept was created in order to minimize the loss of information in the event of a system failure. A recovery test is performed once a year.

Specific personnel risk

With the further expansion of the business, the personnel capacities are permanently increased. With the increasing internationalization of business activities, the requirements for existing profiles and the profiles of potential new employees have increased further. The timely acquisition of suitable personnel is an essential success factor on the current growth path.

Legal Risks

While the requirements vary from internationalization to product development, the need for a comprehensive review of the new business in addition to careful monitoring in order to fulfill all obligations from existing businesses remains relevant.

As part of the risk inventory carried out in 2019, all potential operational risks of solarisBank AG were recorded. The result of this inventory was incorporated into the risk-bearing capacity assessment by taking into account all risks not expected for the observation period.

In summary, the general goals and strategy of solarisBank AG with regard to operational risks are as follows:

- solarisBank AG operates all business and processes under the premise of simplicity, transparency and diversification. The focus is on open communication with internal and external stakeholders.
- In certain work areas, work processes are separated and the four-eyes principle is implemented.
- The processes of solarisBank AG are clearly defined, documented and assigned to those responsible. This helps to identify essential processes and control operational risks.
- The internal audit is actively involved in the review of the internal control system (ICS).
- High technical standards are set in relation to IT hardware and software and technical (backup) systems.
- solarisBank AG attaches great importance to the use of technology in order to display processes as automatically as possible and at least minimize sources of human error. The ongoing training measures for all employees are particularly important.
- All adjustment processes for new products, processes and risks go through an analysis and approval procedure ('New Risk Approval').
- solarisBank AG develops indicators for better early detection of operational risks.

Due to the recent history of solarisBank AG and the resulting lack of its own data history, the basic indicator approach is currently used to calculate the quantitative operational risks. As of the reporting date, the operational risks amounted to EUR 1,044 thousand. The increase over the previous year is attributed to the general business development of the company and the development of earnings and costs.

Values in EUR thousand

December 31, 2019

December 31, 2018

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---------------------------------|-------------------|-------------------|
| Operational risks (gross = net) | 1,044 | 640 |

e business risks

Business risk includes the risk of unexpected negative fluctuations in earnings that can be traced back to changed framework conditions in the macroeconomic environment (e.g. customer behavior), competitive environment or in your own company (e.g. product quality). Fluctuations in earnings can result from changes in volume, margins, commissions or costs.

When quantifying the business risks, solarisBank AG uses, among other things, scenario technology and expert estimates.

For the first three years, the bank takes a simpler, so-called "expert" approach:

- To simulate the VaR of the business risk for the standard scenario, the total annual net revenue is multiplied by 3%.
- A 5% calculation of the annual surplus is used for the stress scenario.
- A 10% calculation of the annual net income is used for the worst-case scenario.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|------------------------|-------------------|-------------------|
| Business risks (net) | 1,062 | 726 |

The finance department carries out a target / actual deviation from the target figures in the business plan on a monthly basis. The forecast values are currently adjusted every four months. The cost approval process was introduced at solarisBank AG as a measure to control the planned figures.

4 Risk Management

The risk-bearing capacity of solarisBank AG is monitored using a 'going concern' approach. Based on the bank's internal calculation using a 12 percent minimum capital coefficient, the risk-bearing capacity is given as of December 31, 2019. As of December 31, 2019, the bank's total capital consists only of Common Equity Tier 1 capital, so that the Common Equity Tier 1 capital ratio and the total capital ratio of 17.9% have the same value. At the end of the year, the amount of risk cover was EUR 14,608 thousand and the total economic capital requirement was EUR 7,479 thousand, so that a free risk cover amount i. H. v. EUR 7,129 thousand. The risk coverage amount takes into account a capital increase that is currently being implemented i. H. v. EUR 15.0 million. Subsequently, however, the chapter increase was i. H. v. EUR 10.5 million carried out. Taking into account a EUR 10.5 million capital increase when calculating the risk coverage amount, a free cover pool i. H. v. EUR 2.6 million.

The capital measures implemented in the third quarter of 2019 meant that the risk-bearing capacity continued to improve as of December 31, 2019. The further development and in particular the growth of the company, which is associated with a corresponding increase in risk positions, will be covered by this capital increase.

SolarisBank AG has a limit system to ensure that the risk positions are monitored and controlled in relation to the existing capital positions. In addition to the increase in risk positions, all findings from operational planning and the capital planning process flow into the system in order to achieve a perspective representation of the strategic development over the next three years in addition to operational control over the next twelve months. This is intended to ensure continued compliance with all regulatory requirements in the future.

The models used by solarisBank AG to quantify, control and monitor risks reflect common market standards. The models are tested and validated at least once a year by the Risk Controlling department.

IV Forecast report

The global spread of the novel coronavirus (Covid-19) is causing a significant disruption of all economic activity worldwide. In many important industrial countries, public life is largely idle in order to prevent or at least slow down the spread of Covid-19. This goes hand in hand with considerable income losses for companies and private households. So far, no reliable information is available about the duration and extent of these losses. A decline in macroeconomic output in Germany and in the euro area at least during the first half of 2020 is almost certain. In many places, central banks and governments are trying to limit the economic consequences of the pandemic through extensive expansionary measures and generous aid programs for private households and companies. Against this background, the negative effects on economic performance and thus also on the financial services sector cannot be estimated, although the forecast takes into account the assumption of a global recession.

At the same time, digital change is still unstoppable and in full swing across all industries, which puts solarisBank and its digital partnerships in a strong position. The trend towards mobile solutions in particular is increasing and the latest studies show that users spend an average of 3 hours a day mobile online and an average of around 30 apps are used per month. In the meantime, over 85% of Germans under 65 use mobile and digital banking applications and 65% of online banking users use banking apps on smartphones and tablets. One example is Apple,

The platform-based digital business model developed by solarisBank AG offers many advantages in this market environment. In particular, the further need for contextual banking services that are embedded in already existing processes is advancing. In addition to easy access for existing future partners to a large number of product and service options via API, the planned expansion of the solarisBank AG platform creates further business and thus sales potential. This includes, on the one hand, the expansion of the existing product range with new technical features that further increase the standardized usability of solarisBank AG products in a wide range of possible partners.

The strong sales pipeline and the focus on larger partners from the areas of corporates, tech and e-commerce companies as well as national and international banks are intended to support solarisBank AG's growth strategy. Fintechs remain a core segment of sales activities. Fintechs remain a core segment of sales activities. The connection of two further larger partners to the solarisBank AG platform is planned for 2020, which will lead to a stronger scaling of solarisBank AG in the medium term. In addition, the aim is to

Accordingly, solarisBank AG plans to accelerate its growth path in 2020 as well, which includes a further significant increase in the earnings figures for 2020. The course of business in 2019 and the expansion of the partner base that has already been achieved encourage management in its growth plans for 2020 and the following years. The focus here is on further increasing commission income. In accordance with the strategy of keeping balance sheet business as small as possible and given the high level of uncertainty about further macroeconomic developments, no increase in interest income is expected.

No change is expected for 2020 with regard to the composition of the Group.

Interest and commission income

For 2020, solarisBank AG is assuming a significantly higher net commission income than 2019, including setup fees and a slight increase in net interest income. The significant increase in the number of partners, the expansion of the already existing partner relationships in all product categories and the further expansion of the product versions form the basis for the planned significant increase in commission income and setup fees.

It is expected that the number of customers in relation to digital banking and cards customers, split-pay consumer credit customers and customers in the new digital asset business will increase significantly, both through large new partners and through the expansion of existing partner relationships, which will be a direct result to have an impact on revenue in 2020, and increasingly in the years to come.

The assumed low interest rate environment and the goal of minimizing total assets are expected to lead to stable, slightly increasing net interest income.

Administrative burden and investments

Due to the further expansion of the business and the acceptance of ever increasing regulatory requirements - both in connection with internationalization and the connection of new partners - the administrative costs will continue to rise significantly in 2020 as planned. However, this goes hand in hand with the increase in income, so that the results set as part of the business plan should be adhered to overall. The number of employees planned for 2020 will also continue to grow significantly in line with the expansion of the business.

Annual result

The annual deficit in 2020 is expected to be at the level of 2019. The forecast significant growth in earnings will be offset by the additional cost investment in 2020. A significant decrease in the loss is expected for 2021, as the increasing income compensates for the increasing costs.

Risk provision

SolarisBank AG has started its strategy of reducing the loan volumes for customer receivables in most areas and is planning to securitize and sell loans in order to reduce the growth in total assets. Lending will also focus on the Split Pay product, which is expected to provide higher loan portfolio quality. This results in the expectation that, despite the extremely difficult lending conditions, loan loss provisions in 2020 will probably not increase in line with income from the lending business.

Equity

The capital increases carried out in 2018 and 2019 support the planned expansion of the business volume of solarisBank AG for the future. In preparation for a capital increase as part of a further financing round, the remaining Authorized Capital 2018/2019 (EUR 7,737.00) was canceled on October 25, 2019 and the Authorized Capital 2019/2020 was created. The authorization for EUR 78,267.00 ends on December 31, 2021 and was entered in the commercial register on November 11, 2019. SolarisBank AG is considering carrying out a further capital increase for 2020 in order to further accelerate the growth path and to be able to carry out further investments in product development and the opening up of further EU markets more quickly.

partner

The total number of service contracts at the end of 2019 was 111. For 2020, a further increase in the number of new business customers is expected. The number of service contracts is expected to continue to increase significantly in 2020.

Conclusion

The digital structural change should further benefit the growth planning of solarisBank AG and the group in the coming years. In particular, the trend towards mobile and contextual banking described should increasingly support the solarisBank AG business model. This growth should be supported both by the planned increasing number of partners and by the expected increasing business volume in all business segments of solarisBank AG. The growing lending business is expected to lead to increased net interest income. At the same time, existing partners and the partnerships that will be newly won in the future, especially in the DiBa and Digital Assets segments, should lead to significantly higher commission income.

The development and expansion of the business will consciously go hand in hand with future investments in infrastructure and personnel capacities and lead to a planned increase in the cost base. In future, the relative growth in income should clearly outperform the increase in costs. The Management Board of solarisBank AG is aiming for a continuation of this trend in 2020 compared to 2019, although the profit zone will not yet be reached in 2020 due to the aforementioned investments and the further expansion of business.

Berlin, May 14, 2020

solarisBank AG

The board of directors

Dr. Roland Folz

Jörg Diewald

Thomas Rasser

Dr. Jörg Howein

Independent auditor's report

To solarisBank AG, Berlin

Note on the audit of the annual financial statements and the combined management report

Examination Opinions

We have prepared the annual financial statements of solarisBank AG, Berlin - consisting of the annual balance sheet as of December 31, 2019 and the income statement for the financial year from January 1 to December 31, 2019 as well as the notes combined with the notes to the consolidated financial statements, including the presentation of the Accounting and valuation methods - checked. In addition, we have audited the report on the position of the company and the group (hereinafter "combined management report") of solarisBank AG, Berlin, for the financial year from January 1 to December 31, 2019.

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

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to institutes and, taking into account the German principles of proper accounting, give a true and fair view of the company's assets and financial position as of December 31, 2019 as well as its earnings position for the financial year from January 1 to December 31, 2019 and
- the attached combined management report gives an overall accurate picture of the company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the combined management report.

Basis for the examination results

We are independent of the company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the combined management report. In addition, we declare in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation that we have not provided any prohibited non-audit services under Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the combined management report. In addition, we declare in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the combined management report.

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

Particularly important audit matters are those matters which, in our professional judgment, were most significant in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were taken into account in connection with our audit of the annual financial statements as a whole and in forming our audit opinion on them; we do not issue a separate audit opinion on these matters.

Approach and addition and subsequent valuation of internally generated intangible assets

For information on internally generated intangible fixed assets, please refer to the section solarisBank AG: Intangible fixed assets in the summarized appendix (Annex 1.3).

THE RISK TO DEALING

The company makes use of the option to include internally generated intangible assets as assets in the annual balance sheet under intangible assets if the conditions in Section 248 (2) HGB are met. In the annual financial statements as of December 31, 2019, internally generated intangible assets are recognized in the amount of EUR 10,323 thousand (previous year: EUR 6,898 thousand). These are essentially software and software components.

The pro rata production costs are applied in accordance with Section 255 (2) sentence 1 of the German Commercial Code (HGB) and thus the expenses incurred through the consumption of goods and the use of services for the production of an asset, its expansion or for a significant improvement beyond its original condition. The capitalized internally generated intangible assets are reduced by scheduled depreciation; they are subject to an annual review to determine whether they are likely to be permanently impaired.

This process is partly subject to discretion, as there is in particular a margin of appreciation with regard to the delimitation of production costs and expenditure, as well as, in the case of capitalization, estimates regarding the amount of the individual costs to be included.

As part of the subsequent valuation, there is scope for discretion with regard to the assessment of the continued economic usability and thus, if applicable (in the event that the economic usability is no longer given), a permanent reduction in value of internally generated intangible assets.

The risks for the financial statements consist in the fact that the discretionary decisions are not made properly and that the requirements for the recognition of internally generated intangible assets are not met or that the recognized intangible assets are incorrectly valued.

OUR APPROACH IN THE AUDIT

Using a risk-oriented audit approach, we based our audit opinion on control-based and statement-related audit procedures.

In a first step, we updated our knowledge of the business activities and the economic environment, the corporate strategy and the workflows and business processes in the company. To assess the appropriateness of the internal control system with regard to the approach, the access and follow-up evaluation, we carried out observations and surveys as well as inspecting the written rules.

We then convinced ourselves of the appropriateness and effectiveness of the relevant controls, which are intended to ensure the appropriate subsequent evaluation of the intangible assets.

In the course of random test-related audits, we assessed within the scope of our audit whether the recognition criteria were met and whether the amount of the addition was correctly assessed. In this regard, we have assessed in particular whether the allocation and delimitation of the production costs is correct.

For the subsequent evaluation as of December 31, 2019, we conducted surveys and inspections in order to have the bank demonstrate to us that the estimated useful life corresponds to the normal useful life and that this useful life was also recorded in the accounting and used as the basis for the assessment. In order to assess the need for unscheduled depreciation, we conducted random surveys and inspections to verify that the internally generated intangible fixed assets can still be used economically and that there are therefore no reasons for assuming a permanent decrease in value.

OUR CONCLUSIONS

The discretion in the delimitation of production costs and expenditure, the estimates of the amount of the individual costs to be capitalized as well as the assessment of the economic usability of the internally generated intangible assets and thus the value of the internally generated intangible assets were appropriately exercised or carried out and are in accordance with the applicable accounting principles.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the combined management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to institutes, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, provide a true and fair view of the assets and finance - and the company's earnings position. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides an accurate picture of the company's position and is in all material respects consistent with the annual financial statements, complies with German legal requirements and the opportunities and risks of future development apply represents. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary

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

Auditor's responsibility for the audit of the annual financial statements and the combined management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material - intended or unintentional - misstatements and whether the combined management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements

as well as is consistent with the knowledge gained during the audit, complies with German legal regulations and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the combined management report.

Sufficient security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and the combined management report.

During the examination, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intentional or unintentional - wrong
Presentations in the annual financial statements and in the combined 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 that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the provisions and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of obtaining an audit opinion on effectiveness of these systems of society.
- We assess the appropriateness of the accounting methods used by the legal representatives and the acceptability of the estimated values presented by the legal representatives and the information related to them.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the combined management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- we assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the combined management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the combined management report. On the basis of adequate, suitable audit evidence, we particularly review the significant assumptions on which the legal representatives are based on the future-oriented information and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

We issue a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence, and the protective measures taken in this regard.

From the matters that we have discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions preclude public disclosure of the matter.

Other statutory and other legal requirements

Other information according to Article 10 EU-APrVO

We were elected as auditor by the Annual General Meeting on June 27, 2019. We were engaged by the Supervisory Board on November 13, 2019. We have been the auditor of solarisBank AG, Berlin, without interruption since the 2015 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee in accordance with Article 11 of the EU Audit Regulation (audit report).

Responsible auditor

The auditor responsible for the audit is Lars Protze.

Berlin, May 15, 2020

KPMG AG
auditing company

Signed by
Lars Eric Protze, auditor
on May 15th, 2020

Signed by
Andreas Peter Pawelkiewicz, auditor
on May 15th, 2020

Consolidated balance sheet as of December 31, 2019

Active side

| | | December 31, 2019 | December 31, 2018 |
|--|----------------|-------------------|-------------------|
| | EUR | EUR | EUR |
| Cash reserve | | 210,234,473.12 | 87,797,617.67 |
| Balances with central banks | 210,234,473.12 | | 87,797,617.67 |
| including at Deutsche Bundesbank: EUR 210,234,473.12 (previous year: EUR 87,797,617.67) | | | |
| Claims on credit institutions | | 12,016,015.16 | 10,508,282.63 |
| due daily | 12,016,015.16 | | 10,508,282.63 |
| Loans and advances to customers | | 180.100.389.80 | 136,784,419.04 |
| of which: secured by mortgages: EUR 0.00 (previous year: EUR 0.00) | | | |
| Municipal loans: EUR 0.00 (PY: EUR 0.00) | | | |
| Debt securities and other fixed income securities | | 5,098,360.77 | 51,586.13 |
| Bonds and debentures from public issuers | 5,098,360.77 | | 51,586.13 |
| including: loanable to the Deutsche Bundesbank EUR 0.00 (PY: EUR 0.00) | | | |
| Stocks and other variable income securities | | 48,079.50 | 0.00 |
| Trading stock | | 194,320.16 | 23,357.73 |
| Holdings | | 1,262,715.45 | 4,000,000.00 |
| of which: at banks EUR 0.00 (previous year: EUR 0.00) | | | |
| of which: at financial services institutions EUR 0.00 (previous year: EUR 0.00) | | | |
| Intangible Assets | | 11,572,949.65 | 7,961,375.88 |
| Self-created industrial property rights and similar rights and values | 10,707,325.04 | | 6,898,131.58 |
| Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values | 676,214.84 | | 892,022.49 |
| Prepayments made | 189,409.77 | | 171,221.81 |
| Property, plant and equipment | | 783,302.57 | 718,848.00 |
| Other assets | | 969,819.13 | 2,709,239.19 |
| Prepaid expenses | | 12,856,235.42 | 7,187,228.73 |
| Total assets | | 435,136,660.73 | 257,741,955.00 |

Passive side

| | | December 31, 2019 | December 31, 2018 |
|--|----------------|-------------------|-------------------|
| | EUR | EUR | EUR |
| Liabilities to customers | | 372,327,294.67 | 197,001,982.35 |
| Other liabilities | | 372,327,294.67 | |
| due daily | 307,778,370.95 | | 119,526,440.90 |
| with an agreed term or notice period | 64,548,923.72 | | 77,475,541.45 |
| Other liabilities | | 14,563,403.94 | 5,197,518.31 |
| Prepaid expenses | | 1,101,409.31 | 1,112,305.26 |
| accruals | | 3,190,582.53 | 1,984,477.45 |
| Other provisions | | 3,190,582.53 | 1,984,477.45 |
| Fund for general banking risks | | 500,000.00 | 0.00 |
| Equity | | 43,453,970.28 | 52,445,671.63 |
| Subscribed capital | | 156,535.00 | 147,147.00 |
| Capital reserve | | 109,250,528.88 | 95,115,580.56 |
| Balance sheet profit / balance sheet loss | | -65,953,093.60 | -42,817,055.93 |
| Loss carryforward | -42,817,055.93 | | -24,511,521.94 |
| Annual deficit | -23,136,037.67 | | -18,305,533.99 |
| Total liabilities | | 435,136,660.73 | 257,741,955.00 |
| Contingent liabilities | | 796,234.22 | 796,234.22 |
| Liabilities from guarantees and warranty contracts | | 796,234.22 | 796,234.22 |
| Other obligations | | 133,189.64 | 101,189.64 |
| Irrevocable loans | | 133,189.54 | 101,189.64 |

Consolidated income statement for the period from January 01, 2019 to December 31, 2019

| | | Fiscal year | 1.1.2018-31.12.2018 |
|--------------------------------------|---------------|---------------|---------------------|
| | EUR | EUR | EUR |
| Interest income from | | | |
| Credit and money market transactions | 11,905,243.73 | | 5,053,280.99 |
| Less negative interest | -519,669.62 | 11,385,574.11 | -159,488.84 |

| | | Fiscal year | 1.1.2018-31.12.2018 |
|--|----------------|----------------|---------------------|
| | EUR | EUR | EUR |
| Fixed income securities and debt register claims | | 4,649.74 | 0.00 |
| | | 11,390,223.85 | 4,893,792.15 |
| Interest expenses | | -5,392,255.38 | -2,746,694.99 |
| | | 5,997,968.47 | 2,147,097.16 |
| Current income from stocks and other variable income securities | | 855.00 | 0.00 |
| Commission income | | 8,217,509.18 | 4,403,058.63 |
| Commission expenses | | -3,521,290.93 | -2,010,517.27 |
| | | 4,696,218.25 | 2,392,541.36 |
| Net income or net expense of the trading portfolio | | 33,930.40 | 2,695.86 |
| Other company income | | 8,458,783.92 | 5,685,955.10 |
| General administrative expenses | | | |
| Personnel expenses | | | |
| Wages and salaries | -17,060,069.48 | | -12,213,859.04 |
| Social security contributions and expenses for pensions and support | -2,630,822.07 | | -1,762,674.73 |
| of which: for pensions EUR -46,081.99 (previous year: EUR 32,951.30) | | | |
| | | -19,690,891.55 | -13,976,533.77 |
| Other administrative expenses | | -12,821,420.15 | -10,802,942.97 |
| | | -32,512,311.70 | -24,779,476.74 |
| Depreciation and amortization of intangible assets and property, plant and equipment | | -2,834,694.52 | -1,712,161.83 |
| Other operating expenses | | -391,609.69 | -283,610.62 |
| Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business | | -6,076,718.85 | -1,758,574.28 |
| Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets | | -8.458,95 | 0,00 |
| Einstellungen in Rücklagen für allgemeine Bankrisiken | | -500.000,00 | 0,00 |
| Ergebnis der normalen Geschäftstätigkeit | | -23.136.037,67 | -18.305.533,99 |
| Steuern vom Einkommen und vom Ertrag | | 0,00 | 0,00 |
| Jahresüberschuß/Jahresfehlbetrag | | -23.136.037,67 | -18.305.533,99 |
| Verlustvortrag aus dem Vorjahr | | -42.817.055,93 | -24.511.521,94 |
| Bilanzgewinn/Bilanzverlust | | -65.953.093,60 | -42.817.055,93 |

Konzernkapitalflussrechnung zum 31. Dezember 2019

| | 1.1.2019 - 31.12.2019 | 1.1.2018 - 31.12.2018 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| Periodenergebnis | -23.136.037,67 | -18.305.533,99 |
| Abschreibungen auf Gegenstände des Anlagevermögens | 2.834.740,48 | 1.790.066,82 |
| Abschreibungen auf wir Anlagevermögen behandelte Wertpapiere | 8.458,95 | 0,00 |
| Zunahme der Rückstellungen | 1.706.105,08 | 1.590.809,70 |
| Sonstige zahlungsunwirksame Erträge / - Aufwendungen | -9.530,77 | 37.631,98 |
| Zunahme der Vorräte, der Forderung aus Lieferungen und Leistungen sowie andere Aktiva, die nicht der Investitions- oder der Finanzierungstätigkeit zuzuordnen sind | -3.929.586,63 | -3.931.904,94 |
| Zunahme der Verbindlichkeiten aus Lieferungen und Leistungen sowie andere Passiva, die nicht der Investitions- oder der Finanzierungstätigkeit zuzuordnen sind | 9.354.989,68 | 2.836.316,61 |
| Cashflow aus betrieblicher Tätigkeit vor Veränderungen aus dem Bankbereich | -13.170.860,88 | -15.982.613,82 |
| Veränderung der kurzfristiger Forderungen aus dem Bankenbereich | -21.157.421,39 | -31.856.659,14 |
| Veränderung der langfristigen Aktiva aus dem Bankenbereich | -22.158.549,37 | -78.289.949,67 |
| Veränderung der Kundeneinlagen aus dem Bankgeschäft | 175.325.312,32 | 163.263.274,66 |
| Veränderung der Handelsbestand | -170.962,43 | -23.357,73 |
| Cashflow aus der laufenden Geschäftstätigkeit | 118.667.518,25 | 37.110.694,30 |
| Auszahlungen für Investitionen in das immaterielle Anlagevermögen | -6.125.278,69 | -5.117.507,63 |
| Auszahlungen für Investitionen in das Sachanlagenvermögen | -385.490,58 | -482.156,95 |
| Auszahlungen für Investitionen in finanzielle Vermögenswerte und verzinsliche Wertpapiere | -5.036.314,06 | -51.586,11 |
| Auszahlungen für Investitionen in Aktien und andere nicht festverzinsliche Wertpapiere | -48.079,50 | 0,00 |
| Auszahlungen für Investitionen in Beteiligungen | 0,00 | -4.000.000,00 |

| | 1.1.2019 - 31.12.2019 | 1.1.2018 - 31.12.2018 |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| Einzahlungen aus dem Verkauf von Beteiligungen | 2.737.284,55 | |
| Cashflow aus der Investitionstätigkeit | -8.857.878,28 | -9.651.250,69 |
| Einzahlungen aus Eigenkapitalzuführungen von anderen Gesellschaftern | 14.134.948,32 | 56.660.310,48 |
| Cashflow aus der Finanzierungstätigkeit | 14.134.948,32 | 56.660.310,48 |
| Zahlungswirksame Veränderungen des Finanzmittelfonds | 123.944.588,29 | 84.119.754,09 |
| Finanzmittelfonds am Anfang der Periode | 98.305.900,30 | 14.186.146,21 |
| Finanzmittelfonds am Ende der Periode | 222.250.488,59 | 98.305.900,30 |

Konzerneigenkapitalspiegel zum 31. Dezember 2019

| | Eigenkapital des Mutterunternehmens | |
|---|--|--|
| | Gezeichnetes Kapital | Kapitalrücklagen |
| Stand zum 31. Dezember 2017 | 109.515,00 € | 38.455.270,08 € |
| Kapitalerhöhung | | |
| Ausgabe von Anteilen | 37.632,00 € | 56.660.310,48 € |
| Konzernjahresüberschuss/-fehlbetrag | | |
| Stand zum 31. Dezember 2018 | 147.147,00 € | 95.115.580,56 € |
| Kapitalerhöhung | | |
| Ausgabe von Anteilen | 9.388,00 € | 14.134.948,32 € |
| Konzernjahresüberschuss/-fehlbetrag | | - |
| As of December 31, 2019 | € 156,535.00 | € 109,250,528.88 |
| | Parent Company Equity | |
| | Loss carryforward | |
| | Loss carryforward at the beginning of the period | Consolidated net income / deficit that is attributable to the parent company |
| As of December 31, 2017 | -8,835,296.31 € | -15,676,225.63 € |
| Capital increase | | |
| Issue of Shares | | |
| Consolidated net income / loss for the year | | -18,305,533.99 € |
| As of December 31, 2018 | -24,511,521.94 € | -18,305,533.99 € |
| Capital increase | | |
| Issue of Shares | | |
| Consolidated net income / loss for the year | | -23,136,037.67 € |
| As of December 31, 2019 | -42,817,055.93 € | -23,136,037.67 € |
| | | Total group equity |
| As of December 31, 2017 | | € 14,053,263.14 |
| Capital increase | | |
| Issue of Shares | | € 56,697,942.48 |
| Consolidated net income / loss for the year | | -18,305,533.99 € |
| As of December 31, 2018 | | € 52,445,671.63 |
| Capital increase | | |
| Issue of Shares | | € 14,144,336.32 |
| Consolidated net income / loss for the year | | -23,136,037.67 € |
| As of December 31, 2019 | | € 43,453,970.28 |

Appendix of solarisBank AG and consolidated appendix for 2019

1. General information

SolarisBank AG is headquartered in Berlin, Germany. It is entered under the number HRB 168180 B in the register of the Berlin Charlottenburg District Court. The company's financial statements are published in the electronic Federal Gazette.

The present annual and consolidated financial statements of solarisBank AG as of December 31, 2019 have been prepared in accordance with the provisions of the Commercial Code (HGB) as well as the relevant provisions of the Stock Corporation Act (AktG) and the ordinance on financial reporting by credit institutions (RechKredV). Insofar as the information provided by solarisBank AG and the Group is uniform, it is summarized in the notes. In the event of deviating information, a separate presentation is made.

As of December 31, 2019, solarisBank AG has neither foreign branches nor foreign participations; the bank's business is carried out entirely from Germany.

Disclosure according to Section 26a, Paragraph 1 Clause 2 No. 1 to 6 KWG

1. Company name, type of activity, geographical location of the branch

Company name: solarisBank AG, Berlin.

Type of activity: Offering regulated banking products to third party companies. The main buyers of these products are companies without their own banking license, which in turn offer the products to their private and corporate customers ("Banking-as-a-Service").

Geographical location of the branch: The registered office of the company is in the Federal Republic of Germany. The company does not have any branches, so all information only relates to the company headquarters.

2. Sales

Sum of net interest income, commission income, current income from variable-yield securities, net income from trading income and other operating income: EUR 20,055,837.90 (previous year: EUR 10,228,289.48)

3. Number of wage and salary earners in full-time equivalents

232 employees on an annual average (previous year: 171)

4. Profit or Loss Before Taxes

Loss before taxes EUR 22,980,106.47 (previous year: EUR 18,305,533.99)

5. Taxes on profit or loss

EUR 0.00 (PY: EUR 0.00)

6. Public aid received

SolarisBank AG did not receive any public subsidies.

7. Return on investment

-5.28%

General information on the consolidated financial statements

In 2018 solarisBank AG invested in a security issued by CrossLend Securities SA Compartment D. Compartment D is a compartment of the special purpose vehicle CrossLend Securities SA based in Luxembourg, Luxembourg - which is a 100% subsidiary of CrossLend GmbH, Berlin. The CrossLend Securities SA Compartment D has to sell purchased receivables to investors in the form of securitisations for business purposes. SolarisBank AG is the sole investor in the only security in compartment D. Since it bears the main opportunities and risks of compartment D until the securitisations are sold and can exercise a controlling influence on it, compartment D of CrossLend Securities SA is 290 ff.

On November 28, 2019, solarisBank AG founded solaris Digital Assets GmbH, Berlin. The object of solaris Digital Assets GmbH is the safekeeping, administration and security of digital values or keys that are used to hold, store or transfer digital values and the application for the necessary license to operate the business. The share capital of solaris Digital Assets GmbH in the amount of EUR 25,000.00 is held by solarisBank AG alone. Since solarisBank AG can exercise a controlling influence on solaris Digital Assets GmbH, solaris Digital Assets GmbH is included in the consolidated financial statements of solarisBank AG as part of a full consolidation in accordance with §§ 290 ff. HGB.

2 Accounting and valuation principles for the annual financial statements

The annual financial statements of solarisBank AG are drawn up according to the principles of proper bookkeeping, taking into account the HGB, AktG and RechKredV

The annual financial statements are prepared on the basis of the continuation of the company's activities in accordance with Section 252 (1) No. 2 HGB.

The structure of the balance sheet and the profit and loss account corresponds to forms 1 and 3 (scaled form) of the RechKredV.

The valuation of assets and debts corresponds to the general valuation regulations of §§ 252 ff. HGB, taking into account the special regulations applicable to credit institutions (§§ 340 ff. HGB).

The depreciation is carried out in accordance with HGB and RechKredV. The underlying depreciation methods are explained in detail in the following paragraphs.

The following accounting and valuation methods continue to be decisive for the preparation of the annual financial statements, although not every accounting issue has occurred so far.

The cash reserve and claims on credit institutions are shown at their nominal value.

Accounts receivable from customers are recognized at cost. If necessary, value adjustments are made to the realizable value.

The initial valuation of bonds and other fixed-income securities is carried out at acquisition cost (Section 253 (1) sentence 1 of the German Commercial Code). As of the balance sheet date, solarisBank AG compares the book value of the bonds with the fair value (Section 253 (2) sentence 3 HGB); Since it is a financial instrument that is held to maturity, the valuation corresponds to the fair value. The book value is retained if it is below the fair value. If the book value is higher than the fair value, solarisBank AG assesses the duration of the impairment, usually based on the requirements of IDW RS VFA 2.

Participations are recognized at acquisition cost. Valuation adjustments are made in the event of an expected permanent impairment.

Purchased intangible fixed assets are valued at acquisition cost and reduced by scheduled depreciation. Depreciation is linear over the respective useful life, currently five years. Depreciation begins when the asset is received.

The option to capitalize internally generated intangible assets in accordance with Section 248 (2) sentence 1 of the German Commercial Code (HGB) is exercised. Self-created intangible fixed assets are valued in accordance with Section 255 of the German Commercial Code (HGB) at the manufacturing costs incurred during development and reduced by scheduled depreciation. The production costs are determined and capitalized at the end of each month. The depreciation is linear over the respective remaining useful life. The total useful life of the self-created intangible assets is five years. It starts with the activation of the same month.

The intangible assets acquired in return for payment as well as internally generated intangible assets are checked regularly, at least on the balance sheet date, for the presence of an unscheduled impairment in accordance with Section 253 (3) sentence 5 of the German Commercial Code.

In accordance with Section 253 (1) sentence 1 of the German Commercial Code (HGB), property, plant and equipment are stated at acquisition or production cost and reduced by scheduled straight-line depreciation. The depreciation is carried out in accordance with the expected useful life on the basis of maximum tax rates. Additions are depreciated on a pro rata basis. Low-value assets up to a value of EUR 800 (net amount) are written off in full in the year of acquisition.

Other assets are shown at their nominal value. If necessary, value adjustments are made.

The prepaid expenses include expenses that represent expenses after the balance sheet date.

Liabilities to customers and other liabilities are stated at the settlement amount in accordance with Section 253 (1) sentence 2 HGB.

The other provisions are recognized in accordance with Section 253, Paragraph 1, Sentence 2 of the German Commercial Code (HGB) in the amount of the settlement amount required according to a reasonable commercial assessment. The provisions include all uncertain liabilities. Provisions with a remaining term of more than one year are discounted in accordance with Section 253 (2) HGB using the average market interest rate corresponding to their remaining term. The valuation of the banking book to determine a liability overhang from the (pending) interest claims and interest obligations still open on the reporting date is based on the statically present value approach. The calculation does not result in any excess liability on the balance sheet date,

In exercising the option under Section 340f (3) HGB, the write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business are offset against the income from write-ups on receivables and certain securities as well as from the reversal of provisions in the lending business and as an expense - or income items are shown.

The deferred income includes income that represents income after the balance sheet date.

By renouncing the option to apply in accordance with Section 274 (1) Sentence 2 HGB, deferred taxes are not capitalized; the differences result from the capitalization of self-created intangible assets.

Contingent liabilities are recorded under the balance sheet unless they are shown on the liabilities side.

The annual financial statements and consolidated financial statements are drawn up in EUR. Assets and liabilities denominated in foreign currencies are generally converted using the mean spot exchange rate on the reporting date. With a remaining term of more than one year, the realization principle (Section 252, Paragraph 1, No. 4, Clause 2 HGB) and the acquisition cost principle (Section 253, Paragraph 1, Sentence 1, HGB) are observed. The interest received is valued at the monthly average rate.

Insofar as assets and pending transactions are combined with financial instruments to compensate for opposing changes in value or cash flows from the occurrence of comparable risks (valuation unit), Section 249 Paragraph 1, Section 252 Paragraph 1 No. 3 and 4, Section 253 Paragraph 1 Clause 1 and § 256a HGB not applied to the extent and for the period in which the opposing changes in value or cash flows offset each other.

Negative interest on the bank's deposits are shown in the profit and loss account as a factor that reduces earnings in a separate item; In the balance sheet, it is shown as a reduction in the claim against the Deutsche Bundesbank and credit institutions.

Accounting and valuation principles for the consolidated financial statements

The accounting and valuation principles for the consolidated financial statements correspond to the accounting and valuation principles for the annual financial statements and are therefore drawn up in accordance with the principles of proper bookkeeping in compliance with the HGB, AktG and RechKredV.

The revaluation method was used for the first-time consolidation. The scope of consolidation includes solarisBank AG, Compartment D of CrossLend Securities SA and solaris Digital Assets GmbH. The asset, financial and earnings position of solarisBank AG, Compartment D of CrossLend Securities SA and solaris Digital Assets GmbH are presented in accordance with Section 297 (3) HGB as if these companies were a single company.

3 Notes on the balance sheet

solarisBank AG and group: cash reserve

The balance sheet item includes balances with the Deutsche Bundesbank of EUR 210,234,473.12 (previous year: EUR 87,797,617.67).

solarisBank AG: Receivables from credit institutions

The position contains the liquidity investments with four credit institutions.

Breakdown by remaining term (including pro rata interest)

| | December 31, 2019 | December 31, 2018 |
|-----------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 9,914,689.36 | 6,406,615.16 |
| total | 9,914,689.36 | 6,406,615.16 |

Group: Claims on credit institutions

The position contains the liquidity investments with five credit institutions.

Breakdown by remaining term (including pro rata interest)

| | December 31, 2019 | December 31, 2018 |
|-----------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 12,016,015.16 | 10,508,282.63 |
| total | 12,016,015.16 | 10,508,282.63 |

solarisBank AG: Claims on customers

Breakdown according to remaining term

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 40,403,158.78 | 26,093,586.28 |
| up to 1 month | 9,997,183.91 | 6,996,173.20 |
| up to 3 months | 13,348,512.37 | 8,641,718.65 |
| more than 3 months to 1 year | 34,778,325.64 | 33,078,498.98 |
| more than 1 year to 5 years | 76,766,619.99 | 57,183,690.84 |
| more than 5 years | 2,818,324.49 | 3,904,840.31 |
| total | 178,112,125.18 | 135,898,508.26 |

The receivables from customers due on demand include receivables from solaris Digital Assets GmbH in the amount of EUR 732,190.64 (previous year: EUR 0.00).

There are no claims against third parties for services provided for administration and brokerage in accordance with Section 35 (5) RechKredV.

Group: Claims on customers

Breakdown according to remaining term

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| due daily | 39,534,726.92 | 26,093,586.28 |
| up to 1 month | 10,005,660.23 | 6,996,173.20 |
| up to 3 months | 13,348,512.37 | 8,641,718.65 |
| more than 3 months to 1 year | 35,028,414.63 | 33,771,151.54 |
| more than 1 year to 5 years | 79,364,751.16 | 57,376,949.06 |
| more than 5 years | 2,818,324.49 | 3,904,840.31 |
| total | 180,100,389.80 | 136,784,419.04 |

There are no claims against third parties for services provided for administration and brokerage in accordance with Section 35 (5) RechKredV.

solarisBank AG: bonds and other fixed-income securities

The balance sheet item essentially includes a security issued by CrossLend Securities SA Compartment D and two state bonds (bonds) issued by NRW.BANK AöR, Düsseldorf and Münster. All positions were valued according to the moderated lowest value principle.

| | December 31, 2019 | December 31, 2018 |
|--|-------------------|-------------------|
| | EUR | EUR |
| Debt from listed | 5,087,650.77 | 51,336.71 |
| Public issuers Accrued interest on bonds from public issuers | 10,710.00 | 249.42 |
| Unlisted security | 4,958,022.28 | 4,987,578.25 |
| total | 10,056,383.05 | 5,039,164.38 |

Of this item, EUR 0.00 (previous year: EUR 0.00) is due in the year following the balance sheet date.

Group: bonds and other fixed income securities

The balance sheet item includes bonds from publicly listed issuers i. H. v. EUR 5,087,650.77 (previous year: EUR 51,336.71) and pro rata accrued interest i. H. v. EUR 10,710.00 (previous year: EUR 249.42).

solarisBank AG and Group: shares and other variable-yield securities

The balance sheet item included listed fund shares i. H. v. EUR 48,079.50 (previous year: 0.00).

The internal criteria for the inclusion of financial instruments in the trading portfolio were not changed during the financial year.

solarisBank AG and Group: trading portfolio

The trading portfolio valued on the basis of published market prices i. H. v. EUR 194,320.16 consists of EUR 162,598.40 in Bitcoin (previous year: 23,357.73) and EUR 31,721.76 in Ethereum (previous year: 0.00).

solarisBank AG and Group: Investments

The balance sheet item includes an investment of EUR 1,262,715.45 (previous year: EUR 4,000,000.00) in CrossLend GmbH, this corresponds to a participation rate of 3.23% (previous year: 13.9%). CrossLend GmbH is a Berlin-based securitization platform.

According to the published annual financial statements as of December 31, 2018 of CrossLend GmbH:

Equity: EUR 0.00

Annual deficit: EUR 5,009,151.78

The annual deficit of CrossLend GmbH results from initial losses from the development of the business. There is a positive forecast for the future, so that the investment is viewed as valuable.

solarisBank AG: Shares in affiliated companies

On November 28, 2019, solarisBank AG Bank paid EUR 25,000.00 into the share capital of the newly founded solaris Digital Assets GmbH, Berlin, which corresponds to a participation quota of 100.0%.

The annual deficit of solaris Digital Assets GmbH of EUR 155,931.20 results from initial losses from the development of the business. There is a positive forecast for the future, so that the shares in solaris Digital Assets GmbH are considered valuable.

solarisBank AG: Intangible assets

As of the reporting date, the bank had acquired intangible assets, brand names and similar rights and values in the sense of H. v. EUR 676,214.84 (previous year: EUR 892,022.49) as well as internally generated intangible assets in the amount of H. v. EUR 10,322,813.45 (EUR 6,898,131.58). In particular, the licenses for the core banking system PASS and the risk control software zeb.control.risk were acquired for a fee.

Advance payments on intangible assets i. H. v. EUR 189,409.77 (previous year: 171,221.81) relate in particular to the cost of implementing software purchased for a fee.

The self-created intangible assets of the fixed assets are valued at the production costs incurred during development and reduced by scheduled depreciation. The production costs are determined and capitalized at the end of each month. The depreciation is linear over the respective remaining useful life. The total amount of the production costs incurred and capitalized in the financial year was EUR 5,653,680.03 in the 2019 financial year (previous year: EUR 4,574,720.60).

Unscheduled impairments were not necessary in the financial year.

In accordance with Section 268 (8) of the German Commercial Code (HGB), the internally generated intangible assets shown in the balance sheet are subject to a distribution block.

Group: intangible assets

The group has self-created intangible assets i. H. v. EUR 10,707,325.04 (EUR 6,898,131.58).

All other information on intangible assets is identical to that of solarisBank AG.

The development of the intangible fixed assets is shown in the fixed asset schedule, including the depreciation in the financial year.

solarisBank AG: Tangible assets

The property, plant and equipment shown i. H. v. EUR 623,202.55 (previous year: EUR 718,848.00) are operating and office equipment in the amount of H. v. EUR 552,779.55 (previous year: EUR 646,159.00) and for fixtures in rented properties i. H. v. EUR 70,423.00 (previous year: EUR 72,689.00).

Group: property, plant and equipment

The property, plant and equipment shown i. H. v. EUR 783,302.57 (previous year: EUR 718,848.00) are operating and office equipment in the amount of H. v. EUR 712,879.57 (previous year: EUR 646,159.00) and fixtures in rented properties in the amount of H. v. EUR 70,423.00 (previous year: EUR 72,689.00).

The development of property, plant and equipment was shown in the schedule of assets, including the depreciation for the financial year.

solarisBank AG: Schedule of assets as of December 31, 2019

| Balance sheet item | designation | As of 01/01/2019 | | |
|---|--|--------------------------------|----------------------------------|---------------|
| | | Acquisition / production costs | Cumulative depreciation | Book value |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 8,727,966.61 | -1,829,835.03 | 6,898,131.58 |
| | brand names | 30,249.83 | 0.00 | 30,249.83 |
| | Computer software | 1,372,311.26 | -585,579.14 | 786,732.12 |
| | similar rights and values | 75,040.53 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 171,221.81 | 0.00 | 171,221.81 |
| Property, plant and equipment | Factory equipment | 1,049,066.74 | -402,907.74 | 646,159.00 |
| | Low-value assets | 135,846.80 | -135,846.80 | 0.00 |
| | Fixtures in rented properties | 75,425.97 | -2,736.97 | 72,689.00 |
| Holdings | Holdings | 4,000,000.00 | 0.00 | 4,000,000.00 |
| Shares in affiliated companies | Shares in affiliated companies | 0.00 | 0.00 | 0.00 |
| Debt securities and other fixed income securities | Unlisted security | 5,000,000.00 | -12,421.75 | 4,987,578.25 |
| | Debt securities issued by public issuers | 51,336.71 | 0.00 | 51,336.71 |
| | | 20,688,466.26 | -2,969,327.43 | 17,729,848.83 |
| Balance sheet item | designation | Accesses | | |
| | | | of which capitalized FK interest | Departures |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 5,653,680.03 | 0.00 | 0.00 |
| | brand names | 17,566.47 | 0.00 | 0.00 |
| | Computer software | 51,332.64 | 0.00 | 0.00 |
| | similar rights and values | 0.00 | 0.00 | 0.00 |
| | Down payments immat. Property | 18,187.96 | 0.00 | 0.00 |
| Property, plant and equipment | Factory equipment | 195,085.99 | 0.00 | 0.00 |
| | Low-value assets | 30,304.12 | 0.00 | 0.00 |
| | Fixtures in rented properties | 0.00 | 0.00 | 0.00 |
| Holdings | Holdings | 0.00 | 0.00 | -2,737,284.55 |
| Shares in affiliated companies | Shares in affiliated companies | 25,000.00 | 0.00 | 0.00 |
| Debt securities and other fixed income securities | Unlisted security | 0.00 | 0.00 | 0.00 |
| | Debt securities issued by public issuers | 5,047,024.06 | 0.00 | 0.00 |
| | | 11,027,471.27 | 0.00 | -2,737,284.55 |
| Balance sheet item | designation | As of December 31, 2019 | | |
| | | Depreciation | Cumulative depreciation | Book value |
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | -2,228,998.16 | -3,972,055.66 | 10,322,813.45 |
| | brand names | 0.00 | 0.00 | 47,816.30 |
| | Computer software | -284,706.76 | -870,285.90 | 553,358.00 |
| | similar rights and values | 0.00 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 0.00 | 0.00 | 189,409.77 |
| Property, plant and equipment | Factory equipment | -288,744.99 | -690,240.73 | 552,500.00 |
| | Low-value assets | -30,024.57 | -165,871.37 | 279.55 |
| | Fixtures in rented properties | -2,266.00 | -5,002.97 | 70,423.00 |
| Holdings | Holdings | 0.00 | 0.00 | 1,262,715.45 |
| Shares in affiliated companies | Shares in affiliated companies | 0.00 | 0.00 | 25,000.00 |
| Debt securities and other fixed income securities | Unlisted security | -29,555.97 | -41,977.72 | 4,958,022.28 |
| | Debt securities issued by public issuers | 0.00 | 0.00 | 5,098,360.77 |
| | | -2,864,296.45 | -5,745,434.35 | 23,155,739.10 |

Group: Fixed assets as of December 31, 2019

| Balance sheet item | designation | As of 01/01/2019 | | |
|--------------------|-------------|--------------------------------|-------------------------|------------|
| | | Acquisition / production costs | Cumulative depreciation | Book value |

| Balance sheet item | designation | (EUR) as of 01/01/2019 | (EUR) as of 01/01/2019 | (EUR) as of 01/01/2019 |
|---|-------------------------------------|--------------------------|------------------------|------------------------|
| Intangible Assets | EDP software (self-created) | Acquisition / production | Depreciation | 6,898,315.98 |
| | brand names | 30,240.83 | (0.00) | 30,240.83 |
| | Computer software | 1,372,311.26 | -585,579.14 | 786,732.12 |
| | similar rights and values | 75,040.53 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 171,221.81 | 0.00 | 171,221.81 |
| Property, plant and equipment | Factory equipment | 1,049,066.74 | -402,907.74 | 646,159.00 |
| | Low-value assets | 135,846.80 | -135,846.80 | 0.00 |
| | Fixtures in rented properties | 75,425.97 | -2,736.97 | 72,689.00 |
| Holdings | Holdings | 4,000,000.00 | 0.00 | 4,000,000.00 |
| Debt securities and other fixed income securities | Debt securities from public issuers | 51,336.71 | 0.00 | 51,336.71 |
| | | 15,688,466.26 | -2,956,905.68 | 12,731,560.58 |

| Balance sheet item | designation | Accesses | Departures |
|---|-------------------------------------|----------------------------------|---------------|
| | | of which capitalized FK interest | |
| | | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | 6,038,191.62 | 0.00 |
| | brand names | 17,566.47 | 0.00 |
| | Computer software | 51,332.64 | 0.00 |
| | similar rights and values | 0.00 | 0.00 |
| | Down payments immat. Property | 18,187.96 | 0.00 |
| Property, plant and equipment | Factory equipment | 355,186.01 | 0.00 |
| | Low-value assets | 30,304.12 | 0.00 |
| | Fixtures in rented properties | 0.00 | 0.00 |
| Holdings | Holdings | 0.00 | -2,737,284.55 |
| Debt securities and other fixed income securities | Debt securities from public issuers | 5,047,024.06 | 0.00 |
| | | 11,557,792.88 | 0.00 |

| Balance sheet item | designation | Depreciation | Cumulative depreciation | As of December 31, 2019 |
|---|-------------------------------------|---------------|-------------------------|-------------------------|
| | | (EUR) | (EUR) | (EUR) |
| Intangible Assets | EDP software (self-created) | -2,228,998.16 | -3,972,055.66 | 10,707,325.04 |
| | brand names | 0.00 | 0.00 | 47,816.30 |
| | Computer software | -284,706.76 | -870,285.90 | 553,358.00 |
| | similar rights and values | 0.00 | 0.00 | 75,040.53 |
| | Down payments immat. Property | 0.00 | 0.00 | 189,409.77 |
| Property, plant and equipment | Factory equipment | -288,744.99 | -690,240.73 | 712,600.02 |
| | Low-value assets | -30,024.57 | -165,871.37 | 279.55 |
| | Fixtures in rented properties | -2,266.00 | -5,002.97 | 70,423.00 |
| Holdings | Holdings | 0.00 | 0.00 | 1,262,715.45 |
| Debt securities and other fixed income securities | Debt securities from public issuers | 0.00 | 0.00 | 5,098,360.77 |
| | | -2,834,740.48 | -5,703,456.63 | 18,717,328.43 |

solarisBank AG: Other assets

| | December 31, 2019 | December 31, 2018 |
|-------------------|-------------------|-------------------|
| | EUR | EUR |
| value added tax | 0.00 | 2,200,893.60 |
| Security deposits | 129,214.05 | 129,214.05 |
| Others | 704,713.86 | 379,131.54 |
| total | 833,927.91 | 2,709,239.19 |

Group: other assets

| | December 31, 2019 | December 31, 2018 |
|-------------------|-------------------|-------------------|
| | EUR | EUR |
| value added tax | 135,891.22 | 2,200,893.60 |
| Security deposits | 129,214.05 | 129,214.05 |
| Others | 704,713.86 | 379,131.54 |
| total | 969,819.13 | 2,709,239.19 |

solarisBank AG: Active prepaid expenses

| | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| | EUR | EUR |
| Accrual for commission expenses paid in the previous year in the e-money business | 8,621,880.39 | 4,228,555.72 |
| Delimitation of commission expenses in connection with loans and deposits | 3,164,522.34 | 2,207,503.75 |

| | December 31, 2019 | December 31, 2018 |
|-------------------------|-------------------|-------------------|
| | EUR | EUR |
| Deferred item factoring | 329,752.18 | 370,295.73 |
| Other prepaid expenses | 708,082.68 | 380,873.53 |
| total | 12,824,237.59 | 7,187,228.73 |

Group: prepaid expenses

| | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| | EUR | EUR |
| Accrual for commission expenses paid in the previous year in the e-money business | 8,621,880.39 | 4,228,555.72 |
| Delimitation of commission expenses in connection with loans and deposits | 3,164,522.34 | 2,207,503.75 |
| Deferred item factoring | 329,752.18 | 370,295.73 |
| Other deferral items | 740,080.51 | 380,873.53 |
| total | 12,855,235.42 | 7,187,228.73 |

solarisBank AG: liabilities to customers**Breakdown according to remaining term**

| | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| | EUR | EUR |
| up to 3 months | 316,229,477.11 | 128,054,055.54 |
| more than 3 months to 1 year | 14,727,151.73 | 23,375,928.95 |
| more than 1 year to 5 years | 41,395,665.83 | 45,571,997.86 |
| total | 372,352,264.67 | 197,001,982.35 |

The liabilities to customers with a remaining term of up to 3 months include liabilities to solaris Digital Assets GmbH in the amount of EUR 25,000.00.

Konzern: Verbindlichkeiten gegenüber Kunden**Aufgliederung nach Restlaufzeiten**

| | 31.12.2019 | 31.12.2018 |
|------------------------------|----------------|----------------|
| | EUR | EUR |
| bis 3 Monate | 316.204.477,11 | 128.054.055,54 |
| mehr als 3 Monate bis 1 Jahr | 14.727.151,73 | 23.375.928,95 |
| mehr als 1 Jahr bis 5 Jahre | 41.395.665,83 | 45.571.997,86 |
| Gesamt | 372.327.294,67 | 197.001.982,35 |

solarisBank AG und Konzern: Sonstige Verbindlichkeiten

Die Sonstigen Verbindlichkeiten enthalten:

| | 31.12.2019 | 31.12.2018 |
|--|---------------|--------------|
| | EUR | EUR |
| Verbindlichkeiten Umsatzsteuer | 643.460,46 | 2.597.246,86 |
| Verbindlichkeiten aus Lieferungen und Leistungen | 2.311.161,34 | 1.575.050,86 |
| Factoring Verrechnungskonten | 2.799.617,87 | 19.715,32 |
| Verbindlichkeiten Lohn-/Kirchensteuer | 398.001,00 | 307.267,14 |
| Sonstige Verbindlichkeiten | 8.411.163,27 | 698.238,13 |
| Gesamt | 14.563.403,94 | 5.197.518,31 |

Die Restlaufzeit der sonstigen Verbindlichkeiten liegt unter einem Jahr.

Die Verbindlichkeiten gegenüber Anteilseignern belaufen sich im Berichtsjahr auf EUR 15.447,29 (Vj.: EUR 33.003.220,02).

solarisBank AG und Konzern: Passive Rechnungsabgrenzungsposten

Der passive Rechnungsabgrenzungsposten beträgt im Geschäftsjahr 2019 EUR 1.101.409,31 (Vj.: EUR 1.112.305,26) und ist im Wesentlichen auf abgegrenzte Einnahmen für Dienstleistungen im Rahmen des Factoringgeschäfts zurückzuführen.

solarisBank AG und Konzern: Rückstellungen

Die Rückstellungen setzen sich wie folgt zusammen:

| | 31.12.2019 | 31.12.2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Rückstellungen für Personalkosten | 455.755,58 | 349.971,59 |
| Rückstellungen für Steuerberatungskosten | 122.500,00 | 0,00 |
| Rückstellungen für Rechtsberatungskosten | 115.390,00 | 257.152,00 |
| Sonstige Rückstellungen | 2.496.936,95 | 1.377.353,86 |
| Gesamt | 3.190.582,53 | 1.984.477,45 |

Die sonstigen Rückstellungen beinhalten im Wesentlichen Rückstellungen für ausstehende Rechnungen und für das Abschlussprüferhonorar.

solarisBank AG und Konzern: Fonds für allgemeine Bankrisiken

Die solarisBank AG hat Rücklagen für allgemeine Bankrisiken nach §340 HGB in Höhe von EUR 500.000,00 (Vj: 0,00) gebildet.

solarisBank AG und Konzern: Eigenkapital**Grundkapital**

Das gezeichnete Kapital betrug am 1. Januar 2019 EUR 147.147,00, eingeteilt in 147.147 Stückaktien im Nennwert von EUR 1,00. Unter Ausnutzung des genehmigten Kapitals 2018/2019, durch Ausgabe neuer Aktien, wurde das gezeichnete Grundkapital der solarisBank AG im Jahr 2019 im Vergleich zum Vorjahr um EUR 9.388,00 auf EUR 156.535,00 (Zahlung in die Kapitalrücklage: EUR 14.134.948,40) zum Bilanzstichtag 31. Dezember 2019 erhöht.

Aufgrund der durch Beschluss der Hauptversammlung vom 30. August 2017 erteilten Ermächtigung - Genehmigtes Kapital 2017/I - wurde die Erhöhung des Grundkapitals der solarisBank AG um EUR 22.898,00 auf EUR 132.413,00 durchgeführt (Investitionsrunde B, ohne Bilbao Vizcaya Holding, S.A, Madrid.; Zahlung in die Kapitalrücklage: EUR 34.476.144,72) und am 20. April 2018 im Handelsregister eingetragen.

Nach Abschluss des Inhaberkontrollverfahrens der Bilbao Vizcaya Holding, S.A. wurde das Grundkapital, unter Ausnutzung der Ermächtigung - Genehmigtes Kapital 2017/1, am 16. Oktober 2018 um EUR 14.668,00 (Investitionsrunde B - Zahlung in die Kapitalrücklage: EUR 22.084.727,52) und EUR 66,00 (Beteiligung durch die JJK Asset GmbH, Selzen-Zahlung in die Kapitalrücklage: EUR 99.438,24) erhöht. Die Genehmigungen der Anrechnung des neuen Kapitals als hartes Kernkapital nach CRR Art. 26 ff. ist am 13. Juni 2018 und am 12. November 2018 durch die BaFin erteilt worden.

Genehmigtes Kapital

Das verbleibende Genehmigte Kapital 2018 / 2019 in Höhe von EUR 7.737,00 wurde mit Beschluss der Hauptversammlung vom 25. Oktober 2019 aufgehoben. Zugleich wurde mit Beschluss der Hauptversammlung zur Vorbereitung einer Kapitalerhöhung das Genehmigte Kapital 2019/2020 in Höhe von EUR 78.267,00 geschaffen. Die Ermächtigung endet am 31. Dezember 2021 und wurde am 11. November 2019 ins Handelsregister eingetragen.

Kapitalrücklage

Im Geschäftsjahr 2019 erfolgten Einzahlungen in die Kapitalrücklage i. H. v. EUR 14.134.948,32 (Vj: EUR 56.660.310,48) (§ 272 Abs. 2 Nr. 1 HGB), die auf die gesetzliche Rücklage anzurechnen sind. Zuzüglich der Einzahlung aus Vorjahren ergibt dies zum Bilanzstichtag einen Saldo von EUR 109.250.528,88 (Vj: 95.115.580,56).

Entnahmen aus der Kapitalrücklage sind im Berichtszeitraum nicht erfolgt.

Verlustvortrag

Zum 31. Dezember 2019 besteht ein Bilanzverlust i. H. v. EUR 65.797.162,40 und EUR 65.953.093,60 auf Konzernebene. Dieser beinhaltet einen Verlustvortrag aus Vorjahren i. H. v. EUR 42.817.055,93.

Bilanzverlust

i) solarisBank AG

| | 31.12.2019 | 31.12.2018 |
|----------------------------------|---------------|---------------|
| | EUR | EUR |
| Jahresfehlbetrag | 22.980.106,47 | 18.305.533,99 |
| Verlustvortrag aus den Vorjahren | 42.817.055,93 | 24.511.521,94 |
| Bilanzverlust | 65.797.162,40 | 42.817.055,93 |

ii) Konzern

| | 31.12.2019 | 31.12.2018 |
|----------------------------------|---------------|---------------|
| | EUR | EUR |
| Jahresfehlbetrag | 23.136.037,67 | 18.305.533,99 |
| Verlustvortrag aus den Vorjahren | 42.817.055,93 | 24.511.521,94 |
| Bilanzverlust | 65.953.093,60 | 42.817.055,93 |

solarisBank AG: Sonstige finanzielle Verpflichtungen

Zum 31. Dezember 2019 bestehen Eventualverbindlichkeiten i. H. v. EUR 796.234,22 (Vj: EUR 796.234,22). Das Risiko der Wahrscheinlichkeit der Inanspruchnahme der finanziellen Verpflichtung wird zum Bilanzstichtag als nicht wesentlich angesehen, da die Eventualverbindlichkeiten zu 100% durch Barsicherheiten gedeckt sind.

Der Gesamtbetrag der als Sicherheit übertragenden Vermögensgegenstände beläuft sich zum Bilanzstichtag 31. Dezember 2019 auf EUR 796.234,22 (Vj: EUR 796.234,22).

Zum 31. Dezember 2019 bestehen unwiderruflichen Kreditzusagen in Höhe von EUR 1.683.189,64 (Vj: EUR 101.189,64), einschließlich EUR 1.550.000,00 (Vj: EUR 0,00), die der solaris Digital Assets GmbH zugesagt sind.

Konzern: Sonstige finanzielle Verpflichtungen

Zum 31. Dezember 2019 bestehen Eventualverbindlichkeiten i. H. v. EUR 796.234,22 (Vj: EUR 796.234,22). Das Risiko der Wahrscheinlichkeit der Inanspruchnahme der finanziellen Verpflichtung wird zum Bilanzstichtag als nicht wesentlich angesehen, da die Eventualverbindlichkeiten zu 100% durch Barsicherheiten gedeckt sind.

Der Gesamtbetrag der als Sicherheit übertragenden Vermögensgegenstände beläuft sich zum Bilanzstichtag 31. Dezember 2019 auf EUR 796.234,22 (Vj: EUR 796.234,22).

As of December 31, 2019, there were irrevocable loan commitments in the amount of EUR 133,189.64 (previous year: EUR 101,189.64).

4 Notes to the income statement**solarisBank AG: Interest income**

The interest income mainly relates to interest income from lending and money market transactions as well as from the security issued by CrossLend Securities SA Compartment D and is broken down as follows:

| | 2019 | 2018 |
|---------------------|--------------|--------------|
| | EUR | EUR |
| Consumer credit | 2,690,806.13 | 1,272,221.11 |
| SME lending | 3,081,840.74 | 408,979.67 |
| Factoring | 5,944,175.98 | 3,223,848.28 |
| Credit institutions | 0.00 | 7,009.09 |

| | 2019 | 2018 |
|-------------------|---------------|--------------|
| | EUR | EUR |
| Checking accounts | 70,219.53 | 35,264.65 |
| Securities | 172,241.63 | 100,942.48 |
| Others | -49,390.54 | 5,015.71 |
| Negative interest | -519,669.62 | -159,488.84 |
| total | 11,390,223.85 | 4,893,792.15 |

Group: interest income

The interest income relates to interest income from lending and money market transactions and is broken down as follows:

| | 2019 | 2018 |
|---------------------|---------------|--------------|
| | EUR | EUR |
| Consumer credit | 2,690,806.13 | 1,272,221.11 |
| SME lending | 3,249,432.63 | 413,995.38 |
| Factoring | 5,944,175.98 | 3,223,848.28 |
| Credit institutions | 0.00 | 7,009.09 |
| Checking accounts | 70,219.53 | 35,264.65 |
| Securities | 4,649.74 | 0.00 |
| Others | -49,390.54 | 100,942.48 |
| Negative interest | -519,669.62 | -159,488.84 |
| total | 11,390,223.85 | 4,893,792.15 |

solarisBank AG and Group: Interest expenses

The interest paid from lending and money market transactions in 2019 amounted to EUR 5,392,255.38 (previous year: EUR 2,746,694.99). Taking into account the interest income, the net interest income amounts to EUR 5,997,968.47 (previous year: EUR 2,147,097.16).

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| | EUR | EUR |
| Interest expense factoring | 4,409,651.65 | 2,070,163.21 |
| Interest expense time deposit | 719,461.49 | 594,393.34 |
| Interest expenses other | 263,142.24 | 82,138.44 |
| total | 5,392,255.38 | 2,746,694.99 |

solarisBank AG: commission income

The commission income is made up as follows:

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Tax-free commission income | 3,977,772.57 | 2,074,059.45 |
| Commission income from identity business | 1,463,861.47 | 11,448.00 |
| Commission income from solaris Digital Assets GmbH | 868,081.86 | 0.00 |
| Inland non-taxable commission income | 846,294.44 | 670,290.59 |
| Commission income from e-money business | 530,266.61 | 1,518,524.38 |
| Commission income from SME lending business | 497,069.32 | 0.00 |
| MasterCard commission income | 495,000.00 | 0.00 |
| Other income | 407,244.77 | 128,736.21 |
| total | 9,085,591.04 | 4,403,058.63 |

The tax-free commission income consists largely of commission income for factoring, digital banking & cards and payments as well as trading in crypto currencies. The commission income that is not taxable in Germany consists largely of commission income for digital banking & cards and payments. The remaining income includes income from the provision of personnel to solaris Digital Assets GmbH.

Group: commission income

The commission income is made up as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Tax-free commission income | 3,977,772.57 | 2,074,059.45 |
| Commission income from identity business | 1,463,861.47 | 11,448.00 |
| Inland non-taxable commission income | 846,294.44 | 670,290.59 |
| Commission income from e-money business | 530,266.61 | 1,518,524.38 |
| Commission income from SME lending business | 497,069.32 | 0.00 |
| MasterCard commission income | 495,000.00 | 0.00 |
| Other income | 407,244.77 | 128,736.21 |
| total | 8,217,509.18 | 4,403,058.63 |

The tax-free commission income consists largely of commission income for factoring, digital banking & cards and payments as well as trading in crypto currencies. The commission income that is not taxable in Germany consists largely of commission income for digital banking & cards and payments.

solarisBank AG and Group: Commission expenses

The commission expenses paid in 2019 amounted to EUR 3,521,290.93 (previous year: EUR 2,010,517.27).

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Commission expenses from e-money business | 394,371.81 | 1,377,293.01 |
| Commission expenses from identity business | 802,058.76 | 0.00 |
| Commission expenses from SME lending business | 755,949.28 | 105,529.02 |
| Commission expenses from consumer credit business | 654,265.09 | 210,722.85 |
| Commission expenses from digital banking business | 510,567.34 | 65,359.26 |
| Commission expenses other | 404,078.65 | 251,613.13 |
| total | 3,521,290.93 | 2,010,517.27 |

Taking into account the commission income, the commission income of solarisBank AG amounts to EUR 5,564,300.11 (previous year: EUR 2,392,541.36) and that of the group to EUR 4,696,218.25 (previous year: EUR 2,392,541.36).

solarisBank AG and Group: net income from trading portfolio

This item includes realized and unrealized gains and losses from the Bitcoin and Ethereum portfolio in the amount of EUR 33,930.40 (previous year: EUR 2,695.86).

solarisBank AG and Group: Other operating income

Die sonstigen betrieblichen Erträge enthalten im Wesentlichen Erträge aus der Aktivierung der Herstellungskosten für selbst erstellte immaterielle Vermögensgegenstände des Anlagevermögens sowie Vertragsabschlussgebühren („sign-on fees“) und setzen sich wie folgt zusammen:

| | 2019 | 2018 |
|---|--------------|--------------|
| | EUR | EUR |
| Aktivierte Eigenleistung immaterieller Vermögensgegenstände des Anlagevermögens | 3.641.730,34 | 2.837.094,40 |
| Vertragsabschlussgebühren (sign-on fees) | 3.736.562,53 | 2.458.181,20 |
| Periodenfremde Erträge | 789.992,90 | 8.876,53 |
| Sonstige Erträge | 290.498,15 | 381.802,97 |
| Gesamt | 8.458.783,92 | 5.685.955,10 |

Periodenfremde Erträge resultieren im Wesentlichen aus Steuerrückerstattungen.

Die sonstigen Erträge beinhalten Erträge aus Auflösung von Rückstellungen i. H. v. EUR 133.462,26 (Vj: 0,00).

solarisBank AG und Konzern: Allgemeine Verwaltungsaufgaben**a) Personalaufwand**

The personnel expenses amount to EUR 19,690,692.55 (previous year: EUR 13,976,533.76) and are broken down as follows:

| | 2019 | 2018 |
|--|---------------|---------------|
| | EUR | EUR |
| Wages and salaries | 17,060,069.48 | 12,213,859.04 |
| Social security and pension and support expenses | 2,630,822.07 | 1,762,674.73 |
| including: for pensions | 46,081.99 | 32,951.30 |
| total | 19,690,891.55 | 13,976,533.77 |

b) other administrative expenses**i) solarisBank AG**

The other administrative expenses i. H. v EUR 13,533,570.81 (previous year: EUR 10,802,942.97) mainly contain costs for third-party services in the area of consulting and freelancing, expenses for payment transactions as well as licenses and concessions. The other administrative expenses are made up as follows:

| | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| | EUR | EUR |
| Expenses for licenses and concessions | 2,308,351.39 | 1,187,386.97 |
| External staff | 2,219,853.86 | 1,637,070.81 |
| Advice in general | 1,597,006.59 | 1,722,581.00 |
| Payments expenses | 828,075.42 | 1,359,920.62 |
| Rental costs including utilities | 1,052,897.40 | 937,277.88 |
| Legal advice costs | 820,584.07 | 841,988.54 |
| Others | 4,706,802.08 | 3,116,717.15 |
| total | 13,533,570.81 | 10,802,942.97 |

ii) Group

| | 2019 | 2018 |
|---------------------------------------|--------------|--------------|
| | EUR | EUR |
| Expenses for licenses and concessions | 2,308,351.39 | 1,187,386.97 |
| External staff | 2,219,853.86 | 1,637,070.81 |
| Advice in general | 1,597,006.59 | 1,722,581.00 |
| Payments expenses | 828,075.42 | 1,359,920.62 |

| | 2019 | 2018 |
|----------------------------------|---------------|---------------|
| | EUR | EUR |
| Rental costs including utilities | 1,052,897.40 | 937,277.88 |
| Legal advice costs | 820,584.07 | 841,988.54 |
| Others | 3,994,651.42 | 3,116,717.15 |
| total | 12,821,420.15 | 10,802,942.97 |

Auditor's fees within the meaning of IDW RS HFA 36 new version

The fee for the auditor recognized as an expense in the financial year is made up as follows:

| | 2019 | 2018 |
|------------------------------|------------|------------|
| | EUR | EUR |
| Audit services | 353,129.01 | 360,552.43 |
| Other certification services | 130,000.00 | 0.00 |
| Tax advisory services | 81,173.72 | 105,889.36 |
| Other services | 39,000.00 | 15,931.13 |
| total | 603,302.73 | 482,372.92 |

Activities of the auditor

The other confirmation services relate to audit services in connection with the elimination of findings by the Federal Financial Supervisory Authority. The tax advisory services relate to permissible advisory services in connection with sales tax issues that do not have a material impact on the financial statements. The other services related to training measures for accounting without specific reference to individual business transactions.

solarisBank AG and Group: Other operating expenses

The other operating expenses amount to EUR 391,609.51 (previous year: EUR 283,610.62) and are broken down as follows:

| | 2019 | 2018 |
|------------------------------|------------|------------|
| | EUR | EUR |
| Catering and events | 108,518.61 | 62,856.23 |
| Other operating requirements | 149,691.63 | 118,895.64 |
| Currency transaction fees | 88,193.80 | 70,167.75 |
| Others | 45,205.65 | 31,691.00 |
| total | 391,609.69 | 283,610.62 |

solarisBank AG: Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Addition of individual value adjustments | 5,578,034.19 | 512,541.40 |
| Addition of general bad debt allowance | 409,759.05 | 1,120,566.14 |
| Others | 55,449.64 | 107,350.00 |
| total | 6,043,242.88 | 1,740,457.54 |

Group: Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business

| | 2019 | 2018 |
|--|--------------|--------------|
| | EUR | EUR |
| Addition of individual value adjustments | 5,578,034.19 | 512,541.40 |
| Addition of general bad debt allowance | 409,759.05 | 1,120,566.14 |
| Others | 88,925.61 | 125,466.74 |
| total | 6,076,718.85 | 1,756,574.28 |

solarisBank AG: Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets

| | 2019 | 2018 |
|--------------------------------|-----------|-----------|
| | EUR | EUR |
| Amortization of CrossLend Note | 33,475.97 | 17,432.67 |
| Other depreciation | 8,458.95 | 684.07 |
| total | 41,934.92 | 18,116.74 |

Group: Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as fixed assets

| | 2019 | 2018 |
|--------------------|----------|------|
| | EUR | EUR |
| Other depreciation | 8,458.95 | 0.00 |
| total | 8,458.95 | 0.00 |

5 Notes to the consolidated cash flow statement

Financial resources are defined as liabilities to banks due at any time and other borrowing within the framework of short-term liquidity procurement. These consist of cash reserves and claims on banks.

6 Other information

Assets - amounts in foreign currency

The assets denominated in foreign currency are converted using the reference rates published by the ECB at the end of the year and amount to EUR 7,441,582.74 (previous year: EUR 6,827,288.02):

- EUR 6,630,125.83 (previous year: EUR 6,031,138.93); the original amount i. H. v. GBP 5,640,911.05 (previous year: EUR 5,395,034.72) was converted into euros at a rate of 1: 0.8508
- EUR 811,456.91 (previous year: EUR 796,149.09); the original amount i. H. v. USD 911,590.69 (previous year: EUR 911,590.69) was converted into euros at a rate of 1: 1.1234.

There were no debts denominated in foreign currency as of the balance sheet date.

The net result of currency translation was EUR 111,145.74 (previous year: 142,618.52)

Employee

SolarisBank GmbH had an average of 227 employees in the 2019 financial year (previous year: 171); of these, 217 employees (previous year: 162) were employed full-time and 10 employees (previous year: 9) were employed part-time. In addition, 6 interns (previous year: 5) were employed on an annual average.

On the balance sheet date of December 31, 2019, a total of 292 employees were employed.

Solaris Digital Assets GmbH had no employees in the 2019 financial year.

Appropriation of earnings

The Management Board will propose to the Annual General Meeting that the annual deficit of solarisBank AG i. H. v. EUR 22,980,106.47 together with the loss carryforward and the consolidated net loss for the year of EUR 23,136,037.67 together with the loss carryforward to the new account.

Management Board: Presentation as of December 31, 2019**Roland Folz: Chairman of the Board of Management and Board Member for the following departments:**

Business Unit Products, Internal Products, Legal & Compliance, Regulatory Compliance, Anti Financial Crime Compliance, People & Organization, Strategy & Shareholder Coordination, Corporate Communications, Data, Treasury, Board Assistance and Office Management, Agile Growth Team.

Jörg Diewald, board member responsible for the following departments:

Business Development, International Sales, National Sales, Marketing & Communications, Onboarding Project Management, Partner Management, Partner Experience, Commercial Excellence.

Andreas Bittner, board member for the following departments (left on February 14, 2020):

Banking Operations, Engineering, IT Service Management, Quality & Processes, Core Banking System.

Thomas Rasser, board member for the following departments (appointed on August 15, 2019):

Finance, Risk Management (Financial Risk Management, Information Security, Non-Financial Risk Management, Risk and Data), Credit Risk.

With effect from February 15, 2020, Dr. Jörg Howein appointed to the board.

The total remuneration of the Management Board granted for the activities in the financial year for 2019 amounted to EUR 1,319,540.67 (previous year: EUR 1,294,041.95). The amount of the total remuneration includes 45 shares, which were allocated proportionally in the context of target achievement for 2017. These shares are part of the variable remuneration for 2017, which is extended over three years, depending on the achievement of the sustainability component, under a trust agreement. The amount already promised for the non-share-based payments for the years 2019-2023 is currently EUR 675,993.33 and depends on the achievement of the sustainability component each year.

No loans were granted to members of the Management Board in the financial year.

Supervisory board

The Supervisory Board of solarisBank AG was composed as follows in the 2019 financial year:

- Dr. Gerrit Seidel (chairman)
- Ramin Niroumand (Deputy Chairman)
- Dr. Friedhelm Herb
- Michael Hock (resigned on November 1, 2019)
- Mark Schmitz (resigned on May 31, 2019)
- Juan Lopez Carretero
- Enrique Checa Esteban (retired on October 25, 2019)
- Elias Reitter
- Naoyoshi Yoneyama
- Carlos Jack Lopez Moctezuma Jassan (member of the Supervisory Board since October 26, 2019)
- Dr. Birte Sandra Sewing (member of the Supervisory Board since November 1, 2019)

On January 1, 2020, Dr. Birte Sandra Sewing as the successor to Dr. Gerrit Seidel appointed as new Chairman of the Supervisory Board.

The remuneration granted to the Supervisory Board for their work in the financial year totaled EUR 202,300.00 (previous year: EUR 202,300.00).

No loans were granted to members of the Supervisory Board in the financial year.

Mandates of the members of the Management Board and the Supervisory Board

| Position in solarisBank AG | Surname | Company Name | Organ, function in the organ |
|----------------------------|---------|--------------|------------------------------|
|----------------------------|---------|--------------|------------------------------|

| Position in solarisBank AG | Surname | Company Name | Organ, function in the organ |
|---|-------------------------|--|---|
| Chairman of the Board of Directors | Dr. Roland Folz | Studio Babelsberg AG | chairman of the supervisory board |
| | | Godewind Real Estate AG | Supervisory board |
| | | Alpha UG (limited liability) | chief Executive Officer |
| Board | Andreas Bittner | BITFAST GmbH | chief Executive Officer |
| Board | Thomas Rasser | n / A | n / A |
| Board | Jörg Diewald | JJK Asset GmbH | chief Executive Officer |
| | | Dorint GmbH | Supervisory board |
| | | DHI Dorint Hospitality & Innovation GmbH | Supervisory board |
| Chairman of the supervisory board | Dr. Gerrit Seidel | Digital Publishing AG (Speex) | Supervisory board |
| | | Yabeo Venture Tech AG | Board |
| | | Bromberg Capital GmbH | chief Executive Officer |
| | | Yabeo Management GmbH | chief Executive Officer |
| | | AdTech 2016 GmbH | chief Executive Officer |
| | | Bromberg Yachting MCPY | Board of Directors |
| | | Property Tech 2016 GmbH | chief Executive Officer |
| | | PairFinance GmbH | Member of the advisory board |
| | | Yabeo Advisors GmbH | chief Executive Officer |
| Deputy Chairman of the Supervisory Board | Ramin Niroumand | FinLeap GmbH | chief Executive Officer |
| | | Element Insurance AG | Chairman of the Supervisory Board (until November 1, 2019) |
| | | RND Assets GmbH | chief Executive Officer |
| | | finleap connect GmbH | chief Executive Officer |
| | | Joonko AG | Chairman of the Supervisory Board |
| Supervisory Board (member of the Supervisory Board since November 01, 2019) | Dr. Birte Sandra Sewing | FinLeap GmbH | Manager |
| | | Element Insurance AG | Chairwoman of the Supervisory Board (from November 1, 2019) |
| Supervisory board | Friedhelm Herb | eHotel AG | Supervisory board |
| | | Eduard Pfeifer Foundation | Chairman of the Supervisory Board |
| | | Foundation "Future for Children" | Board of Trustees |
| | | Schwaben International eV | Board |
| | | Aquis Technology GmbH | chief Executive Officer |
| | | Volant GmbH | liquidator |
| | | Wallerstein Interior GmbH iL | liquidator |
| | | Volan NA UG (limited liability) iL | liquidator |
| | | HEGUS Beteiligungen GmbH | chief Executive Officer |
| | | HEGUS Vermögensverwaltungs GmbH | chief Executive Officer |
| | | NOTO GmbH | chief Executive Officer |
| | | DATO GmbH | chief Executive Officer |
| | | Equidel SA | president |
| Supervisory Board (member of the Supervisory Board until November 1, 2019) | Michael Hock | Finleap GmbH | chief Executive Officer |
| | | JJ Venture GmbH | chief Executive Officer |
| | | Pair Finance GmbH | Advisory Board |
| | | finleap srl | Board President |
| | | FinLeap general partner GmbH | chief Executive Officer |
| | | FinLeap Trust GmbH | chief Executive Officer |
| | | FL FinTech I GmbH | chief Executive Officer |
| | | FL FinTech R GmbH | chief Executive Officer |
| | | FL FinTech V GmbH | chief Executive Officer |
| | | FL FinTech W GmbH | chief Executive Officer |
| | | MoneyMap GmbH | chief Executive Officer |
| | | Fenius GmbH | chief Executive Officer |
| | | Finavi GmbH | chief Executive Officer |
| | | JJ Venture GmbH | chief Executive Officer |

| Position in solarisBank AG | Surname | Company Name | Organ, function in the organ |
|--|------------------------------------|---|--|
| | | FL P SPV 1 UG | chief Executive Officer |
| | | Joonko AG | Member of the Supervisory Board |
| Supervisory Board (member of the Supervisory Board until May 31, 2019) | Mark Schmitz | Lakestar Advisors Germany GmbH | chief Executive Officer |
| | | LS 75 UG (limited liability) | chief Executive Officer |
| | | CrossLend GmbH | Administrative and supervisory body |
| | | Serene GmbH | Administrative and supervisory body |
| Supervisory board | Naoyoshi Yonevama | Element Insurance AG | Supervisory board |
| | | Strategy Business Innovator Berlin GmbH | chief Executive Officer |
| | | B3i Services AG | Member of the Supervisory Board (March 2019) |
| | | TradeIX, Ltd. | Supervisory Board (May 2019) |
| Supervisory board | Elias Reitter | arvato infoscore GmbH | chief Executive Officer |
| | | KZ Direct Beteiligungs GmbH | chief Executive Officer |
| | | Deutsche Post Adress GmbH & Co. KG | Shareholders' Committee |
| Supervisory Board (resigned on October 25, 2019) | Enrique Checa Esteban | n / A | n / A |
| Supervisory board | Juan Lopez Carretero | n / A | n / A |
| Supervisory Board (member of the Supervisory Board since October 26, 2019) | Carlos Jack Lopez Moctezuma Jassan | Open Pay SA | Member of the board |

Event after the deadline

The existence of the novel coronavirus (Covid-19) was confirmed in early 2020 and has spread around the world, causing disruption to economic activities. For solarisBank AG and the Group, this is an event that does not need to be taken into account after the balance sheet date. With the situation moving rapidly, it is impractical to make a quantitative estimate of the potential impact of this outbreak, although the digital focus of the bank and the group provides a strong position for continued business growth.

Berlin, May 14, 2020

solarisBank AG

The board of directors

Dr. Roland Folz

Jörg Diewald

Thomas Rasser

Dr. Jörg Howein

Combined management report for the 2019 financial year

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I Basics of solarisBank AG and the group

SolarisBank AG is a non-listed stock corporation and a credit institute within the meaning of the German Banking Act (KWG). As a PIE (Public Interest Entity) it is subject to the supervision of the European Central Bank (ECB). On March 10, 2016, solarisBank AG received permission to conduct banking business and to provide financial services in accordance with Section 1 Paragraph 1 and Paragraph 1a KWG and to conduct proprietary business in accordance with Section 32 Paragraph 1a KWG. The bank code and BIC of solarisBank AG are (BKZ) 110 101 00 and SOBKDEBBXXX. On September 9, 2019, solarisBank AG acquired a secondary BIC, SOBKDEB2XXX, for structuring downstream processes for various types of business and new partners. SolarisBank AG is headquartered in Berlin, Germany. No other locations are maintained. It is entered under the number HRB 168180 B in the register of the Berlin Charlottenburg District Court.

There is also a stake in a fintech company, the crosslend securitization platform, Berlin.

On November 28, 2019, solarisBank AG founded solaris Digital Assets GmbH, Berlin. The share capital of solaris Digital Assets GmbH i. H. v. EUR 25,000.00 is held by solarisBank AG alone. Since solarisBank AG can exercise a controlling influence on solaris Digital Assets GmbH, solaris Digital Assets GmbH was included in the consolidated financial statements of solarisBank AG as part of a full consolidation in accordance with Section 290 ff. HGB.

In the previous year solarisBank AG invested in a security issued by CrossLend Securities SA Compartment D. CrossLend Securities SA is a special purpose vehicle based in Luxembourg and a wholly-owned subsidiary of CrossLend GmbH. SolarisBank AG is the sole investor in the only security in Compartment D and thus holds the majority of the rights and opportunities in this security, which is why Compartment D of CrossLend Securities SA was included in the consolidated financial statements as of December 31, 2019.

There are no other subsidiaries, joint ventures or investments. In addition to the existing specialist departments, there was a subdivision into five business areas, so-called business units, in a matrix structure in 2019.

The bank and the group have the following departments:

- Banking Operations
- Board Assistance & Office Management
- engineering
- Data
- Credit Risk
- Finance
- Treasury
- IT service management
- Core banking system
- Quality & Processes
- Legal & Compliance
- Regulatory compliance
- Anti Financial Crime Compliance
- International sales
- National Sales
- Marketing & Communications
- Onboarding Project Management
- Partner management
- Partner Experience
- Commercial Excellence
- business development
- People & Organization
- Product support
- Products business unit
- Internal Products
- Risk Management (Financial Risk Management, Information Security, Non-Financial Risk Management, Risk and Data)
- Strategy & Shareholder Coordination
- Agile Growth Team
- Corporate Communications

In addition, the following business units (BUs) were founded; these are largely based on the bank's product portfolio:

- BU Digital Banking / Cards
- BU Payments
- BU balance sheet

- BU Identity
- BU Blockchain Factory

The bank and the group are managed by the Management Board and an extended management team ("Extended Management Board").

1 business model of the company

The main service of solarisBank AG consists of offering regulated banking products for external companies. The main buyers of these products are companies without their own banking license, which in turn offer the products to their private and corporate customers ("Banking-as-a-Service"). SolarisBank AG strictly follows a B2B2X approach and thus behaves completely neutrally towards corporate customers as well as end customers. With the "Banking-as-a-Service" approach, solarisBank AG enables its corporate customers to offer banking services without doing any banking themselves.

The products developed and operated with corporate customers (hereinafter also referred to as "partners") are bundled in the five BUs:

- BU Digital Banking / Cards: Digital Banking i. W. Payment accounts, cards
- BU Payments: Gift Cards, Peer-to-Peer Payments, Virtual IBAN, Acquiring
- BU balance sheet: consumer loans, corporate customer loans, bridging loans, factoring
- BU Identity: KYC for private and corporate customers
- BU Blockchain Factory: Payment and trading solutions for everything to do with crypto assets

The aim is to make the products available in a largely automated and digitized form.

The target market is currently the European Union, with the main focus of business activities in the Federal Republic of Germany. Major target groups are large corporations, national and international banks as well as tech and e-commerce companies that have a large network of end customers. Fintech companies are also among the bank's target customers.

The object of the new company, solaris Digital Assets GmbH, is the safekeeping, administration and security of digital values and / or keys that are used to hold, store or transfer digital values. The company is entitled to take all actions and measures that are directly or indirectly suitable for promoting the aforementioned corporate purpose, including the establishment of and holdings in other companies and the establishment of branches in the Federal Republic of Germany and other EU countries.

The purpose of investing in the security of CrossLend Securities SA Compartment D is to generate interest income until the loans contained in the security are fully repaid. The CrossLend Platform is used by solarisBank AG as a channel for the acquisition, securitization and sale of receivables from other originators, with whom CrossLend GmbH has already established business relationships and the necessary technical integrations.

2 Development of banking-as-a-service products

SolarisBank AG uses its strong technological skills to meet the special needs of the business model by developing its own software and application programming interfaces, which requires the integration of highly digitized financial services into the respective business model of our business partners. To achieve this, existing products are further developed and new products are generated in largely agile development processes together with our partners. The core components of all products are the bank-specific end-to-end processes that are made accessible to the partners via APIs. As far as it makes economic sense,

The different products are bundled in the five business units of solarisBank and all of them use the solarisBank AG platform solutions.

In addition to the further development of the product groups described below, a special focus in 2019 was on the further development of an essential core banking system component, the payment account system. This system is to be used to manage an increasing proportion of the payment account sub-ledger in the course of 2020 and to process the associated payment transactions.

BU Digital Banking / Cards: With the products developed in this business unit, solarisBank AG offers its partners full digital bank accounts with modern functions as well as a flexible banking infrastructure under its own branding. The 'Digital Banking' account solutions focus on payment accounts. For this purpose, the interfaces to the core banking systems are developed and maintained, which thus become an elementary part of the service provision to the partners. The 'Cards' unit area also enables Visa and MasterCard debit cards to be issued, which are made available to the partners with the connected issuing processor SIA SpA and the card manufacturer IDEMIA.

BU Payments: In the Payments Unit of solarisBank AG, products are developed for various types of bulk payment transactions (including voucher card processing, bulk direct debit or acquiring), which can also be integrated by the business partners of solarisBank AG via APIs. Specific providers are also connected for this, including Kantox Ltd., London, for processing international payment transactions.

BU Balance Sheet: The services and products of the BU Balance Sheet cover almost all aspects of the interest-bearing banking business. The focus is on solutions for consumer loans, SME loans, factoring and bridging / trade financing as well as deposit products. Here, too, the core service of solarisBank AG is the provision of largely digitized products and processes via APIs to the partners of solarisBank AG. SCHUFA Holding AG (scoring) or FinTecSystems GmbH (account information service) should also be mentioned as major providers.

BU Identity Unit: The solarisBank Identity Unit develops products for the identification of natural persons and companies which, in addition to being used for internal KYC processes, are also sold as stand-alone solutions. In addition to the APIs for the integration of the services by partners, this also includes the connection of various third-party providers via which sub-processes are mapped (e.g. video identification process) or data from external sources (e.g. commercial registers) are made available.

BU Blockchain Factory: In the blockchain factory of solarisBank AG, payment transaction solutions in the context of crypto trading and other blockchain-based solutions are developed, which are then made available to the partners of solarisBank AG. In some cases, existing products from the other units are used, which are then expanded contextually, e.g. with regard to transaction monitoring in the crypto trading context. In the second half of 2019, the focus was on developing a custody solution for virtual currencies ("crypto currencies") and other tokenized assets. This solution has been made available to partners since the end of 2019.

Both the expenses for freelancers to develop the software i. H. v. EUR 2,394.2 thousand (previous year: EUR 2,172.0 thousand) as well as own work were capitalized with 80% as self-created intangible assets of the fixed assets. Expenses for external consultants i. H. v. 100% kEUR 161.4 (previous year: kEUR 0.0) were capitalized. The capitalized internally developed software is amortized on a straight-line basis over a period of five years. In the 2019 financial year, the total amount of own work capitalized was EUR 5,653.7 thousand (previous year: EUR 4,574.7 thousand). The depreciation on self-developed software amounted to EUR 2,233.0 thousand (previous year: EUR 1,267.9 thousand).

No further research and development costs were incurred in the reporting period.

II economic report

1 Macroeconomic and industry-specific framework conditions

The current basic tenor of technical experts on product depth within banks is that banking products must be designed to be simpler and easier to integrate in the future. As of today, the expansion of the product range to include value-added services and technologically enhanced modularity for the faster generation of customized solutions in

the banking industry is not yet very pronounced. Here, solarisBank AG offers innovative and future-proof solutions with its API-based and transparently designed payment, deposit and credit products.

The year 2019 was characterized by increasing global uncertainty in connection with geopolitical factors and growth fluctuations, which had a volatile effect on the global financial markets. Global growth recorded the slowest pace in 2019 since the global financial crisis a decade ago. Rising trade barriers and the associated uncertainty put an additional strain on the mood and activities of companies around the world.

In this increasingly difficult environment, economic development in Germany continued to be robust, albeit with a clearly slowing pace. According to the preliminary calculations of the Federal Statistical Office, the calendar-adjusted gross domestic product (GDP) increased by + 0.6% in 2019. The increase in macroeconomic output was thus significantly weaker than in 2018 (+1.5%) and 2017 (+ 2.8%). Growth in 2019 was mainly supported by consumption: after adjustment for prices, private consumer spending was 1.6% higher than in the previous year, while government consumer spending rose by 2.5%.

The unemployment rate in Germany has also remained low and has improved from 3.6% in December 2017 to 3.3% in December 2018 and 3.2% in December 2019.

In this increasingly difficult but still stable overall economic situation, the situation in the financial services sector improved only slightly. Despite the positive development in loan volumes, the continued very low interest rate environment had a lasting negative impact on earnings. Attempts to pass negative interest rates on to customers and to improve their commission results through price adjustments have not shown a comprehensive positive effect on profitability.

With a few exceptions, the efforts of the European banks to achieve a sustainable improvement on the cost side have not yet led to a noticeable improvement in earnings. Increasing profitability remains a key challenge for European banks.

The market position of the established financial service providers remains difficult. SolarisBank AG assumes that cost-intensive services will be offered in the branches for a surcharge, whereas standard products will increasingly be offered via digital channels. The importance of contextual banking is expected to continue to grow and banking services will be digitally embedded in other processes.

In addition, the increasing number of customer-oriented fintech companies on offer comes into play. These companies know how to put the customer at the center of the product range and the initiation processes, especially with digital business models, and to reach the customer at any time and anywhere by using digital devices.

The challenge for these companies lies in the frequent lack of permission from the banking supervisory authority (BaFin, Bundesbank) to operate certain business models. Established banks repeatedly turn out to be unsuitable partners because they see the fintech companies on the one hand as a threat to their own business models and on the other hand cannot adequately answer the approach and implementation speed of these fintech companies.

The growing need of established companies, especially in connection with more digital, customer-friendly business models, to expand their own value chain with integrated financial products from partner companies, which results in particular value for the business model of solarisBank AG, is also clearly recognizable.

This is where the business model of solarisBank AG described above comes into play.

2 Control: Financial and non-financial performance indicators

The important financial performance indicators are:

- Net interest income
- Net commission income, including setup fees
- Annual surplus / annual deficit

The use of other financial performance indicators to control the bank and the integration into the ongoing management reporting are carried out in line with the expansion of business activities and the range of products.

The setup fees included in the financial performance indicator. Commission excess, including setup fees¹, are reported under other operating income.

Non-financial performance indicators were defined and steadily expanded due to the start of regular business activity in 2016. This concerned the sales area in particular, for which the "Salesforce" software solution is used. The significant non-financial performance indicators that are regularly checked and analyzed in the monthly evaluations include:

- Partner (number of new business contracts, active contractual relationships)
- Number of employees in FTE

On the basis of these performance indicators, compliance with the target figures as well as further business activities in terms of the development of business volume, the acquisition of new partners, the expansion of existing business relationships and the composition and increase of the workforce are analyzed and specified.

3 Course of business

The most important business developments in 2019 include the expansion and deepening of the product portfolio, strong revenue growth and the founding of the subsidiary solaris Digital Assets GmbH, which supplements solarisBank's range of digital white label banking services with a custody account solution.

The actual business development in the previous period largely corresponded to the plans submitted with the shareholders.

The net interest income of solarisBank AG and the group rose from EUR 2,147.1 thousand to EUR 5,997.9 thousand and was thus slightly above the agreed plan, while the net commission income including setup fees rose less than expected from EUR 4,850.7 thousand to EUR 9,300.9 thousand.

By the end of 2018, solarisBank AG had already concluded a total of 90 service contracts. In the 2019 reporting year, a further 36 contracts (previous year: 39 new contracts) were added, which is slightly below the planned number, and the total number of service contracts at the end of 2019 was 111. In the 2019 reporting year, 13 service contracts were terminated. At the end of 2019, solarisBank is working with a total of 79 different partners (previous year: 57), which roughly corresponds to the planned number of partners. According to our planning, some projects with our partner were not yet completed by the end of 2019,

In accordance with the budget planning, the number of employees increased significantly over the course of the year, from 209 to 292 FTE - (as of December 31, 2019, this includes 7 interns and 11 working students FTE). In addition, 7 (previous year: 8) direct freelancers and 31 (previous year: 27) consultants were employed through agency contracts in the reporting period. This significantly exceeds the planned sizes.

In the reporting period, the range of products and the generation of income increasingly focused on commission-based products, particularly in BU Digital Banking / Cards. The range of services has been expanded to include many new functions, e.g. Visa Token Service for the provision of mobile payment solutions, real-time interaction via push messages with end customers in the event of suspected fraud, sub-accounts for digital banking customers, and "device binding" as a security mechanism. The number of customers also increased significantly and solarisBank AG started its international expansion in Italy by offering digital banking outside of Germany for the first time.

The earnings of the BU Balance Sheet rose sharply, which was due to the growth in lending to customers in the first half of the year. In the second half of the year, product development focused on contextual consumer credit, particularly the new Splitpay product, which will be launched in 2020. The portfolio of credit products and

corresponding partnerships and thus interest-bearing banking business were further expanded in the 2019 financial year. Overall, a consumer loan volume as of the balance sheet date i. H. v. EUR 44,810.1 thousand (previous year: EUR 53,009.2 thousand), factoring i. H. v. EUR 41,922.9 thousand (previous year: EUR 42,189.3 thousand) and loans to SME customers i. H. v. EUR 78,365.5 thousand (previous year: EUR 27,372.8 thousand) generated.

BU Identity also recorded strong growth, driven by business growth in the other business units as well as the new range of services as an independent product.

In BU Blockchain, solarisBank supported the Stuttgart stock exchange group in the development of the first regulated trading platform for digital assets in Germany - Börse Stuttgart Digital Exchange (BSDEX). In addition, in the partnership between solarisBank and Bitwala, the range of crypto trading services was expanded to include Ethereum in addition to Bitcoin.

In the Payments Unit, the card volume in the e-money area increased year-on-year from around 2.7 million to around 3.3 million cards issued by the end of 2019. This corresponds to a customer credit totaling EUR 95.2 million (previous year: EUR 75.4 million) and an average credit per card of EUR 28.3 (previous year: EUR 28.4).

As of December 31, 2019, the balance sheet total of solarisBank AG increased by EUR 177,575.6 thousand to EUR 435,317.6 thousand, of which EUR 14,144.3 thousand resulted from a capital increase.

The administrative expenses of solarisBank AG increased in the reporting period to EUR 33,224.5 thousand (previous year: EUR 24,779.5 thousand) and to EUR 32,512.3 thousand at group level (previous year: EUR 24,779.5 thousand). The increase is mainly due to the expansion of the product portfolio and the associated significant increase in the workforce. SolarisBank AG is consciously investing further in the development of employees in order to further develop the product and business model.

The annual deficit of solarisBank AG i. H. v. KEUR 22,980.1 (KEUR 23,136.0 at group level) is mainly due to the higher than planned administrative expenses. In 2018, the net loss for the year was EUR 18,305.5 thousand (EUR 18,305.5 thousand at group level).

4 VFE location: presentation, analysis, assessment

a earnings position

On the basis of the income statements for the last two financial years, the following overview of earnings results for the annual financial statements of solarisBank AG. The presentation is based on business management aspects.

solarisBank AG: earnings overview

| | December 31, 2019 | December 31, 2018 | change |
|---|-------------------|-------------------|----------|
| | KEUR | KEUR | KEUR |
| Interest income | 5,998.0 | 2,147.1 | 3,850.9 |
| Current income from stocks and other variable income securities | 0.9 | 0.0 | 0.9 |
| Commission income | 5,564.3 | 2,392.5 | 3,171.8 |
| Interest and commission income | 11,563.2 | 4,539.6 | 7,023.6 |
| Trading portfolio net income | 33.9 | 2.7 | 31.2 |
| Other company income | 8,458.8 | 5,686.0 | 2,772.8 |
| Personnel expenses | -19,690.9 | -13,976.5 | -5,714.4 |
| Other administrative expenses | -13,533.6 | -10,802.9 | -2,730.7 |
| General administrative expenses | -33,224.5 | -24,779.5 | -8,445.0 |
| Depreciation | -2,834.7 | -1,712.2 | -1,122.5 |
| Other operational expenses | -391.6 | -283.6 | -108.0 |
| Individual and general value adjustments | -6,085.2 | -1,758.6 | -4,326.6 |
| Special item for general banking risks | -500.0 | 0.00 | -500.0 |
| The result of the normal business activity | -22,980.1 | -18,305.5 | -4,674.6 |
| Annual result | -22,980.1 | -18,305.5 | -4,674.6 |

Group: earnings overview

| | December 31, 2019 | December 31, 2018 | change |
|---|-------------------|-------------------|----------|
| | KEUR | KEUR | KEUR |
| Interest income | 5,998.0 | 2,147.1 | 3,850.9 |
| Current income from stocks and other variable income securities | 0.9 | 0.0 | 0.9 |
| Commission income | 4,696.2 | 2,392.5 | 2,303.7 |
| Interest and commission income | 10,695.1 | 4,539.6 | 6,155.5 |
| Trading portfolio net income | 33.9 | 2.7 | 31.2 |
| Other company income | 8,458.8 | 5,686.0 | 2,772.8 |
| Personnel expenses | -19,690.9 | -13,976.5 | -5,714.4 |
| Other administrative expenses | -12,821.4 | -10,802.9 | -2,018.5 |
| General administrative expenses | -32,512.3 | -24,779.5 | -7,732.8 |
| Depreciation | -2,834.7 | -1,712.2 | -1,122.5 |
| Other operational expenses | -391.6 | -283.6 | -108.0 |
| Individual and general value adjustments | -6,085.2 | -1,758.6 | -4,326.6 |
| Special item for general banking risks | -500.0 | 0.00 | -500.0 |
| The result of the normal business activity | -23,136.0 | -18,305.5 | -4,830.5 |
| Annual result | -23,136.0 | -18,305.5 | -4,830.5 |

In the past financial year, solarisBank AG was able to significantly increase its interest and commission income to EUR 11,563.2 thousand (previous year: EUR 4,539.6 thousand) and at group level to EUR 10,695.1 thousand (previous year: EUR 4,539.6 thousand). The increase in commission income is mainly the result of a significantly larger number of partners compared to the previous year, particularly in the BUs Digital Banking / Cards and Payments. The full effect on earnings will often not materialize until the following year, since many partners acquired in the second half of the year are still in the onboarding process due to the ongoing growth. Taking into

account the commission expenses incurred in the financial year from new business, the commission result was i. H. v. KEUR 5,564.3 (previous year: KEUR 2. 392.5). At the group level after elimination of intra-group income, the figure is EUR 4,696.2 thousand (previous year: EUR 2,392.5 thousand).

Compared to the previous year, the credit volume of solarisBank AG and the group increased significantly in the 2019 financial year through credit transactions with business customers (SME segment). The consumer credit and factoring business remained largely at the previous year's level. The resulting interest income was offset by negative interest on credit balances and the interest expense that arose on customer deposits.

As of December 31, 2019, personnel expenses and other administrative expenses for the Group totaled EUR 32,512.3 thousand (previous year: EUR 24,779.5 thousand) and were thus above the business plan. SolarisBank AG recorded administrative expenses of EUR 33,224.5 thousand (previous year: EUR 24,779.5 thousand).

Personnel costs increased significantly compared to the previous year from EUR 13,976.5 thousand to EUR 19,690.9 thousand due to the increase in the number of qualified, technology-savvy employees to implement the growth strategy. In particular, the areas of software development and product management as well as the control functions were increased in terms of personnel.

The depreciation and write-downs on intangible assets and property, plant and equipment of solarisBank AG rose to EUR 2,834.7 thousand (previous year: EUR 1,712.2 thousand) and the write-downs on receivables in the lending business increased to EUR 6,043.2 thousand (previous year: EUR 1,758.6 thousand) due to the increasing loan volume and advancing age of the loan portfolio.

The other administrative expenses of solarisBank AG increased to EUR 13,533.6 thousand (previous year: EUR 10,802.9 thousand), also due to the further expansion of business activities. As in previous years, material expenses included costs for outsourced functions. The largest cost items outside of the personnel area were infrastructure licenses in the IT area i. H. v. EUR 2,308.4 thousand (previous year: EUR 1,187.4 thousand), expenses for consulting services i. H. v. EUR 1,597.0 thousand (previous year: EUR 1,722.6 thousand), expenses for payment transactions i. H. v. EUR 828.1 thousand (previous year: EUR 1,359.9 thousand), rental costs including ancillary costs i. H. v. EUR 1,052.9 thousand (previous year: EUR 937.3 thousand) and legal advice i. H. v. EUR 820.6 thousand (previous year: EUR 842.0 thousand). The increase in general administrative expenses is due in particular to the further expansion of business activities. The expenses for legal advice and advisory services decreased due to one-time expenses in connection with the capital increase (Series B round) in 2018.

The other operating result essentially contained other operating income in the amount of H. v. EUR 8,458.8 thousand (previous year: EUR 5,686.0 thousand) in which, in addition to one-off partner revenues (EUR 3,736.6 thousand, previous year: EUR 2,458.2 thousand), an additional EUR 3,641.7 thousand (previous year: EUR 2,837.1 thousand) for the capitalization of self-generated intangible Assets are included.

The annual result of solarisBank AG i. H. v. KEUR -22,980.1 as well as the group i. H. v. KEUR - 23,136.0 was below the planned annual result and also below the previous year's result i. H. v. KEUR -18,305.5. The increase in the annual deficit is due to further investments in the products and processes of solarisBank AG.

b financial position

Capital structure

On January 1, 2019, the subscribed capital was EUR 147,147.00, divided into 147,147 shares with a nominal value of EUR 1.00. As a result of the issue of new shares, the subscribed capital of solarisBank AG and in the group increased in 2019 by EUR 9,388.00 compared to the previous year to EUR 156,535.00.

The equity of solarisBank AG as of December 31, 2019 was composed as follows:

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |
| Loss carryforward from previous years | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual loss | -22,980.1 | -18,305.5 | -4,674.6 |
| | 43,609.9 | 52,445.7 | -8,835.8 |

At group level, equity amounts to EUR 43,454.0 thousand, which includes the net loss for the year of solaris Digital Assets GmbH i. H. v. EUR 155,931.20, resulting from initial losses from the development of the business.

As of the balance sheet date, the balance sheet equity ratio was 10.0% at the level of solarisBank AG. The total regulatory capital ratio was 17.9%. There are no restrictions on the availability of equity. Positive effects from the activation of self-developed software are subject to a distribution block.

Investment analysis

The most important investment of solarisBank AG and the group consists in intangible assets. As of December 31, 2019, the intangible assets of solarisBank AG increased - after depreciation - by EUR 3,227.0 thousand to EUR 11,188.4 thousand (previous year: EUR 7,961.4 thousand), mainly due to an increase in self-created intangible assets. At group level, the intangible assets are EUR 11,572.9 thousand (previous year: EUR 7,961.4 thousand).

The other investments made by solarisBank AG at the end of the 2019 financial year are as follows:

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|--------|
| | KEUR | KEUR | KEUR |
| IT software | 553.4 | 786.7 | -233.3 |
| Property, plant and equipment: | | | |
| Factory equipment | 552.5 | 646.2 | -93.7 |
| Fixtures in rented properties | 70.4 | 72.7 | -2.3 |
| Low-value assets | 0.3 | 0.0 | 0.3 |
| | 1,176.6 | 1,505.6 | -329.0 |

The book value of property, plant and equipment decreased by EUR 95.6 thousand to EUR 623.2 thousand (previous year: EUR 718.9 thousand) due to straight-line depreciation.

At the group level, investments in operating equipment have increased slightly due to investments in the infrastructure for crypto neglect for the newly founded solaris Digital Assets GmbH.

| | December 31, 2019 | December 31, 2018 | change |
|-------------|-------------------|-------------------|--------|
| | KEUR | KEUR | KEUR |
| IT software | 553.4 | 786.7 | -233.3 |

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|--------|
| | KEUR | KEUR | KEUR |
| Property, plant and equipment: | | | |
| Factory equipment | 712.6 | 646.2 | 66.4 |
| Fixtures in rented properties | 70.4 | 72.7 | -2.3 |
| Low-value assets | 0.3 | 0.0 | 0.3 |
| | 1,336.7 | 1,505.6 | -168.9 |

In addition, solarisBank AG invested EUR 51.3 thousand in 2018 and EUR 5,032.2 thousand in 2019 in two green bonds (debentures) issued by NRW.BANK AöR, Düsseldorf and Münster.

Liquidity analysis

As shown in the Group's cash flow statement, the liquidity position of solarisBank AG and the Group is essentially characterized by the further expansion of business activities in 2019. In 2019 there was an increasing inflow of funds from the operational activities of BU Digital Banking / Cards. SolarisBank AG as well as the group were able to raise sufficient deposits at planned costs at any time in the reporting year in order to securely refinance growth.

Cash outflows resulted primarily from the issuing of loans, as well as expenses for personnel, other administrative expenses and investments in intangible assets.

Overall, the financial resources have increased significantly compared to the previous year's reporting date and are therefore related to the continued dynamic growth of the loan portfolio:

Financial resources: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|--|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Bundesbank balances | 210,234.5 | 87,797.6 | 122,436.9 |
| Receivables from credit institutions (due daily) | 9,914.7 | 6,406.6 | 3,508.1 |
| | 220,149.2 | 94,204.2 | 125,945.0 |

The available financial resources of solarisBank AG were held at the Bundesbank and four other credit institutions.

Financial resources: Group

| | December 31, 2019 | December 31, 2018 | change |
|--|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Bundesbank balances | 210,234.5 | 87,797.6 | 122,436.9 |
| Receivables from credit institutions (due daily) | 12,016.0 | 10,508.3 | 1,507.7 |
| | 222,250.5 | 98,305.9 | 123,944.6 |

The Group's available financial resources were held at the Bundesbank and five other credit institutions.

The net cash outflows were also financed through the provision of equity by the shareholders. The inflow of funds from the capital increase of EUR 14,134.9 thousand took place in the second and third quarters of 2019 in accordance with regulatory approval. In the reporting year, solarisBank AG was always able to meet all payment obligations on time.

The liquidity coverage ratio was over 100% at all times and thus met all regulatory liquidity ratios.

There are off-balance sheet obligations for contingent liabilities i. H. v. EUR 796.2 thousand (previous year: EUR 796.2 thousand) from a rental guarantee and irrevocable loan commitments i. H. v. KEUR 1,683.2 (previous year: KEUR 101.2), including KEUR 1,550.0 (previous year: KEUR 0.0), which solaris Digital Assets GmbH has promised. At the group level, the irrevocable loan commitments amount to KEUR 133.2 (previous year: KEUR 101.2).

c financial position

As a result of the further expansion of business activities in 2019 and the increases in subscribed capital and the capital reserve, the asset position of solarisBank AG and the group changed significantly. The following overview of assets results for the 2019 annual financial statements of solarisBank AG. The presentation is based on business management aspects.

Assets overview: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Balances with central banks | 210,234.5 | 87,797.6 | 122,436.9 |
| Claims on credit institutions | 9,914.7 | 6,406.6 | 3,508.1 |
| Loans and advances to customers | 178,112.1 | 135,898.5 | 42,213.6 |
| Fixed Income Securities | 10,056.4 | 5,039.2 | 5,017.2 |
| shares | 48.1 | 0.0 | 48.1 |
| Trading stock | 194.3 | 23.4 | 170.9 |
| Holdings | 1,262.7 | 4,000.0 | -2,737.3 |
| Shares in affiliated companies | 25.0 | 0.0 | 25.0 |
| Intangible Assets | 11,188.4 | 7,961.4 | 3,227.0 |
| Property, plant and equipment | 623.2 | 718.8 | -95.6 |
| Other assets | 833.9 | 2,709.2 | -1,875.3 |
| Prepaid expenses | 12,824.2 | 7,187.2 | 5,637.0 |
| assets | 435,317.6 | 257,742.0 | 177,575.6 |

Overview of assets: Group

| | December 31, 2019 | December 31, 2018 | change |
|--|-------------------|-------------------|--------|
|--|-------------------|-------------------|--------|

| | December 31, 2019 | December 31, 2018 | change |
|---------------------------------|-------------------|-------------------|-------------------|
| Balances with central banks | 210,234.5 KEUR | 87,797.6 KEUR | 122,436.9 KEUR |
| Claims on credit institutions | 12,016.0 | 10,508.3 | 1,507.7 |
| Loans and advances to customers | 180,100.4 | 136,784.4 | 43,316.0 |
| Fixed Income Securities | 5,098.4 | 51.6 | 5,046.8 |
| shares | 48.1 | 0.0 | 48.1 |
| Trading stock | 194.3 | 23.4 | 170.9 |
| Holdings | 1,262.7 | 4,000.0 | -2,737.3 |
| Intangible Assets | 11,572.9 | 7,961.4 | 3,611.5 |
| Property, plant and equipment | 783.3 | 718.8 | 64.5 |
| Other assets | 969.8 | 2,709.2 | -1,739.4 |
| Prepaid expenses | 12,856.2 | 7,187.2 | 5,669.0 |
| assets | 435,316.7 | 257,742.0 | 177,574.7 |

Assets overview liabilities: solarisBank AG

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Liabilities to customers | 372,352.3 | 197,002.0 | 175,350.3 |
| Other liabilities | 14,563.4 | 5,197.5 | 9,365.9 |
| Prepaid expenses | 1,101.4 | 1,112.3 | -10.9 |
| accruals | 3,190.6 | 1,984.5 | 1,206.1 |
| Fund for general banking risks | 500.0 | 0.00 | 500.0 |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |
| Loss carryforward | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual deficit | -22,980.1 | -18,305.5 | -4,674.6 |
| liabilities | 435,317.6 | 257,742.0 | 177,575.6 |

Balance sheet liabilities: group

| | December 31, 2019 | December 31, 2018 | change |
|--------------------------------|-------------------|-------------------|-----------|
| | KEUR | KEUR | KEUR |
| Liabilities to customers | 372,327.3 | 197,002.0 | 175,325.3 |
| Other liabilities | 14,563.4 | 5,197.5 | 9,365.9 |
| Prepaid expenses | 1,101.4 | 1,112.3 | -10.9 |
| accruals | 3,190.6 | 1,984.5 | 1,206.1 |
| Fund for general banking risks | 500.0 | 0.00 | 500.0 |
| Subscribed capital | 156.5 | 147.1 | 9.4 |
| Capital reserve | 109,250.5 | 95,115.6 | 14,134.9 |
| Loss carryforward | -42,817.1 | -24,511.5 | -18,305.6 |
| Annual deficit | -23,136.0 | -18,305.5 | -4,830.5 |
| liabilities | 435,316.7 | 257,742.0 | 177,574.7 |

The cash reserve consisted exclusively of balances at the Deutsche Bundesbank and, like the balances at banks, is due to the growth in digital banking deposits and the inflow of liquidity from the capital increase.

The significant increase in receivables from customers from EUR 42,213.6 thousand to EUR 178,112.1 thousand at the individual financial statement level and from EUR 43,316.0 thousand to EUR 180,100.4 thousand at the group level is related to the expansion of the lending business in the SME segment. In addition, this position includes a security deposit i. H. v. TUSD 911.6 in connection with the credit card business and receivables from e-money activities in BU Payments.

The intangible assets of the fixed assets are mainly self-developed software i. H. v. EUR 10,322.8 thousand (previous year: EUR 6,898.1 thousand) at solarisBank AG level and at group level i. H. v. EUR 10,707.3 thousand (previous year: EUR 6,898.1 thousand) as well as purchased software i. H. v. EUR 676.2 thousand (previous year: EUR 892.0 thousand), which includes both APIs and core bank elements.

The liabilities to customers i. H. v. EUR 372,352.3 thousand at the level of the individual financial statements and EUR 372,327.3 thousand at the group level were significantly above the forecast value, mainly due to increasing payments to digital banking accounts. The balance sheet item also includes time deposits from private and corporate customers i. H. v. EUR 64,548.9 (previous year: EUR 77,475.5).

The equity of solarisBank AG decreased to EUR 43,609.9 thousand (previous year: EUR 52,445.7 thousand) and at group level to EUR 43,454.0 thousand (previous year: EUR 52,445.7 thousand); this is due to the annual deficit, which was partly due to an allocation to the capital reserve i. H. v. EUR 14,134.9 thousand was offset in the 2019 financial year.

4 overall statement

The asset, financial and earnings position of solarisBank AG in 2019 is characterized by the expansion of business activities and is in line with overall expectations. The main focus continued to be on the development of new and the further development of existing products, the intensification of existing business relationships with partners and the acquisition of new partners while ensuring sufficient capital resources and liquidity at all times.

III risk report

Consciously accepting opportunities and risks is an essential part of banking. Achieving income from banking is not possible without certain risks. The aim of solarisBank AG was and is to only make those decisions that lead to a positive opportunity-risk profile. This principle is followed by a comprehensive risk management system, with

the help of which all relevant areas are continuously monitored and which is continuously improved. Risk development is an integral part of regular reporting. Risk management prepares a monthly risk report in which up-to-date reports on all types of risk are provided beyond the respective reference date.

In accordance with the minimum requirements for risk management (MaRisk), the management board of solarisBank AG ensures that risk management receives all decisions and information relevant to business development and can report on them independently.

1 business and risk strategy

In line with the self-image of solarisBank AG, the risk strategy was derived directly from the constantly evolving Business Mode II. The acceptance of the business model on the market, the associated examination of the opportunities and realization probabilities of income to cover the planned start-up losses in the future, as well as the capital resources required for the development phase were the three main risks in the first financial years of the market appearance.

In the current growth phase, the products of the business units of solarisBank already described are being further developed and in some cases expanded with additional innovative products and services. This makes a large number of basic banking products available via APIs, which can also cover numerous use cases in the broadly differentiated "contextual banking" market. This range of services also contributes to the diversification of the income of solarisBank AG, whereby generally a comparatively low cost level prevails due to extensive automation of numerous processes. In the earnings mix, net interest income will continue to be relevant

This strategic orientation includes a fundamental risk diversification between the equity-intensive build-up of risk-weighted assets and the commission business that does not directly burden equity. The risk of raising equity in the lending business is offset by the advantage of greater sustainability in interest income.

2 Risk management system in accordance with MaRisk

SolarisBank AG plans and controls the development of the institute with the help of key figure and limit systems. Particular importance is attached to limiting the risks of business activity.

The management, monitoring and control of risks is oriented towards the overall bank and integrated into the corporate planning and management of solarisBank AG.

By separating functions in the work processes and the activities of the internal auditing department, the reliability of the control information from the orderly business transaction is ensured. The internal audit department regularly reviews the risk management system in accordance with the audit planning and assesses its appropriateness.

The risk management for the early detection of risks is of great importance against the background of the growing complexity of the markets in the banking business and is seen as a central task. The organizational units responsible for this report directly to the Executive Board.

Monthly reporting has been implemented by Risk Controlling to the Management Board. The bank's reporting system complies with regulatory requirements with regard to external reporting. Major decisions on risk management are dealt with in the established Risk Committee.

3 Major Risks

SolarisBank AG attaches particular importance to the following types of risk and risk aspects:

- Counterparty default risks
- Interest rate and market price risks, including foreign currency risks (virtual currency risks)
- Liquidity risk
- Operational risk
- Business risks

The proportion of these types of risk in solarisBank AG's risk profile in the event of unexpected risks occurring in the form of the economic capital required to cover the risk is determined and monitored as part of the monthly risk report. The observation takes place on the one hand over an observation period of twelve months and on the other over a period of several years. There are no existential risks.

As of the reporting date, solarisBank AG had financial instruments amounting to around 2.3% of the balance sheet total, which essentially consisted of bonds from other issuers i. H. v EUR 5.0 million.

a counterparty default risks

SolarisBank AG understands counterparty default risk primarily as the risk that a customer or counterparty cannot or can only partially meet his contractual obligations. Since, according to Section 19 KWG, all assets fall under the extended definition of credit, all receivables are subject to a potential counterparty risk. In this respect, not only the classic customer credit risk, but also the issuer, counterparty, service provider and country risk belong in this category.

For solarisBank AG, the counterparty default risk exists primarily in the lending business and in the investment portfolio (mostly counterparty risk).

Counterparty default risk in the lending business

To limit the risk of counterparty default in the lending business, the bank has implemented a minimum creditworthiness requirement for borrowers and requirements for the use of loan collateral. In exceptional cases and, if necessary, with cash collateral, it is also possible to grant loans with a lower credit rating. Furthermore, the concentration in sectors or branches is regularly checked and excessive concentration is avoided.

At the end of 2019, 92% of the loan portfolio was concentrated in Germany, with 3% in Luxembourg, 3% Great Britain, 1% in the Netherlands and 1% in other countries.

At the end of 2019 there was the following concentration by sector in the loan portfolio:

| Credit sectors (Values in EUR thousand) | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|--|-------------------|---------------|-------------------|---------------|
| Corporate loans | 80,473 | 45% | 27,372 | 22% |
| Retail lending | 86,707 | 49% | 95,198 | 76% |
| Other | 10,932 | 6% | 3,094 | 2% |
| Total | 178,112 | 100% | 125,665 | 100% |

The concentration of corporate and retail loans is determined in the course of preparing the monthly risk report for management. The calculation is based on the internal risk class and is calculated based on the proportion of the outstanding loan amounts per risk class:

| Risk class | December 31, 2019 | December 31, 2018 |
|------------|-------------------|-------------------|
| 1 | 3% | 6% |
| 2 | 14% | 25% |

| Risk class | December 31, 2019 | December 31, 2018 |
|------------|-------------------|-------------------|
| 3 | 21% | 11% |
| 4th | 10% | 15% |
| 5 | 7% | 9% |
| 6th | 33% | 22% |
| 7th | 3% | 4% |
| 8th | 3% | 3% |
| 9 | 4% | 5% |
| 10 | 0% | 0% |
| n / A | 2% | |

In the risk-bearing capacity analysis, the required gross return on economic capital is determined for the counterparty default risk in accordance with this definition, which is compared with existing collateral instruments and mechanisms in order to determine the net amount required for the future business of solarisBank AG.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Loan portfolio (gross risk position) | 167,180 | 125,665 |
| Risk mitigation measure (cash collateral) | 1,610 | 278 |
| Credit portfolio by risk mitigation measure (net risk position) | 165,569 | 125,387 |
| Counterparty default risk | 4,028 | 2,082 |

As of the reporting date, the economic capital required for counterparty default risks was EUR 4,028 thousand. If unexpected risks occur, this corresponds to 27.6% of the calculated risk cover funds.

The bank assumes that even if the economic environment deteriorates, there will be no major default risks in the loan portfolio: the factoring portfolios are secured risk-free by a buyback guarantee. In the area of consumer and business customer loans, there are no significant concentrations to report due to the small amount of the respective partner loan portfolios.

General valuation allowance

For loans for which there is no objective evidence of impairment, ie loan items that are not impaired, a general allowance is made on the basis of an expected loss approach.

- For all receivables for which no individual value adjustment or flat-rate individual value adjustment has necessarily been allocated, an expected loss is assumed based on the days in arrears on the reporting date and recognized as a general value adjustment.
- The total amount of the value adjustment thus calculated less the already existing general value adjustment describes the general value adjustment to be made for the loan portfolio.
- The bank uses a general bad debt allowance ratio of 1.3% of the outstanding loan volume, unchanged from the previous year. As a precautionary measure, general value adjustments i. H. v. EUR 1,693 thousand.

For credit positions (credit volume up to EUR 100 thousand) with a default, flat-rate individual value adjustments are made in a simplified procedure.

Generalized individual value adjustment

For credit positions (credit volume up to EUR 100 thousand) with a default, flat-rate individual value adjustments are made in a simplified procedure.

- For all receivables for which no individual valuation allowance or general valuation allowance has necessarily been allocated, an expected loss based on the days in arrears on the reporting date is assumed and recognized as a generalized individual valuation allowance (credit exposures less than or equal to EUR 100 thousand).
- The total amount of the value adjustment thus calculated describes the flat-rate individual value adjustment to be made for the loan portfolio.
- Depending on the days in arrears on the reporting date, the bank uses a flat-rate individual allowance ratio of 15% to 100% of the outstanding loan volume.
- In accordance with internal value adjustment guidelines, generalized individual value adjustments were made for loans with an exposure of less than EUR 100 thousand. H. v. EUR 1,540 thousand.

Individual value adjustment

Individual value adjustments are made at least quarterly to all defaulted or default-endangered receivables with an outstanding amount of EUR 100 thousand. The value adjustment determined describes the individual value adjustment to be made for the credit exposure.

- The book value of the exposure is used for this. The expected repayments, discounted at the average market interest rate for their term, and the expected payments from the sale of the loan collateral are subtracted from the carrying amount. The costs associated with the sale of the loan security are then added up again to determine the amount of the individual value adjustment.
- For loans with an exposure of more than EUR 100 thousand, individual value adjustments in the amount of H. v. EUR 3,980 thousand.

At the end of 2019, the risks from the lending business were classified as "low".

Counterparty Risk:

In order to limit the risk of counterparty default in the investment portfolio, a minimum rating, a maximum amount, the purpose and the term are specified for each counterparty or each counterparty group. Each counterparty and the approved limits are checked at least once a year and, if necessary, ad hoc.

solarisBank:

| Values in EUR thousand | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|------------------------|-------------------|---------------|-------------------|---------------|
| Central bank | 210.234 | 95% | 87,798 | 93% |
| Financial institutions | 9,915 | 5% | 6,406 | 7% |
| Total | 220.149 | 100% | 94.205 | 100% |

Group:

| Values in EUR thousand | December 31, 2019 | proportion of | December 31, 2018 | proportion of |
|------------------------|-------------------|---------------|-------------------|---------------|
| Central bank | 210,234 | 95% | 87,798 | 93% |
| Financial institutions | 12,016.0 | 5% | 10,508 | 7% |
| Total | 222,250 | 100% | 98,306 | 100% |

The counterparties of solarisBank AG mostly have investment grade ratings.

The following potential loss results from the utilization of counterparties for solarisBank AG:

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|-------------------------|-------------------|-------------------|
| Counterparty risk (net) | 441 | 112 |

As of December 31, 2019, solarisBank AG estimates the counterparty risk to be low.

b market price risks

The share price, currency and commodity risks can be summarized under the general term of market price risks. SolarisBank AG does not differentiate between the general market price risk and the specific risk related to the contractual partner. The specific market price risk is included in the consideration of the market price risk.

Market price risks related to share and index risks are negligible on the reporting date, since solarisBank AG has no relevant holdings in these asset classes.

Interest rate risks

The interest rate risk is the risk of negative effects of fluctuations in market interest rates on the success or the assets of the bank. This is particularly the case if the stocks in the respective maturity bands are not congruent.

The general level of interest rates is currently still very low. Compared to the interest rates at the end of 2019, solarisBank AG expects only minor changes overall, so that the slope of the yield curve will also change little over the course of 2020.

In general, solarisBank AG tries to limit the interest rate risk to a minimum. The asset and liability structure is aimed for under the principle of the closest possible maturity congruence. In order to prevent concentrations, an attempt is made to avoid the accumulation of volumes according to time bands. For this purpose, the cash flows are regularly checked and, if necessary, management recommendations are made and implemented accordingly.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Market price risks - interest rate risk (gross = net) | -463 | -292 |
| Interest rate risk coefficient according to interest rate shock of 200 BP | 11.11% | 3.74% |

The calculation for the market price risk is based on the method of the periodic interest rate risk for the risk-bearing capacity.

For the present value indicator with a simulated interest rate shock of 200 basis points in accordance with the regulatory requirements from circular 6/2019 (BA), which measures the potential change in the present value of all assets and liabilities in the event of the simulated increase or decrease in the discount interest rate in relation to the equity capital, a limit of 20% of regulatory capital is set. In addition, mainly short-term positions are held on the assets and liabilities side or variable interest products (based on the same interest rate) are used.

In accordance with BaFin circular 6/2019 (BA), sudden and unexpected changes in interest rates were simulated with a parallel shift of + (-) 200 BP. As of the reporting date, rising (falling) interest rates resulted in an interest rate coefficient of 11.11% (3.92%). The interest rate changes do not lead to any significant valuation effects due to the largely matching maturities of the refinancing.

The interest rate risk is assessed as low for solarisBank AG.

Foreign currency risks

Significant foreign currency risks on the reporting date were caused by the purchase of GBP for a loan portfolio (TGBP 4,396 on the balance sheet date), a GBP cash claim (TGBP 1,072 on the balance sheet date) and the purchase of US dollars for the security deposit with the partner MasterCard (TUSD 912 on the balance sheet date). From this, minor valuation risks can be derived in the accounting.

In general, solarisBank AG tries to limit the foreign currency risk to a minimum. Loans are granted exclusively in the local currency (EUR) and refinancing is also ensured via EUR. In addition, the inclusion of currency positions for speculative purposes is not permitted. The loan portfolio i. H. v. TGBP 4,822 was hedged to ensure that there are no material foreign currency risks. In the case of bank contracts in foreign currencies, the open positions and in particular the development of the exchange rate are continuously monitored.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Open foreign currency inventory | 1,774 | 1,396 |
| Hedged foreign currency inventory | 5,668 | 5,431 |
| Market price risks - foreign currency risks (gross = net) | 351 | 148 |

As part of the risk analysis, currency risks were considered together with interest rate and market price risks. This included open GBP positions that are not fully covered by the FX forward, as well as USD positions for security deposits. A value-at-risk was calculated for open FX positions based on a historical simulation at a confidence level of 99% with a holding period of 365 days. As of the reporting date, the economic capital required according to this method was i. H. v. EUR 381 thousand within the assigned limit of the determined risk cover amount. The methodology of the variance-covariance approach, which was replaced in the reporting year, would have resulted in a value of EUR 351 thousand.

The foreign currency risk of solarisBank AG is assessed as low.

Virtual Currency Risk

At the end of 2018, solarisBank AG introduced a virtual currency trading service as a new business activity in line with its corporate strategy. Bitcoin trading is initially offered. Small amounts of proprietary positions in Bitcoins are held for a short time in order to conduct business with private customers and Exchange.

The bank concludes positions in virtual currencies for proprietary trading only. The inclusion of virtual currency positions for speculative purposes is not permitted. There is an upper limit for the position size, which depends on the virtual currency volatility and solarisBank's own funds. The Risk Management department monitors and reviews virtual currency positions at least daily.

Virtual currencies are subject to price fluctuations. A value-at-risk is calculated according to the historical simulation at a confidence level of 99% with a holding period of 1 year. The VaR limit utilization is measured continuously. An intraday alert is triggered if the limit is exceeded and countermeasures are initiated.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Open positions in Virtual Currency (Bitcoin & Ethereum) | 81 | 23 |
| Market Price Risks - Virtual Currency | 60 | 16 |

For 2019, the number of customers and the trading volume increased significantly, which resulted in a significant increase in proprietary positions.

The associated increased market price risks in Virtual Currency are hedged through the introduction of derivatives.

The market price risks in Virtual Currency of solarisBank AG are currently considered to be low.

c liquidity risks

The bank's liquidity risk is the risk that could arise if the bank is unable to meet its current and future payment obligations (liquidity risk in the strict sense) and, if necessary, refinancing options are not available in sufficient form or only on significantly higher terms (refinancing risk) or existing assets can only be sold at a discount (market liquidity risk).

The development of the total stock of liquidity reserves, loans and deposits is monitored by the Risk Controlling department on the basis of the liquidity planning monthly and regularly using the due list and the net capital balance and reported to the Management Board on a monthly basis. With the help of the liquidity planning broken down by maturity, medium-term potential Liquidity bottlenecks are identified and measures to secure liquidity are initiated in good time. In the long-term area (refinancing risk), liquidity is derived from budget planning and current knowledge about business development. The update is carried out monthly and includes a rolling planning horizon of twelve months. At the end of the year, the Liquidity Coverage Ratio (LCR) was 1,063% and was thus well above the regulatory requirements. The requirements of the Liquidity Ordinance and the minimum reserve requirement were also met at all times.

| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
|------------------------------|-------------------|-------------------|
| LCR | 1,063% | 2,627% |
| Liquidity risk (gross = net) | 0 | 453 |

With the daily maturity of the liquidity reserve at the Bundesbank, the theoretical call risk for sight deposits could be reduced to a considerable extent. There is little risk with regard to maturity transformation, since the terms of the asset and liability positions are largely coordinated by solarisBank AG.

SolarisBank AG refinances itself primarily through stable customer deposits (current accounts, fixed-term deposits, e-money, etc.) in order to reduce its dependence on the functionality and liquidity of the interbank market. The refinancing structure is currently largely focused on customer funds and still equity. There are no concentrations in other funding sources.

SolarisBank AG holds sufficient liquidity reserves and is prepared for unplanned developments. As of December 31, 2019, the bank had a cash reserve of H. v. EUR 210,234 thousand.

There is no exposure to liquidity-tight markets.

The liquidity and refinancing risk only play a subordinate role in the current business model of solarisBank AG and are therefore classified as very low in terms of the expected consequences.

d Operational risks

Every company, including solarisBank AG, is exposed to operational risks that can arise from human or technical failure, but also from external factors. SolarisBank AG systematically identifies and controls operational risks, e. B. through the use of the damage database, the implementation of so-called risk assessments and through the introduction and review of efficient controls and internal processes.

Damage events and potential risks are documented, approved and monitored accordingly in the "Okular" damage event database by the provider parcIT GmbH, Cologne. In addition, a corresponding risk control self-assessment is carried out with all departments in the bank once a year. Potential risks are documented and assessed accordingly here. Risks classified as "high" or "significant" must be reduced. Corresponding measures are recorded in Okular (Operational Risk Management System / incident database).

As part of the Risk Control Self Assessments (RCSA) carried out in 2019, all potential operational risks of solarisBank AG were recorded. The result of this inventory was incorporated into the risk-bearing capacity assessment by taking into account all risks not expected for the observation period.

The following risk aspects are in particular focus:

Specific IT risk

As a banking-as-a-service company and against the background that all banking processes are to be digitized one hundred percent and can therefore only be carried out with IT, the IT risk is in the foreground among the risk assessment aspects. The IT risk includes both cases of interruptions and complete system failures in the internal and external area. The risks include: system failure, excessive utilization of the systems (network capacity; network load), system vulnerability, system errors caused by changes (e.g. after a software release change in the core banking system), system insecurity due to a change in the Firewall,

The entire IT infrastructure, software development and all security precautions are implemented in accordance with the demanding standards. With the strategic decisions for different service providers (including PASS IT-Consulting GmbH & Co. KG, Aschaffenburg and iNOVO Cloud GmbH, Eschborn) and the daily balancing of "make or buy", the IT service for solarisBank AG is permanently subject to the highest Quality requirements and cost-benefit considerations.

The measures to limit risk include:

All system changes are automatically accepted in accordance with the four-eyes principle. Changes are only tested in the test environment and are imported into the production environment after successful acceptance. To minimize the risk of system failure, solarisBank AG operates two data centers; the IT architecture is set up in such a way that a switch between these two data centers can be carried out at any time. There is a redundant internet connection in both data centers. To monitor the system load, solarisBank AG has created metrics that promptly indicate a corresponding overload. This means that solarisBank AG can take appropriate measures here before a system failure occurs.

Furthermore, solarisBank carries out daily security checks in order to identify possible weak points in good time and to be able to take appropriate measures. In addition to the daily checks, there are other penetration tests ('white and black box') that are carried out on a regular basis.

SolarisBank AG carries out small system changes at regular intervals so that possible errors can be corrected quickly. SolarisBank AG has introduced a rights and approval system in order to minimize the risk of breaches of duty of care by responsible employees.

Furthermore, a corresponding backup concept was created in order to minimize the loss of information in the event of a system failure. A recovery test is performed once a year.

Specific personnel risk

With the further expansion of the business, the personnel capacities are permanently increased. With the increasing internationalization of business activities, the requirements for existing profiles and the profiles of potential new employees have increased further. The timely acquisition of suitable personnel is an essential success factor on the current growth path.

Legal Risks

While the requirements vary from internationalization to product development, the need for a comprehensive review of the new business in addition to careful monitoring in order to fulfill all obligations from existing businesses remains relevant.

As part of the risk inventory carried out in 2019, all potential operational risks of solarisBank AG were recorded. The result of this inventory was incorporated into the risk-bearing capacity assessment by taking into account all risks not expected for the observation period.

In summary, the general goals and strategy of solarisBank AG with regard to operational risks are as follows:

- solarisBank AG operates all business and processes under the premise of simplicity, transparency and diversification. The focus is on open communication with internal and external stakeholders.
- In certain work areas, work processes are separated and the four-eyes principle is implemented.
- The processes of solarisBank AG are clearly defined, documented and assigned to those responsible. This helps to identify essential processes and control operational risks.
- The internal audit is actively involved in the review of the internal control system (ICS).
- High technical standards are set in relation to IT hardware and software and technical (backup) systems.
- solarisBank AG attaches great importance to the use of technology in order to display processes as automatically as possible and at least minimize sources of human error. The ongoing training measures for all employees are particularly important.
- All adjustment processes for new products, processes and risks go through an analysis and approval procedure ('New Risk Approval').
- solarisBank AG develops indicators for better early detection of operational risks.

Due to the recent history of solarisBank AG and the resulting lack of its own data history, the basic indicator approach is currently used to calculate the quantitative operational risks. As of the reporting date, the operational risks amounted to EUR 1,044 thousand. The increase over the previous year is attributed to the general business development of the company and the development of earnings and costs.

| | | |
|---------------------------------|-------------------|-------------------|
| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
| Operational risks (gross = net) | 1,044 | 640 |

e business risks

Business risk includes the risk of unexpected negative fluctuations in earnings that can be traced back to changed framework conditions in the macroeconomic environment (e.g. customer behavior), competitive environment or in your own company (e.g. product quality). Fluctuations in earnings can result from changes in volume, margins, commissions or costs.

When quantifying the business risks, solarisBank AG uses, among other things, scenario technology and expert estimates.

For the first three years, the bank takes a simpler, so-called "expert" approach:

- To simulate the VaR of the business risk for the standard scenario, the total annual net revenue is multiplied by 3%.
- A 5% calculation of the annual surplus is used for the stress scenario.
- A 10% calculation of the annual net income is used for the worst-case scenario.

| | | |
|------------------------|-------------------|-------------------|
| Values in EUR thousand | December 31, 2019 | December 31, 2018 |
| Business risks (net) | 1,062 | 726 |

The finance department carries out a target / actual deviation from the target figures in the business plan on a monthly basis. The forecast values are currently adjusted every four months. The cost approval process was introduced at solarisBank AG as a measure to control the planned figures.

4 Risk Management

The risk-bearing capacity of solarisBank AG is monitored using a 'going concern' approach. Based on the bank's internal calculation using a 12 percent minimum capital coefficient, the risk-bearing capacity is given as of December 31, 2019. As of December 31, 2019, the bank's total capital consists only of Common Equity Tier 1 capital, so that the Common Equity Tier 1 capital ratio and the total capital ratio of 17.9% have the same value. At the end of the year, the amount of risk cover was EUR 14,608 thousand and the total economic capital requirement was EUR 7,479 thousand, so that a free risk cover amount i. H. v. EUR 7,129 thousand. The risk coverage amount takes into account a capital increase that is currently being implemented i. H. v. EUR 15.0 million. Subsequently, however, the capital increase was i. H. v. EUR 10.5 million carried out. Taking into account a EUR 10.5 million capital increase when calculating the risk coverage amount, a free cover pool i. H. v. EUR 2.6 million.

The capital measures implemented in the third quarter of 2019 meant that the risk-bearing capacity continued to improve as of December 31, 2019. The further development and in particular the growth of the company, which is associated with a corresponding increase in risk positions, will be covered by this capital increase.

SolarisBank AG has a limit system to ensure that the risk positions are monitored and controlled in relation to the existing capital positions. In addition to the increase in risk positions, all findings from operational planning and the capital planning process flow into the system in order to achieve a perspective representation of the strategic development over the next three years in addition to operational control over the next twelve months. This is intended to ensure continued compliance with all regulatory requirements in the future.

The models used by solarisBank AG to quantify, control and monitor risks reflect common market standards. The models are tested and validated at least once a year by the Risk Controlling department.

IV Forecast report

The global spread of the novel coronavirus (Covid-19) is causing a significant disruption of all economic activity worldwide. In many major industrialized countries, public life is largely idle to prevent or at least slow down the spread of Covid-19. This goes hand in hand with considerable income losses for companies and private households. So far, no reliable information is available about the duration and extent of these losses. A decline in macroeconomic output in Germany and in the euro area at least during the first half of 2020 is almost certain. In many places, central banks and governments are trying to limit the economic consequences of the pandemic through extensive expansionary measures and generous aid programs for private households and companies. Against this background, the negative effects on economic performance and thus also on the financial services sector cannot be estimated, although the forecast takes into account the assumption of a global recession.

At the same time, digital change is still unstoppable and in full swing across all industries, which puts solarisBank and its digital partnerships in a strong position. The trend towards mobile solutions in particular is increasing and the latest studies show that users spend an average of 3 hours a day mobile online and an average of around 30 apps are used per month. In the meantime, over 85% of Germans under 65 use mobile and digital banking applications and 65% of online banking users use banking apps on smartphones and tablets. One example is Apple,

The platform-based digital business model developed by solarisBank AG offers many advantages in this market environment. In particular, the further need for contextual banking services that are embedded in already existing processes is advancing. In addition to easy access for existing future partners to a large number of product and service options via API, the planned expansion of the solarisBank AG platform creates further business and thus sales potential. This includes, on the one hand, the expansion of the existing product range with new technical features that further increase the standardized usability of solarisBank AG products in a wide range of possible partners.

The strong sales pipeline and the focus on larger partners from the areas of corporates, tech and e-commerce companies as well as national and international banks are intended to support solarisBank AG's growth strategy. Fintechs remain a core segment of sales activities. Fintechs remain a core segment of sales activities. The connection of two further larger partners to the solarisBank AG platform is planned for 2020, which will lead to a stronger scaling of solarisBank AG in the medium term. In addition, the aim is to

Accordingly, solarisBank AG plans to accelerate its growth path in 2020 as well, which includes a further significant increase in the earnings figures for 2020. The course of business in 2019 and the expansion of the partner base that has already been achieved encourage management in its growth plans for 2020 and the following years. The focus here is on further increasing commission income. In accordance with the strategy of keeping balance sheet business as small as possible and given the high level of uncertainty about further macroeconomic developments, no increase in interest income is expected.

No change is expected for 2020 with regard to the composition of the Group.

Interest and commission income

For 2020, solarisBank AG is assuming a significantly higher net commission income than 2019, including setup fees and a slight increase in net interest income. The significant increase in the number of partners, the expansion of the existing partner relationships in all product categories and the further expansion of the product variants form the basis for the planned significant increase in commission income and setup fees.

It is expected that the number of customers in relation to digital banking and cards customers, split-pay consumer credit customers and customers in the new digital asset business will increase significantly, both through large new partners and through the expansion of existing partner relationships, which will be a direct result to have an impact on revenue in 2020, and increasingly in the years to come.

The assumed low interest rate environment and the goal of minimizing total assets are expected to lead to stable, slightly increasing net interest income.

Administrative burden and investments

Due to the further expansion of the business and the acceptance of ever increasing regulatory requirements - both in connection with internationalization and the connection of new partners - the administrative costs will continue to rise significantly in 2020 as planned. However, this goes hand in hand with the increase in income, so that the results set as part of the business plan should be adhered to overall. The number of employees planned for 2020 will also continue to grow significantly in line with the expansion of the business.

Annual result

The annual deficit in 2020 is expected to be at the level of 2019. The forecast significant growth in earnings will be offset by the additional cost investment in 2020. A significant decrease in the loss is expected for 2021, as the increasing income compensates for the increasing costs.

Risk provision

SolarisBank AG has started its strategy of reducing the loan volumes for customer receivables in most areas and is planning to securitize and sell loans in order to reduce the growth in total assets. Lending will also focus on the Split Pay product, which is expected to provide higher loan portfolio quality. This results in the expectation that, despite the extremely difficult lending conditions, loan loss provisions in 2020 will probably not increase in line with income from the lending business.

Equity

The capital increases carried out in 2018 and 2019 support the planned expansion of the business volume of solarisBank AG for the future. In preparation for a capital increase as part of a further financing round, the remaining Authorized Capital 2018/2019 (EUR 7,737.00) was canceled on October 25, 2019 and the Authorized Capital 2019/2020 was created. The authorization for EUR 78,267.00 ends on December 31, 2021 and was entered in the commercial register on November 11, 2019. SolarisBank AG is considering carrying out a further capital increase for 2020 in order to further accelerate the growth path and to be able to carry out further investments in product development and the opening up of further EU markets more quickly.

partner

The total number of service contracts at the end of 2019 was 111. For 2020, a further increase in the number of new business customers is expected. The number of service contracts is expected to continue to increase significantly in 2020.

Conclusion

The digital structural change should further benefit the growth planning of solarisBank AG and the group in the coming years. In particular, the trend towards mobile and contextual banking described should increasingly support the solarisBank AG business model. This growth should be supported both by the planned increasing number of partners and by the expected increasing business volume in all business segments of solarisBank AG. The growing lending business is expected to lead to increased net interest income. At the same time, existing partners and the partnerships that will be newly won in the future, especially in the DiBa and Digital Assets segments, should lead to significantly higher commission income.

The development and expansion of the business will consciously go hand in hand with future investments in infrastructure and personnel capacities and lead to a planned increase in the cost base. In future, the relative growth in income should clearly outperform the increase in costs. The Management Board of solarisBank AG is aiming for a continuation of this trend in 2020 compared to 2019, although the profit zone will not yet be reached in 2020 due to the aforementioned investments and the further expansion of business.

Berlin, May 14, 2020

solarisBank AG

The board of directors

Dr. Roland Folz

Jörg Diewald

*Thomas Rasser**Dr. Jörg Howein***Independent auditor's report**

To solarisBank AG, Berlin

Note on the audit of the consolidated financial statements and the combined management report**Examination Opinions**

We have prepared the consolidated financial statements of solarisBank AG, Berlin, and its subsidiaries (the group) - consisting of the consolidated balance sheet as of December 31, 2019, the consolidated income statement, the cash flow statement and the statement of changes in equity for the financial year from January 1, 2019 to as of December 31, 2019 as well as the consolidated notes combined with the notes, including a summary of significant accounting methods. In addition, we have audited the report on the position of the company and the group (hereinafter "combined management report") of solarisBank AG, Berlin, for the financial year from January 1, 2019 to December 31, 2019.

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

- the attached consolidated financial statements comply in all material respects with the German commercial law regulations applicable to institutions and, taking into account the German principles of proper accounting, give a true and fair view of the assets and financial position of the group as of December 31, 2019 as well as its earnings position for the financial year from January 1, 2019 to December 31, 2019 and
- the attached combined management report gives an overall accurate picture of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the combined management report.

Basis for the examination results

We are independent of the group companies in accordance with European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the consolidated financial statements and the combined management report.

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

Particularly important audit matters are matters which, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the financial year from January 1, 2019 to December 31, 2019. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion on them; we do not issue a separate audit opinion on these matters.

Approach and addition and subsequent valuation of internally generated intangible assets

For information on internally generated intangible fixed assets, please refer to the Group section: Intangible fixed assets in the summarized appendix (Annex 1.3).

THE RISK TO DEALING

The Group makes use of the option to include internally generated intangible assets as assets in the consolidated balance sheet under intangible assets if the conditions in Section 248 (2) HGB are met. In the consolidated financial statements as of December 31, 2019, internally generated intangible assets are recognized in the amount of EUR 10,707 thousand (previous year: EUR 6,898 thousand). These are essentially software and software components.

The pro rata production costs are applied in accordance with Section 255 (2) sentence 1 of the German Commercial Code (HGB) and thus the expenses incurred through the consumption of goods and the use of services for the production of an asset, its expansion or for a significant improvement beyond its original condition. The capitalized internally generated intangible assets are reduced by scheduled depreciation; they are subject to an annual review to determine whether they are likely to be permanently impaired.

This process is partly subject to discretion, as there is in particular a margin of appreciation with regard to the delimitation of production costs and expenditure, as well as, in the case of capitalization, estimates regarding the amount of the individual costs to be included. As part of the subsequent valuation, there is scope for discretion with regard to the assessment of the continued economic usability and thus, if applicable (in the event that the economic usability is no longer available), a permanent decrease in value of internally generated intangible assets.

The risks for the financial statements consist in the fact that the discretionary decisions are not made properly and that the requirements for the recognition of internally generated intangible assets are not met or that the recognized intangible assets are incorrectly valued.

OUR APPROACH IN THE AUDIT

Using a risk-oriented audit approach, we based our audit opinion on control-based and statement-related audit procedures.

In a first step, we updated our knowledge of the business activities and the economic environment, the corporate strategy and the workflows and business processes in the group. To assess the appropriateness of the internal control system with regard to the approach, the access and follow-up evaluation, we carried out observations and surveys as well as inspecting the written rules.

We then convinced ourselves of the appropriateness and effectiveness of the relevant controls, which are intended to ensure the appropriate subsequent evaluation of the intangible assets.

In the course of random test-related audits, we assessed within the scope of our audit whether the recognition criteria were met and whether the amount of the addition was correctly assessed. In this regard, we have assessed in particular whether the allocation and delimitation of the production costs is correct.

For the subsequent evaluation as of December 31, 2019, we conducted surveys and inspections in order to have the bank demonstrate to us that the estimated useful life corresponds to the normal useful life and that this useful life was also recorded in the accounting and used as the basis for the assessment. In order to assess the necessity of unscheduled depreciation, we randomly checked through surveys and inspection that the internally generated intangible fixed assets can still be used economically and that there are therefore no reasons for assuming permanent impairment.

OUR CONCLUSIONS

The discretion in the delimitation of production costs and expenditure, the estimates of the amount of the individual costs to be capitalized as well as the assessment of the economic usability of the internally generated intangible assets and thus the value of the internally generated intangible assets were appropriately exercised or carried out and are in accordance with the applicable accounting principles.

Responsibility of the legal representatives and the supervisory board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply in all material respects with the German commercial law regulations applicable to institutes, and for ensuring that the consolidated financial statements, in compliance with the German principles of proper bookkeeping, provide a true and fair view of the assets and finance - and the Group's earnings position. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether intended or not.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and is in all material respects consistent with the consolidated financial statements, complies with German legal requirements and the opportunities and risks of future development apply represents. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a combined management report in accordance with the applicable German legal regulations,

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report

Our aim is to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free of material - intended or unintentional - misstatements and whether the combined management report as a whole gives an accurate picture of the Group's position and, in all material matters, the consolidated financial statements as well as is consistent with the knowledge gained during the audit, complies with German legal regulations and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Sufficient security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these consolidated financial statements and the combined management report.

During the examination, we exercise due discretion and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the consolidated financial statements and the combined management report, plan and carry out 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 that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the provisions and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of achieving an audit opinion on effectiveness of these systems.
- We assess the appropriateness of the accounting methods used by the legal representatives and the acceptability of the estimated values presented by the legal representatives and the information related to them.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the Group's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the consolidated financial statements and in the combined management report in the auditor's report, or if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the group can no longer continue its business activities.
- We assess the overall presentation, structure and content of the consolidated financial statements, including the information, and whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements provide a true and fair view of the assets, financial and earnings position of the group.
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and execution of the group audit. We are solely responsible for our audit opinions.
- We assess the consistency of the combined management report with the consolidated financial statements, its compliance with the law and the picture it provides of the Group's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the combined management report. On the basis of adequate, suitable audit evidence, we particularly review the significant assumptions on which the legal representatives are based on the future-oriented information and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

We issue a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence, and the protective measures taken in this regard.

From the matters that we discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions preclude public disclosure of the matter.

Other statutory and other legal requirements

Other information according to Article 10 EU-APrVO

We were elected as auditor by the Annual General Meeting on June 27, 2019. In accordance with Section 318 (2) of the German Commercial Code, we are therefore also deemed to be the group auditor. We were engaged by the Supervisory Board on November 13, 2019. We have been the group auditor of solarisBank AG, Berlin, since the 2018 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee in accordance with Article 11 of the EU Audit Regulation (audit report).

Responsible auditor

The auditor responsible for the audit is Lars Protze.

Berlin, May 15, 2020

KPMG AG
auditing company

Signed by Lars Eric Protze on May 15th, 2020, auditor

Signed by Andreas Peter Pawelkiewicz on May 15th, 2020, auditor
