DF Deutsche Forfait AG

Annual Report for the fiscal year

1 January to 31 December 2018

CONTENT

COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

1. Fundamentals of DF Group 3
2. Economic report 8
3. Report of the Board of Management on the disclosures pursuant to Section 289a and Section 315a of the German Commercial Code (HGB) 17
4. Corporate governance statement (Section 289f and Section 315d of the German Commercial Code (HGB)) 23
5. Opportunity and risk report 24
6. Forecast 37
7. Additional disclosures for DF Deutsche Forfait AG 39

FINANCIAL FIGURES

Consolidated Balance Sheet – Assets 44
Consolidated Balance Sheet – Equity and Liabilities 45
Consolidated Income Statement 46
Consolidated Statement of Comprehensive Income 47
Consolidated Cash Flow Statement 48
Consolidated Statement of Equity Changes 49

NOTES

Notes to the consolidated financial statements 50
Independent Auditor´s Report 93
Responsibility Statement by the Board of Management 101
Supervisory Board Report 102
Corporate Governance Report 106

1. FUNDAMENTALS OF DF GROUP

a) Business model of the Group

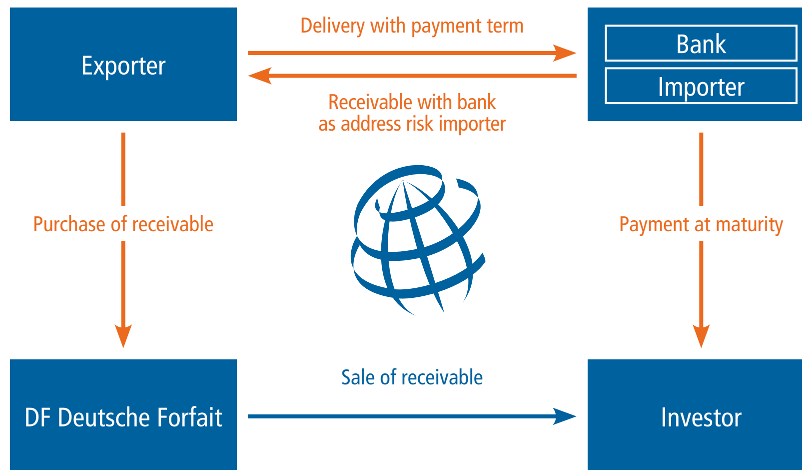
DF Group has specialized in foreign trade finance and related services for exporters, importers and other financial companies. DF Group's geographic focus within this market segment lies on Near and Middle East countries and, in particular, Iran. With respect to trade with Iran, DF Group has restricted its activities to humanitarian goods since the summer of 2018 for business policy reasons.

The current product portfolio is tailored to DF Group's geographic focus and, in addition to forfaiting, also includes the collection of foreign trade receivables as well as the services provided by the Czech subsidiary in connection with the processing of payment transactions. DF Group moreover markets its countryspecific know-how, its network as well as its compliance expertise by providing compliance consulting services. Purchase commitments and brokerage business are also part of the product portfolio, but are currently less important. In contrast to forfaiting and purchase commitments, DF Group assumes no credit risk whatsoever in connection with the other services provided.

Forfaiting is a classical export financing instrument. In the forfaiting business, foreign trade receivables (hereinafter briefly also referred to as "receivables") are acquired at a discount from the nominal value. This discount on the nominal value reflects the interest rate applicable to this particular combination of maturity and exchange rate and, most importantly, it takes the individual risk of each transaction into account, which mainly depends on country and counterparty risks of the primary debtor (importer) and the secondary debtor (e.g. guaranteeing bank, credit insurance). The margin is additionally influenced by the complexity of the transaction including the documentation.

DF Group purchases foreign trade receivables through its own sales organization or through brokers either directly from the exporter or importer (primary market) or from banks or other forfaiting companies (secondary market) which have previously acquired the receivables from an exporter or importer. DF Group also purchases lease and loan receivables, which are resold to investors, usually banks.

Classic Forfaiting



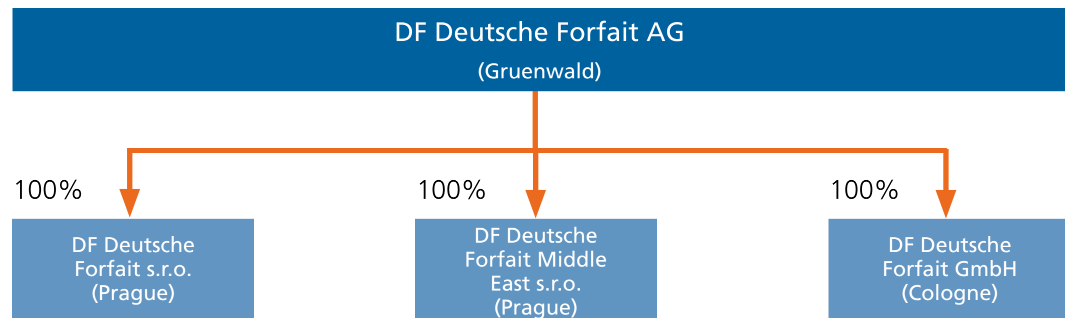
Unlike forfaiting, purchase commitments only involve the assumption of country and counterparty risks without providing liquidity. Purchase commitments are either kept in the portfolio or secured by bank guarantees or credit insurance in favor of DF Group, which means that the risks are outplaced.

DF Group has initiated a certificates structure in Luxembourg that is not affiliated with DF Group under company law and not subject to consolidation. As part of the certificates structure, a compartment is established that issues "bonds" to investors. The funds paid in are then used indirectly, via a SOPARFI (Société de Participations Financières), to purchase foreign trade receivables. By subscribing to certificates ("bonds"), investors can participate in the performance of previously defined foreign trade receivables. As soon as investors have purchased the first certificates, the certificates structure offers DF Group an additional possibility for placing forfaiting business.

Structure of DF Group

DF Deutsche Forfait AG ("DF AG" or "company") headquartered in Gruenwald near Munich is the holding company and ultimate parent of DF Group. Three operating subsidiaries – DF Deutsche Forfait GmbH in Cologne ("DF GmbH"), DF Deutsche Forfait s.r.o. ("DF s.r.o.") and DF Deutsche Forfait Middle East s.r.o. ("DF ME s.r.o.") – sit below DF AG. Deutsche Kapital Limited in Dubai ("DKL") as well as the subsidiary in Brazil (Florianopolis) and the subsidiary in Pakistan (Lahore) are being liquidated.

Main companies



DF GmbH has taken over the operating business from DF AG and focuses its products, which mainly consist of forfaiting and the collection of foreign trade receivables as well as consulting services, on the Near and Middle East. In addition, the company provides services to other DF Group entities. These include, among other things, accounting, contract management, compliance, sales and risk management.

The subsidiaries in Prague are involved in back office tasks for individual transactions, e.g. the granting of loans, the purchase and sale of promissory notes or debt collection activities, when required, and just like DF GmbH, manage their own trading book for this purpose. DF ME s.r.o. focuses on transactions in the Near and Middle East, especially Iran, and offers primarily services for the processing of payment transactions. DF s.r.o. covers the remaining geographies with a focus on emerging markets.

Employees: Human resources declined slightly

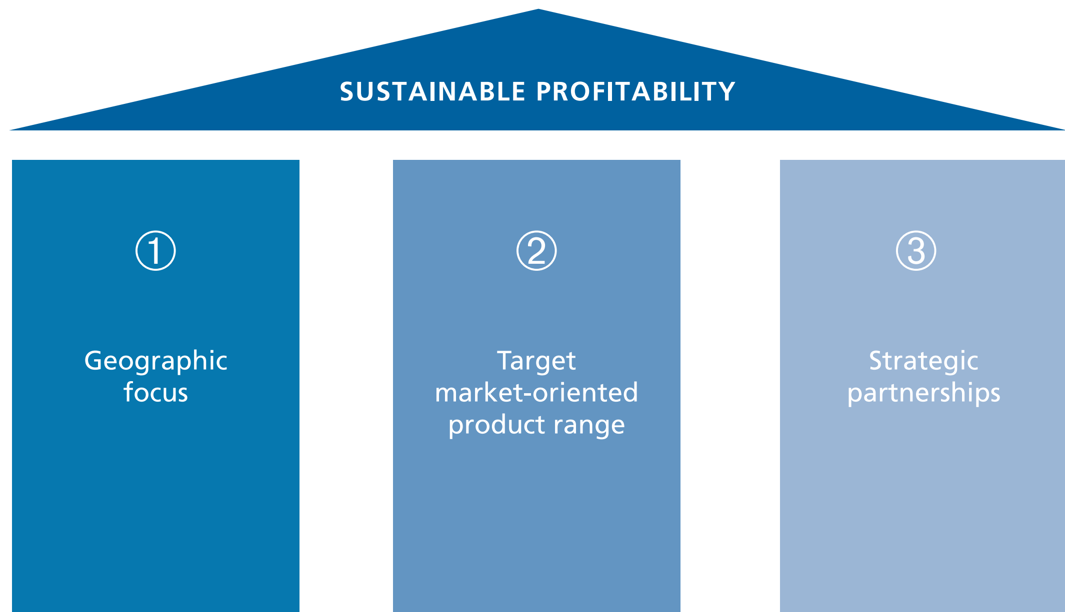
DF Group employed 30 people including the members of the Board of Management as of the reporting date of 31 December 2018 (previous year: 33 employees). The decline is due to the restructuring of the sales organization in 2017.

b) Objectives and strategies

Strategic corporate objectives

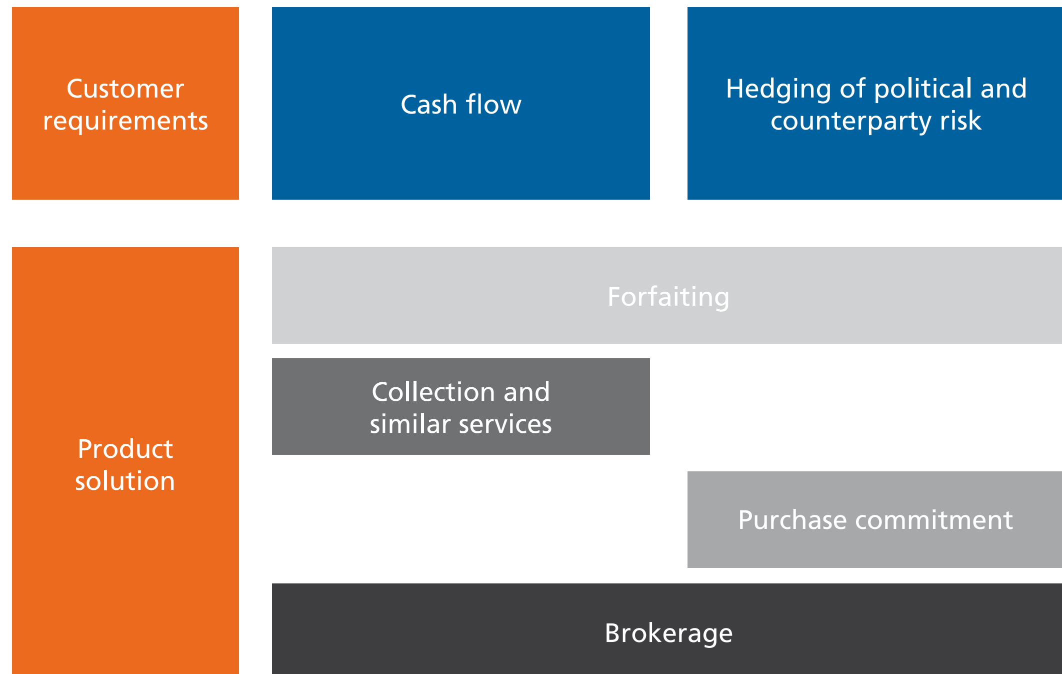
The strategic objective of DF Group has not changed in the financial year 2018. DF Group aims to achieve sustainable profitability in order to be an attractive partner for equity and debt capital providers. Sustainable profitability is to be achieved through the successful marketing of DF Group's know-how and network in the market for foreign trade finance and related services, especially in the geographic target region of the Near and Middle East.

DF Group's strategy rests on three pillars:



Geographically, DF Group focuses on the Near and Middle East, with the main emphasis on Iran. In addition, DF Group focuses on emerging and developing countries, which again recorded higher GDP growth (4.6%) in 2018 than the industrialized countries (2.3%). By concentrating on a geographic region, DF Group expects to benefit from economies of scale. This applies in particular with regard to country-specific know-how in connection with increasingly more complex compliance checks. Regarding marketing and transaction processing, DF Group benefits from its longstanding experience, the local know-how of its Teheran office and the cooperation with Saman Bank. Due to the withdrawal of the USA from the nuclear deal in May 2018 as well as the reintroduction of US sanctions, the economic trend in Iran fell significantly short of the original expectations in 2018. In trade with Iran, DF Group focuses on food and pharmaceuticals. In this humanitarian sector, demand for DF Group's products and services is still high.

A target market-oriented product range is the second pillar of DF Group's strategy.



Exporters trading with high-risk countries such as Iran are usually interested in quickly recovering liquidity by collecting the purchase price. DF Group provides traditional collection services to help such exporters collect their receivables more quickly or supports the processing of payment transactions. In case of forfaiting, DF Group assumes the counterparty and political risk through the non-recourse purchase of the receivable and quickly provides the exporter with liquidity. DF Group also makes purchase commitments to purely hedge the risks without providing any liquidity. Its network additionally allows DF Group to enable transactions which it cannot or does not want to underwrite itself under risk aspects by bringing in a third party, e.g. for refinancing. In recent years, DF Group has invested many resources in the establishment and expansion of a compliance system that, according to external consultants who regularly review the system, meets a very high international standard. DF Group markets the acquired compliance know-how by offering corresponding consulting services.

Strategic partnerships, the third pillar of DF Group's strategy, are of great importance, as they extend the network and help generate and handle foreign trade transactions.

In order to increase the business volume more quickly, DF Group has moreover initiated the establishment of a certificates structure in Luxembourg in 2018. This structure enables investors to participate in the performance of previously defined foreign trade receivables and offers DF Group a good placement and refinancing possibility.

c) Controlling system

DF Group controls its business via the acquired business volume. The latter is defined as the sum total of (i) the nominal values of all forfaiting transactions closed in a reporting period and (ii) the nominal values of all collection and agenting transactions closed in a reporting period. In addition to the business volume, the resulting gross result is an important performance indicator for DF Group. The gross result is derived from the business volume and the average margin. The latter includes the difference between the purchase and the sales price of the respective receivable as well as the commission income from debt collection, consulting and agenting services and, if the receivable is held in the company's own portfolio, current interest income. In its internal reporting system, DF Group uses earnings before taxes as a performance indicator. The above performance indicators are monitored through weekly and/or monthly standardized reporting.

Moreover, DF Group bases its external reporting on the equity capital as well as the consolidated net income.

2. ECONOMIC REPORT

a) Macroeconomic and industry-related environment

According to estimates published by the International Monetary Fund (IMF) in January 2019, the world economy grew by a strong 3.7% in 2018 despite a slowdown at the end of the year. This positive trend was supported by both the industrialized countries (+2.3%) and the emerging and developing countries (+4.6%). In the group of the industrialized countries, the USA were one of the growth drivers with an increase in economic output of 2.9%. In the eurozone, the gross domestic product (GDP) also grew by a solid 1.8%. Both Germany (+1.5%) and France (+1.5%) drove this trend. By contrast, there were considerable differences between the main emerging and developing countries. According to the IMF, the economies

in China (+6.6%) and India (+7.3%) expanded particularly strongly, whereas Russia (+1.7%) and Brazil (+1.3%) recorded comparatively little growth. At 2.4% in 2018, economic growth in the Middle East (including North Africa) slightly exceeded the previous year's level (+2.2%). DF Group's important target region of Iran was unable to confirm the positive trend of the past two years in the reporting period. According to IMF estimates from November 2018, not least the withdrawal of the USA from the international nuclear deal (JCPOA) and the resulting reintroduction of sanctions against Iran lead to a 1.5% decline in GDP for the year as a whole. The good global economic environment also had a positive effect on global trade, even though at 4.0% the world trade volume grew less than in the previous year (+5.3%) according to an IMF report of January 2019. This is not least due to the USA's trade conflicts with numerous countries worldwide, in particular the reciprocal levying of import duties on trade with China. The trade volume of both industrialized countries (+3.2%) and emerging and developing countries (+5.4%) increased nevertheless.

b) Business performance

i. Results of operation

DF Group generated a loss of EUR -1.8 million in the financial year 2018. The financial year 2018 was characterized by two completely different half-years. The first half of the year was severely impacted by the withdrawal of the USA from the nuclear deal with Iran in May. As a consequence, extensive new business could no longer be realized and DF Group generated a consolidated net loss of EUR -1.4 million as at 30 June 2018. The second half of 2018 was much more successful. In trade with Iran, DF Group focused on the food and pharmaceuticals sectors and launched its compliance consulting business. As a result, the consolidated net loss improved to EUR -0.4 million in the second half of 2018. After a consolidated net loss of still EUR -0.5 million in the third quarter, the fourth quarter of 2018 closed with a consolidated net income of EUR +0.1 million.

In the past financial year, DF Group posted a business volume of EUR 75.2 million (previous year: EUR 23.5 million) and a gross result of EUR +0.6 million (previous year: EUR -1.4 million). The improvement of the gross result is primarily attributable to the significant increase in commission income, which rose from EUR 0.8 million in the previous year to EUR 2.4 million. While the collection of creditor assets, at EUR 0.5 million, still accounted for a significant portion of commission income in the previous year, commission income in the financial year 2018 primarily resulted from new operating business. This included in particular commission income from compliance consulting services in the amount of EUR 1.4 million. In addition, forfaiting income in the amount of EUR 0.5 million (previous year: EUR 2.7 million) as well as exchange

gains in the amount of EUR 0.4 million (previous year: EUR 0.1 million) were posted in the financial year 2018. The last two items are essentially related to the development of creditor assets. The gross result was primarily reduced by forfaiting expenses in the amount of EUR 2.3 million. These are expenses from the fair value measurement of the creditor assets. According to the insolvency plan, DF Group does not participate in the risks and opportunities arising from the creditor assets, which means that a reduction in the creditor assets results in a corresponding adjustment of the creditor liabilities.

The reduction in the creditor liabilities is included in other operating income; the same applies to the passing on of legal expenses to the trustee in accordance with the trust agreement. Other operating income amounted to EUR 3.0 million (previous year: EUR 4.2 million).

Administrative expenses consisting of personnel expenses, depreciation/amortization and other operating expenses amounted to EUR 5.4 million (previous year: EUR 6.1 million). While personnel expenses were down from EUR 2.5 million in the previous year to EUR 2.3 million in the financial year 2018, depreciation/amortization remained almost unchanged at EUR 0.08 million (previous year: EUR 0.09 million). Personnel expenses were influenced by two opposing effects. On the one hand, the restructuring of the sales organization at the end of 2017 lead to a reduction in personnel expenses while, on the other hand, personnel expenses increased as a result of the expansion of the Board of Management in the fourth quarter of 2017. Other operating expenses amounted to EUR 3.0 million (previous year: EUR 3.5 million) and include among others legal expenses for the collection of receivables of the assets designated under the insolvency plan in the amount of EUR 0.65 million, which must be covered from the sales proceeds. The corresponding counteritem is included in other operating income. In addition, other operating expenses include the writedown of DKL, which is being liquidated, in the amount of EUR 0.4 million. Other major items relate to legal and consulting expenses (EUR 0,2 million), insurances, fees and contributions (EUR 0.2 million), the cost of premises (EUR 0.2 million) and investor relations, including the Annual General Meeting (EUR 0.2 million).

The financial result, which is composed of interest income and interest expenses, amounted to EUR -0.03 million in the financial year 2018 (previous year: EUR 0.03 million).

After taxes, the consolidated net loss stood at EUR -1.8 million (previous year: EUR -2.7 million).

All in all, the result of the financial year 2018 failed to meet the expectations. This was primarily due to the deterioration of the political environment in DF Group's target region in the first half of 2018. In the second half of 2018, the consolidated result improved significantly.

ii. Financial position

In the financial year 2018, DF Group generated an operating cash flow of EUR -2.4 million (previous year: EUR -4.0 million). The negative operating cash flow is primarily the result of the consolidated net loss of EUR -1.8 million. Cash flow from investing activities amounted to EUR -0.14 million (previous year: EUR -0.12 million). As in the previous year, cash flow from financing activities stood at EUR 0.0 million in the financial year 2018. In accordance with its financial management targets, DF Group was able to meet all payment obligations punctually in the past financial year.

DF Group's equity capital amounted to EUR 5.3 million as at 31 December 2018 (previous year: EUR 7.3 million). The equity ratio stood at 41.1% (previous year: 40.4%). As of the balance sheet date, creditor liabilities amounted to EUR 6.2 million (previous year: EUR 9.2 million). The difference is attributable to value adjustments (EUR -2.3 million), exchange rate gains (EUR +0.3 million) as well as payments to creditors (EUR -1.0 million).

DF Group had no credit lines as of the balance sheet date of 31 December 2018.

iii. Net assets position

As of the balance sheet date of 31 December 2018, DF Group's assets totaled EUR 12.9 million (previous year: EUR 18.0 million). The decline in total assets compared to the previous year is primarily due to the reduction in creditor assets, which still represent the largest asset item. The latter decreased from EUR 9.2 million on the balance sheet date of the previous year to EUR 6.2 million on 31 December 2018. The decline is primarily attributable to fair value adjustments as well as payments to the trustee. Cash and cash equivalents dropped to EUR 3.6 million on 31 December 2018 (previous year: EUR 6.1 million), in particular as a result of operating losses.

c) Financial performance indicators

The financial performance indicators of DF Group are:

- business volume
- gross result
- consolidated net income

The business volume describes the nominal value of the foreign trade transactions acquired in a period. The company expects to again generate a business volume in the amount of EUR 400 million p.a. in the medium term once the measures described in Section 1 b) "Objectives and strategies" have been implemented.

Another financial performance indicator is the gross result, as described in Section 1 c), as well as the resulting average margin. Income (gross result and other operating result) in excess of EUR 4.0 million is required to break even.

Consolidated net income is another important financial performance indicator. The aim of reporting positive consolidated net income was missed by a wide margin in the past financial years. The company aims to return to posting positive consolidated net income quickly.

d) Compensation report

Compensation of the Board of Management

Basic structure of the compensation system

The compensation of the Board of Management was composed of fixed compensation, fringe benefits and pension contributions.

The fixed compensation consisted of an annual salary paid in twelve equal monthly installments. In addition, the members of the Board of Management received certain fringe benefits, which are listed in the tables showing the individual compensation.

Individual compensation

The following tables show the benefits granted, the allocation of compensation and the service cost for pension provisions granted to each member of the Board of Management in accordance with Clause 4.2.5 (3) of the German Corporate Governance Code (as amended in February 2017):

Dr. Behrooz Abdolvand (Board of Management since 11/2017)						
	Benefits granted					
In EUR	**2017**	**2017 (Min)**	**2017 (Max)**	**2018**	**2018 (Min)**	**2018 (Max)**
Fixed compensation	30,000.00	30,000.00	30,000.00	183,333.34	183,333.34	183,333.34
Fringe benefits	834.02	834.02	834.02	5,294.95	5,081.40	5,081.40
Total	**30,834.02**	**30,834.02**	**30,834.02**	**188,628.29**	**188,414.74**	**188,414.74**
One-year variable compensation	0.00	0.00	270,000.00	0.00	0.00	270,000.00
Multi-year variable compensation	0.00	-	-	0.00	-	-
Total	**30,834.02**	**30,834.02**	**300,834.02**	**188,628.29**	**188,414.74**	**485,414.74**
Pension-related payments	3,359.04			20,154.24	20,154.24	20,154.24
Total compensation	**34,193.06**	**30,834.02**	**300,834.02**	**208,782.53**	**208,568.98**	**478,568.98**

Christoph Charpentier (Board of Management since October 2016)						
	Benefits granted					
In EUR	**2017**	**2017 (Min)**	**2017 (Max)**	**2018**	**2018 (Min)**	**2018 (Max)**
Fixed compensation	134,552.00	134,552.00	134,552.00	180,000.00	180,000.00	180,000.00
Fringe benefits	5,286.68	5,286.68	5,286.68	5,332.87	5,332.87	5,332.87
Total	**139,838.68**	**139,838.68**	**139,838.68**	**185,332.87**	**185,332.87**	**185,332.87**
One-year variable compensation	40,000.00	0.00	270,000.00	0.00	0.00	270,000.00
Multi-year variable compensation	0.00	-	-	0.00	-	-
Total	**179,838.68**	**139,838.68**	**409,838.68**	**185,332.87**	**185,332.87**	**455,332.87**
Pension-related payments	18,503.26			20,154.24	20,154.24	20,154.24
Total compensation	**198,341.94**	**139,838.68**	**409,838.68**	**205,487.11**	**205,487.11**	**475,487.11**

Gabriele Krämer (Board of Management since October 2016)						
	Benefits granted					
In EUR	**2017**	**2017 (Min)**	**2017 (Max)**	**2018**	**2018 (Min)**	**2018 (Max)**
Fixed compensation	128,802.00	128,802.00	128,802.00	180,000.00	180,000.00	180,000.00
Fringe benefits	4,762.40	4,762.40	4,762.40	4,808.59	4,808.59	4,808.59
Total	**133,564.40**	**133,564.40**	**133,564.40**	**184,808.59**	**184,808.59**	**184,808.59**
One-year variable compensation	40,000.00	0.00	270,000.00	0.00	0.00	270,000.00
Multi-year variable compensation	0.00	-	-	0.00	-	-
Total	**173,564.40**	**133,564.40**	**403,564.40**	**184,808.59**	**184,808.59**	**454,808.59**
Pension-related payments	17,678.62			20,154.24	20,154.24	20,154.24
Total compensation	**191,243.02**	**133,564.40**	**403,564.40**	**204,962.83**	**204,962.83**	**474,962.83**

Fringe benefits: "job ticket", parking space, accident insurance, capitalforming payments, partial payment of health insurance

The fixed salary of the Board members Christoph Charpentier and Gabriele Krämer increases by EUR 20,000.00 p.a. if at least a balanced consolidated result was generated in the previous year. The extension contract with Dr. Abdolvand, Chairman of the Board of Management, contains a clause according to which the fixed annual salary of currently EUR 200,000.00 can be renegotiated for the period from 1 May 2019. In addition, the members of the Board of Management receive a performance bonus amounting to 4.5% of the consolidated net income if the latter reaches at least EUR 500,000.00. The performance-linked compensation is capped at 150% of the fixed salary. 50% of the performance-linked compensation is paid in cash, with the remaining 50% paid in stock options. Until a stock option program is adopted, the full performance bonus is paid in cash.

In accordance with his management contract, which has been suspended since 17 January 2017, Dr. Shahab Manzouri receives no compensation. His dismissal from the Board of Management was entered in the Commercial Register on 2 February 2017.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Ms Attawar, resigned with effect from 31 December 2015, Mr Franke, resigned with effect from 30 September 2013, and Mr Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods.

According to these pension benefit plans, the above members of the Board of Management receive a guaranteed old age pension from DF AG.

- The amounts are as follows: Ms Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Mr Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Mr Jochen Franke: One-time capital payment of EUR 147,244.00

  In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:
- Insured annuity in the amount of EUR 15,247.40 or a one-time capital payment of EUR 273,572.00

DF AG has not granted loans to members of the Board of Management nor provided guarantees on their behalf. During the current and preceding financial years, the members of the Board of Management were not involved in transactions outside the normal course of business of DF Group or other transactions of unusual form or content. They were also not involved in any such unusual transactions in earlier preceding financial years that have not yet been finalized.

Members of the Board of Management did not receive compensation based on shares.

Supervisory Board compensation for the financial year 2018

Compensation for the Supervisory Board is governed by Section 12 of the DF AG Memorandum of Association. Members of the Supervisory Board receive a fixed annual compensation of EUR 13,000.00 in addition to the reimbursement of expenses incurred while meeting their responsibilities. The chairperson and deputy chairperson receive twice this amount. In addition, members of the Supervisory Board receive an attendance fee of EUR 500.00 for every Supervisory Board meeting they attend.

In the financial year 2018, compensation for all activities of all members of the Supervisory Board of DF AG was EUR 91,405.08. Individual compensation for members of the Supervisory Board for the financial year 2018 is listed in the table below (in EUR):

Name	Fixed compensation	Attendance remuneration	VAT 19%	Total
Dr. Tonio Barlage	26,000.00	2,500.00	5,415.00	33,915.00
Franz Josef Nick	26,000.00	2,500.00	5,415.00	33,915.00
Dr. Ludolf-Georg von Wartenberg	13,000.00	2,500.00	2,945.00	18,445.00
Prof. Dr. Wulf-W. Lapins	4,630.08	500.00	0.00	5,130.08
Total	**69,630.08**	**8,000.00**	**13,775.00**	**91,405.08**

There are no service agreements between the members of the Supervisory Board and DF AG that provide for perks at the end of the term of service.

DF AG has not granted loans to members of the Supervisory Board nor provided guarantees or warranties on their behalf.

e) DF share and bond

Performance of the DF share in the financial year 2018

At the beginning of the year, on 2 January 2018, the DF share traded at EUR 0.52. The share reached its annual high of EUR 0.67 on several consecutive days at the end of January. In the following months, the share price fell sharply, however, and reached its annual low of EUR 0.09 on 3 December 2018. The share closed the year at a price of EUR 0.13, which represents a negative performance of 75.1% in the reporting period. The negative performance is primarily due to the lowerthan-expected business volume. What is more, the withdrawal of the USA from the international nuclear deal as well as the sanctions against Iran, one of the target regions of DF Group in the Near and Middle East, lead to further uncertainty. Benchmark indices such as the SDAX and the DAXsector Financial Services performed very differently in the past year. While the SDAX also suffered from the great uncertainty caused for example by the Brexit negotiations or the trade dispute between the USA and China and fell by 20.3% in the course of the year, the DAXsector Financial Services closed the year 2018 with a gain of 4.0% driven by the positive performance of the real estate companies included in it.

Performance of the DF bond in the financial year 2018

The DF bond opened the year at 4.51% and climbed to 6.65% by 2 March 2018. The bond then dropped sharply, however, and reached its low of 1.25% on 11 December 2018. The bond closed the year at 1.52% and an annual performance of -66.3%. According to the insolvency plan of DF AG, the bond is repaid exclusively through the disbursement of the proceeds generated by DF AG from the sale of the assets attributable to the creditors ("creditor assets"). In the financial year 2018, two disbursements (in the second and in the fourth quarter) were made.

3. REPORT OF THE BOARD OF MANAGEMENT ON THE DISCLOSURES PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB) AND SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

(1) Composition of the subscribed capital

On 31 December 2018, the company's subscribed capital amounted to EUR 11,887,483.00 and was divided into 11,887,483 nopar registered shares. There are no other share classes. Each share has one vote.

(2) Restrictions regarding voting rights or transfer of shares

The Board of Management is not aware of any restrictions related to exercising voting rights or the transfer of shares, including restrictions as a result of agreements between shareholders.

(3) Shares in the capital exceeding 10% of voting rights

The direct and indirect shares in the subscribed capital (shareholder structure) exceeding 10% of the voting rights are listed in the notes to the separate financial statements and the notes to the consolidated financial statements of the company for the financial year from 1 January 2018 to 31 December 2018. Dr. Shahab Manzouri held 79.14% of the company's shares as of the reporting date of 31 December 2018.

(4) Shares with special rights that confer control

There are no shares with special rights that confer control.

(5) Type of the verification of voting rights of employees that hold shares in a company and do not exercise their right of verification directly

There is no verification of the voting rights of employees that hold shares in the company and do not exercise their right of verification directly.

(6) Statutory regulations and provisions in the Memorandum of Association about the appointment and dismissal of members of the Board of Management and the amendment of the Memorandum of Association

According to Section 6 (1) of the Memorandum of Association, the Board of Management consists of at least two persons; the Supervisory Board may establish a higher number and appoint deputy members of the Board of Management. According to Section 84 (2) of the Stock Corporation Act (AktG) and according to Section 6 (2) of the Memorandum of Association, the Supervisory Board can appoint a member of the Board of Management as chairperson or speaker of the Board of Management and another member as deputy chairperson or speaker. According to Section 84 of the Stock Corporation Act (AktG), members of the Board of Management are appointed and retired by the Supervisory Board. According to Section 11 (4) of the Memorandum of Association, the Supervisory Board passes resolutions with a simple majority of votes. In case of a tie, the chairperson casts the deciding vote.

According to Section 179 (1) of the Stock Corporation Act (AktG), changes to the Memorandum of Association may be made via a resolution passed by the Annual General Meeting which, unless the Memorandum of Association specifies another capital majority, requires a majority of at least three-quarters of the share capital represented during the vote in accordance with Section 179 (2) of the Stock Corporation Act (AktG). If changes to the purpose of the company are involved, the Memorandum of Association may only specify a larger majority of the share capital. In Section 18 (1), the Memorandum of Association of the company takes advantage of the option specified by Section 179 (2) of the Stock Corporation Act (AktG) and states that, unless made impossible by applicable legal provisions, resolutions may be passed with a simple majority of votes and, in cases where the law requires a capital majority in addition to the majority of votes, with a simple capital majority. According to Section 13 (3) of the Memorandum of Association, the Supervisory Board is authorized to decide amendments to the Memorandum of Association which affect only its wording.

(7) Powers of the Board of Management to issue or repurchase shares

Purchase and use of own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at the Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by the company in one or several stages within the limits of the abovementioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the abovementioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale.

This authorization is restricted to shares with a notional interest in the share capital, which must not exceed a total of 10% of the share capital, on the effective date of this authorization nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG). The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the abovementioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the abovementioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the abovementioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization proposed under agenda item 8.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the abovementioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining nopar value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting.

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. The new shares may also be taken over by one or several banks selected by the Board of Management with the obligation to offer them to the shareholders (indirect subscription right). However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an exrights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an exrights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this 10% limit also covers shares that were or are to be issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder; (5) to issue employee shares to employees of DF AG and of affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Convertible and warrant bonds

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a prorata share in share capital totaling up to EUR 4,720,000.00.

The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management will be authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/ conversion rights on new shares of DF Deutsche Forfait AG.

For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

Granting of subscription rights (stock options) to employees and members of the management of the company or an affiliated company

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board.

The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

(8) Material agreements subject to a change of control resulting from a takeover bid

There are no material agreements subject to a change of control.

(9) Compensation agreements concluded by the company with members of the Board of Management or employees in the case of a takeover offer

The company has not entered into any compensation agreements with members of the Board of Management or employees in the case of a takeover offer.

4. CORPORATE GOVERNANCE STATEMENT (SECTION 289F AND SECTION 315D OF THE GERMAN COMMERCIAL CODE (HGB))

The corporate governance statement pursuant to Section 289f and the Group statement pursuant to Section 315d of the German Commercial Code (HGB) are published in the "Corporate Governance" section of the website of DF AG.

5. OPPORTUNITY AND RISK REPORT

a) Internal accounting-related control and risk management system

DF AG is the holding company and ultimate parent company of DF Group. For the corporate structure and its tasks within DF Group, please refer to the information provided in Section 1. a.

Cash planning for DF Group, DF AG, DF GmbH, DF s.r.o. and DF ME s.r.o. takes place daily on the basis of current account statements. It comprises the expected incoming and outgoing payments from the operating activities. Cash planning takes place on a daily basis for the next one to two weeks, on a weekly basis for the next two months and on a monthly basis thereafter.

Risk management and monitoring take place on the basis of a detailed written risk management system. The risk management system comprises a limit system that consists of counterparty, country and risk group limits. Countries with similar risk profiles are grouped in one of five risk groups.

The accounting department is responsible for the accounts structure, accounts allocation policies as well as all accounting policies and processes at DF Group, taking into account country-specific requirements and laws. The subsidiaries DF GmbH, DF s.r.o. as well as DF ME s.r.o. are currently included in the basis of consolidation. The accounts of DF AG and DF GmbH are kept by the accounting department in Cologne. The accounts of DF s.r.o. and DF ME s.r.o. are kept by a local external service provider. The central accounting department closely supervises in particular the preparation of the financial statements. Bookkeeping and the preparation of the local financial statements of DKL are performed by DF Group's central accounting department and agreed with the DKL management until the liquidation is completed. All necessary documents and intercompany relations are finally endorsed and agreed by the central accounting department in Cologne and checked by the Board of Management.

The company uses standard software for the financial accounting process that is certified by an auditing firm. The software is installed on a central server in Cologne and DF s.r.o. and DF ME s.r.o. are granted online access. The central accounting department in Cologne has full and continuous access to the accounts of the companies in Prague. Software authorizations ensure, however, that DF s.r.o. and DF ME s.r.o. can access only their own accounts. Current accounts are saved on a daily basis in accordance with DF Group's data storage policy. Backup systems are in place to manage the IT continuity risk.

The preparation of the consolidated financial statements including the consolidation measures are performed by the central accounting department based on IFRS packages of the consolidated entities audited by local auditors. The requirements regarding the contents and scope of the IFRS packages are agreed with the Group's auditor at the beginning of the audit of the consolidated financial statements.

The internal control system accounts for the special characteristics of DF Group's business and especially the high degree of individuality of transactions.

b) Risk management system with regard to compliance and money laundering

Due to their projectrelated business model, DF AG, DF GmbH, DF s.r.o. and DF ME s.r.o. engage in business with a large number of counterparties in different countries (sellers and buyers of export receivables, insurers such as banks and/or credit insurers, external agents, service providers for tax and legal review, implementation and processing of the different transactions in the areas of forfaiting, purchase commitments, agenting business, debt collection). DF Group is therefore exposed to compliance risks that result from its business model.

Violations of the statutory moneylaundering regulations, customer identification regulations, EU/US sanctions laws or against other laws aimed at preventing economic crime may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole. In particular, there is a risk (i) that contractual partners/service providers who are essential for the operations of the individual companies of DF Group and/or of DF Group as a whole are not allowed or unable to do (any more) business with individual companies of DF Group and/or DF Group as a whole (for a limited time) due to their own internal and/or statutory regulations – this comprises the purchase and sale of receivables, the collectability of receivables and the provision of services for individual companies of DF Group. In addition, there is a risk (ii) that penalties and fines are imposed and (iii) that culpable violations or breaches of these regulations result in a loss of reputation.

To prevent the aforementioned compliance risks, DF Group has implemented transaction-related and customerrelated internal safeguards and controls.

The Groupwide compliance system is regularly updated in cooperation and consultation with external consultants in order to fulfil DF Group's responsibility and ensure its business success. The compliance system comprises in particular (i) awareness creation and regular training of all employees and of salesrelated external advisors of DF Group with regard to the company's Code of Conduct and the importance of compliance, transparency and integrity for the business activity of DF Group; (ii) a welltrained Compliance Department as well as a Compliance Committee and the appointment of a Money Laundering Officer; (iii) software which automatically checks, on every working day, whether an electronically recorded transaction party features on the relevant sanctions lists during the term of a transaction and (iv) additionally the Thomson Reuters World Check One software for a more indepth examination of new and potential customers or parties involved in the potential transaction before closing a transaction.

Based on protocols of the results of the above checks, individual parties are checked manually in case of doubt. Regular updates of the database ensure that the (new) listing of a party involved in the underlying transaction on a sanctions list will be detected also during the holding period of a receivable. This will enable DF Group to immediately take the necessary steps. Business partners with whom one or several companies of DF Group cooperate on an ongoing basis are regularly checked for compliance with sanctions rules.

The relevant audits required under the German Money Laundering Act (GwG) are another integral element of DF Group's compliance system. DF AG and its subsidiaries conduct their business operations in accordance with applicable prevention of money laundering rules. DF Group attaches great importance to complying with these rules. Management and all employees of DF Group are obliged to comply with these standards. Besides the Anti-Corruption Policy, the Anti-Money-Laundering Directive forms part of DF Group's general Compliance Program and is applied together with DF Group's other obligations in the solicitation and execution of contracts (especially under the existing "Economic Sanctions Compliance Policy"). Responsibility for the identification of customers to prevent money laundering and terrorism financing as well as for economic sanctions compliance rests with the Compliance Department and the Compliance Committee, both of which act strictly separately from the front office and the back office and both report directly to the full Board of Management.

Before entering into a business relationship by submitting a binding offer, the customer / business partner and its ultimate beneficial owner ("Know Your Customer" principle) is identified, information on the purpose of the transaction is obtained, the PEP (politically exposed person) status is checked as well as further checks relevant to money laundering are performed in connection with the due diligence process.

This identification includes information provided by the customer and the verification of this information by DF Group. Depending on the risk profile of the customer / business partner, DF Group may request additional checks. The due diligence process moreover includes checking for possible sanctions (customer / business partner screening). DF Group will not make a commitment to underwrite a risk in the context of a certain transaction before the identity of the customer / business partner has been established without any doubt whatsoever, all questions required by the German Money Laundering Act (GwG) have been answered satisfactorily and no relevant sanctions have been imposed on the customer / business partner as well as its ultimate beneficial owner. No transaction will be paid out before the transaction-related documents and the parties involved have been satisfactorily checked for compliance-related circumstances. The ongoing business relationship is then monitored.

All employees of DF Group are trained in the Group's compliance policy at least once a year by the Compliance Department. In this context, sales staff and external sales-related advisors of DF Group receive additional training.

DF Group expanded its compliance system by establishing a whistleblowing system enabling every employee and third party to report suspected cases of non-compliance to an external ombudsperson on a confidential and, if required, anonymous basis.

c) Opportunities

The change in the political environment and the withdrawal of the USA from the nuclear deal (JCPOA) have made the expansion of the business volume in DF Group's target region considerably more difficult. As a result, DF Group focuses on trade with humanitarian goods such as food, pharmaceuticals and medical products. Demand for these products and the product range of DF Group on the part of importers and exporters is high. If the incoming business inquiries can be converted into real business, the business volume is expected to grow significantly. In addition to traditional products such as forfaiting and collection, DF Group has successfully launched its consulting business as a new product in the second half of 2018. By marketing its compliance know-how in the form of consulting services as well as by adapting the industrial

sectors served to food and pharmaceuticals, DF Group has once again proven its ability to flexibly respond to changing market conditions. This flexibility combined with its longstanding know-how in trade finance and its repeatedly audited and award-winning compliance system offers DF Group good opportunities for expanding its business volume. DF Group moreover benefits from the support of its majority shareholder who provided the company with a subordinated shareholder loan in the amount of EUR 15 million at the beginning of 2019 and has thereby sustainably improved the creditworthiness and liquidity of DF Group and significantly increased its scope for action.

d) Risks

When outlining the risks, a distinction needs to be made between old and new business. The "old business" relates to the receivables of the restructuring and trading portfolio that form part of the creditor assets. According to the provisions of the insolvency plan, the opportunities and risks arising from the liquidation of these receivables rest exclusively with the insolvency creditors. While the risks described below apply to both the old business and the new business, the consequences for DF Group differ, as DF Group bears the risk only for the new business.

i. Legal risk

DF Group buys receivables (on a non-recourse basis) usually with the aim of reselling or outplacing them. Individual receivables remain in DF Group's books until their contractually agreed maturity only in exceptional cases. In the context of its trading business, DF Group usually guarantees to the buyer that the receivable exists (liability for legal validity), that the receivable has the warranted properties, that DF Group is the owner of the receivable (ownership) and that the receivable can be collected from the debtor, e.g. that there are no exceptions or objections. The type and scope of the guarantees, liabilities and commitments assumed by DF Group in the context of a transaction may differ from each other. The above liability cases may arise primarily because of improper verification of documents or deficiencies in the contract and result in considerable damage.

In exceptional case, DF Group obtains credit insurance to reduce individual risks of receivables (e.g. creditworthiness risk, country risk, convertibility risk) where this is possible and makes economic sense. It is also possible that receivables already covered by credit insurance are acquired; the contractual partners may be government or private credit insurers. If the receivable covered by credit insurance has to be written off, credit insurance benefits in the

agreed amount (nominal amount of the receivable less a potential deductible) can be collected after a waiting period. Such credit insurance agreements must be precisely tailored to the transaction being covered. Otherwise, there is a risk that credit insurance terms and conditions may be violated. If the policy holder violates the terms and conditions, no credit insurance benefits may be payable in case of a loss. Depending on the amount of the credit-insured receivable, a risk which may jeopardize DF Group's future as a going concern may arise. DF Group also enters into counter-guarantees with banks or other forfaiting companies in order to secure receivables where this is possible and makes economic sense. Once again, contract terms and conditions must be precisely tailored to the transaction being covered. Given that receivables with credit insurance coverage or counter guarantees are resold and that, under certain (contractual) circumstances, DF Group is liable for the counter-guarantee or credit insurance, a risk may potentially arise for DF Group also after the sale.

While the probability of such claims being raised is considered to be low, their adverse impact on the bottom line may, in individual cases, be considerable.

The above risks are countered by having well-trained and experienced employees in the contract management department. The workflows are regulated by detailed process charts, which show the individual steps depending on the decisions to be taken, the responsibilities of the individual departments and the IT programs used as well as by work instructions. The process charts are constantly checked for up-to-dateness (e.g. experience from previous transactions, market conditions and habits, legal, tax and regulatory conditions). The individual workflow and review steps required in the context of the risk management, documentation and implementation of each transaction (essentially compliance check, credit analysis, review of the tax and legal conditions, profitability of the respective transaction) are documented on a special form, which must be signed by the departments responsible for the individual subjects. Only once this has been done, the respective transaction is analyzed and voted on by the executive and controlling bodies and then submitted to the management for approval. In addition, work results are checked by applying the principle of dual control. If and when required, external legal firms specializing in the countries involved and the applicable law are consulted for complex contracts and document reviews. Where a transaction is executed in a country for the first time or where no transactions were executed in a country for a long time, a legal and/or tax opinion from a local law firm is obtained and/or updated on the basis of each individual case.

ii. Country and counterparty risk

In line with its business model and strategy, DF Group focuses on the Near and Middle East as well as emerging and developing countries. Political, financial, economic and social conditions in these regions are less stable compared to industrialized nations. In the event of an economic and/or political crisis or due to decisions taken by the respective rulers/governments, this may substantially affect the ability or willingness of the respective country to transfer payments – especially in foreign currencies. In extreme cases, foreign currency payments may no longer be possible at all or only with prior state approval (e.g. by the national central bank) due to the introduction of corresponding legal provisions (foreign exchange control). As a result, a debtor who is otherwise willing and able to pay may be unable to pay on time, in full or at all.

The country risk comprises the three individual risks outlined below:

- funds cannot be transferred freely due to government restrictions (transfer risk) and/or
- local currencies may be exchanged for the foreign currency in which the receivable is de nominated and, hence, payable only after prior approval or not at all (convertibility risk) and/or
- a government imposes a temporary moratorium due to economic or political difficulties (moratorium risk).

In the financial year 2018, the country risks in the Near and Middle East markets, in which DF Group is primarily active, have increased. Especially the withdrawal of the USA from the nuclear deal (JCPOA) with Iran has resulted in higher country risks. As a result of the US sanctions, Iran's economic situation has deteriorated significantly and, according to IMF estimates, its GDP has declined by 1.5% compared to the previous year.

When purchasing receivables, DF Group also assumes the debtor's credit risk for the acquired receivable (counterparty risk) in addition to the country risk. The debtor may become insolvent or unable to pay for other company-specific reasons. However, the counterparty risk is not limited to the (primary) debtor for a receivable; it also applies to the providers of security (e.g. banks or credit insurance companies (secondary debtors)) for which DF Group may secure individual transactions.

In the past, DF Group – just like the financial sector as a whole – was increasingly exposed to overdue receivables. These situations may recur in the future. As DF Group usually keeps no major receivables in its own portfolio at present, the risk of such overdue receivables is low for the company. Overdue receivables may require legal proceedings to enforce collection. The court proceedings which become necessary in this context often take place outside Germany. On the one hand, this requires the consultation of local law firms. Furthermore, court proceedings may be very time-consuming, especially when conducted outside Germany and through several stages of appeal. These factors cause additional expenses – especially in the form of legal and court fees – which are not refunded if the claims cannot be legally enforced and therefore weigh additionally on DF Group's bottom line. For the duration of the proceedings, the controversial and overdue receivables must be refinanced by DF Group, i.e. the company incurs refinancing costs which are not off-set by interest or other income; on the other hand, the funds thus tied up are not available to finance new business. In view of the size of the individual transactions signed by DF Group, a single default or write-down for impairment of a receivable resulting from the country and/or counterparty risk materializing may not only have material negative effects on DF Group's net assets, financial position and results of operation but may even lead to a situation in which the continued existence of DF Group is at risk and the company may become insolvent.

DF Group has a detailed risk management system, which is defined in writing. The risk management system comprises a limit system that consists of counterparty, country and risk group limits. Countries with a similar risk profile are grouped in one of five risk groups.

As at 31 December 2018, DF Group had no receivables from new business in its own portfolio. Nor were there any contingent liabilities, e.g. from purchase commitments, as of the balance sheet date of 31 December 2018.

According to the insolvency plan, the opportunities and risks arising from the current overdue receivables included in the creditor assets pass to the insolvency creditors.

Even now that the insolvency plan has become final, the creditor assets continue to be managed by DF Group and are collected in its own name for the account of the insolvency creditors. The prosecution measures or restructuring solutions to be initiated by DF Group in this context tie up DF Group's human resources which are not available for DF Group's new business.

iii. Refinancing risk

For its trading activity and the related short-term bridge financing periods of the receivables acquired for resale, DF Group requires refinancing resources. The refinancing period corresponds to the period between the payment of the purchase price of a receivable and the receipt of the sales price when the receivable is sold or the nominal value at maturity. As of the balance sheet date of 31 December 2018, DF AG had no current credit lines. As long as DF Group has no own credit lines for bridge financing, the business volume in the forfaiting segment can only be expanded if there are sufficient placement possibilities for the receivables purchased and if the periods between purchase and sale are reduced to such an extent that no or only very short-term refinancing is required.

If there are no sufficient refinancing resources and/or placement possibilities, this would very much constrain the growth opportunities in the forfaiting segment. In order to create an additional placement possibility, DF Group has initiated the establishment of a certificates structure in Luxembourg in 2018. This certificates structure enables investors to participate indirectly in the performance of selected foreign trade receivables.

iv. Earnings risks

Given that DF Group has no investment portfolio that generates recurring income from year to year, it has to acquire most of its business transactions anew each financial year in order to be successful.

In addition to offering market-oriented products at competitive prices, a good network on the supply and demand side is decisive for the successful acquisition of new business. If important business partners on the supply and/or demand side disappear entirely or partly there is a risk of a sharp drop in the business volume and, consequently, of a slump in profits. Due to its focus on a limited target region with a small number of important business partners, this risk is comparatively high for DF Group.

Apart from the default of major business partners, the default of an important country or region can also lead to a slump in profits. Economic or political reasons may result in the default of a country or region. Moratoriums imposed on a country or the listing of a country on the EU sanctions list and/or the sanctions list of the United States of America may temporarily lead to a sharp drop in, or a complete suspension of, the business volume with this country. Due to its geographic focus, DF Group is much more exposed to this risk than a geographically broadly diversified company, but, on the other hand, benefits from the opportunities arising from its specialization as described under 5. c).

Should the nuclear deal (JCPOA) with Iran be cancelled entirely, i.e. not only by the USA, but also by the other partners and/or Iran, this would have massive consequences for DF Group's business with Iran and for DF Group as a whole. DF Group assumes, however, that the nuclear deal will not be cancelled but that sanctions will continue to be imposed against individual enterprises, groups or persons. Should, contrary to DF Group's current assumptions, a large number of banks in Iran be affected by stricter sanctions imposed by the USA and the European contractual parties to the nuclear deal, this would also have massive consequences for DF Group's business with Iran and DF Group as a whole.

As outlined under "ii. Country and counterparty risk", DF Group also has overdue receivables on its books, which, however, exclusively form part of the creditor assets. According to the provisions of the insolvency plan, the opportunities and the risks arising from the liquidation of the assets including all overdue receivables that exist at the time of the approval of the insolvency plan pass to the creditors of DF AG. The same applies to the risk relating to the legal and consulting expenses associated with the collection of the overdue receivables. For DF AG, an earnings risk will result from the liquidation only if the liquidation of the assets assigned to the restructuring portfolio does not generate an amount of at least EUR 24 million; according to the provisions of the insolvency plan, DF AG must, in this case, pay up to EUR 0.8 million to the creditors ("compensation payment"). In view of the results achieved to date in selling the creditor assets, the probability that the risk of DF AG having to pay EUR 0.8 million will materialize has increased to such an extent that the company already established a corresponding provision in the financial statements for the period ended 31 December 2016.

v. Financial risks

DF Group plans to underwrite most of its transactions in EUR. In those cases where this is not possible, DF Group may have to use other hedging options if no credit lines are available which allow financing at matching currencies. Depending on the chosen hedging option, this can have adverse impacts on profitability.

Above and beyond the exchange rate risks described above, individual items of the income statement are exposed to other potential exchange rate influences. For instance, DF Group sources certain services abroad. These services, e.g. provided by lawyers, are usually invoiced in local currency. An unfavorable exchange rate trend could make these services more expensive.

vi. Risks resulting from non-compliance as well as violations of money laundering and/or sanctions regulations

The individual entities of DF Group are subject to the applicable national laws, regulatory requirements and duties. In addition, DF Group's international business model exposes the company and its transactions to many different jurisdictions.

As a listed joint stock company, DF AG must additionally fulfill specific capital market obligations. A violation of statutory, regulatory or voting rights regulations can have farreaching consequences and may entail high penalties or even the withdrawal of licenses and the closure of operations.

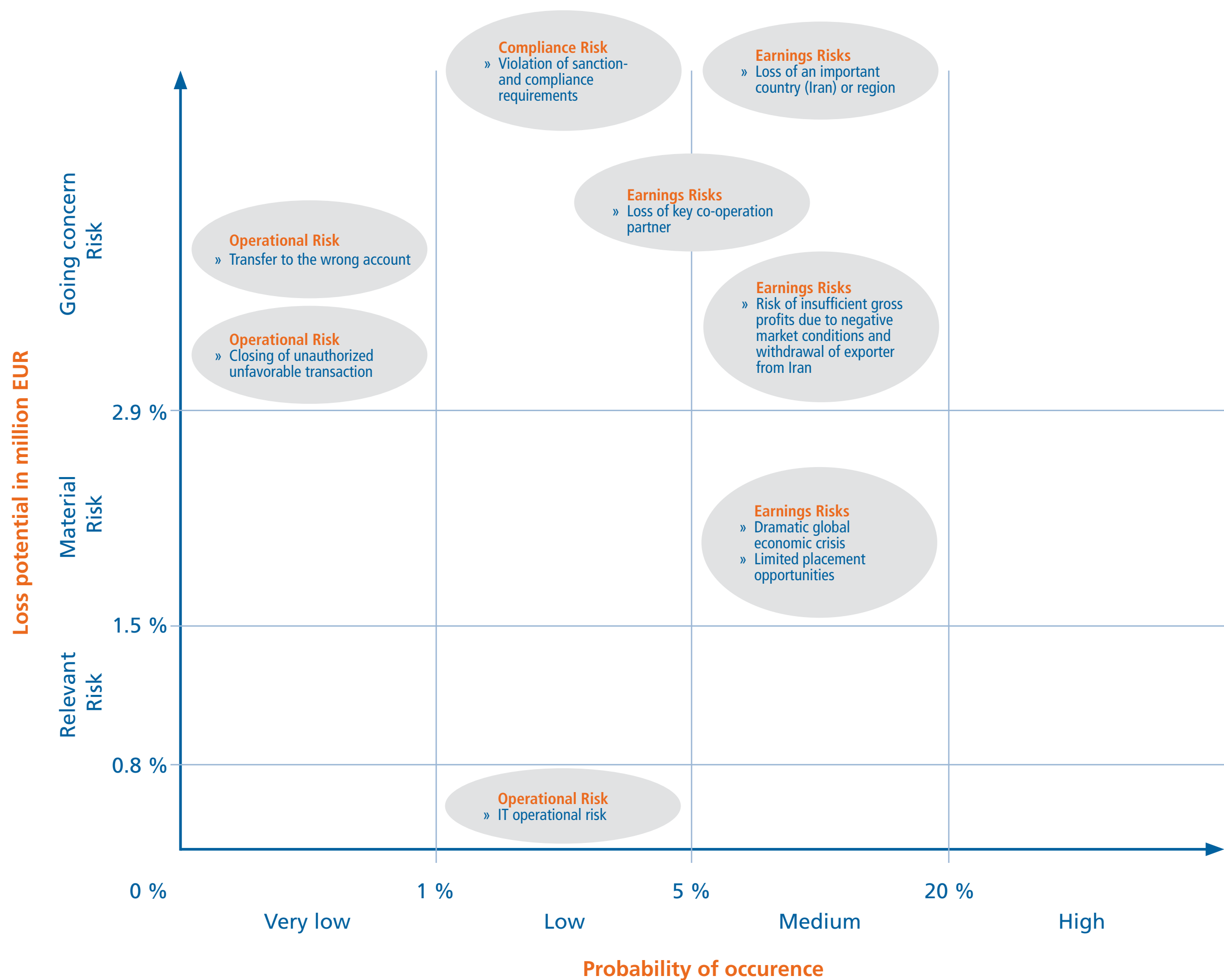
Since the entry into force of the EU General Data Protection Regulation (GDPR) in May 2018, violations of the Federal Data Protection Act and/or non-implementation of the GDPR may result in sharply increased fines of up to 4% of annual sales. In order to ensure compliance with the legal requirements and implementation of the GDPR, DF AG has implemented a data protection project. The Data Protection Officer monitors the implementation of the project and compliance with the data protection requirements throughout DF Group and provides related advice.

Against the background of the existing statutory provisions, DF AG and its subsidiaries are obliged (to the extent that they buy and sell receivables and source or provide services from/ to third parties) to carry out transaction-related money laundering checks, including customer identification, as well as economic sanctions compliance checks. This risk is mitigated by an effective compliance system (as described in Section 5. b. "Risk management system with regard to compliance and money laundering").

Any violations of statutory, regulatory or voting rights regulations, including especially the statutory regulations regarding data protection, money laundering prevention and customer identification that are applicable because of the business model, of economic sanctions regulations or of other laws aimed at preventing economic crime may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole.

vii. Summary risk assessment and risks threatening the continued existence

The assessment of individual operational risks within DF Group is based on two criteria, i.e. the potential amount of damage and the probability of occurrence of a risk. The potential amount of damage weighted by its probability of occurrence is set in relation to DF Group's equity capital in order to assess the consequences of a potential damage. This way, going concern risks are identified. At the same time, the probability of occurrence of a potential damage is determined/estimated. The purpose of risk assessment and risk management is to take adequate measures in order to (i) limit the absolute amount of each individual going concern risk; (ii) reduce the probability of occurrence of the individual going concern risk and the probability of several going concern risks occurring at the same time; and (iii) reduce the total number of going concern risks.



The main risks for DF Group exist on the earnings side. Due DF Group's specialization, there is a relatively high dependency on the future political and economic developments in the Near and Middle East as well as the cooperation with its strategic partners. A risk threatening the continued existence of DF Group will arise if DF Group fails to generate sufficient income to cover its operating costs in the current financial year due to negative developments in the target region or in the cooperation with its strategic partners. In an extreme case, this may result in the DF Group becoming unable to meet its financial obligations in the normal course of business.

According to the Board of Management's current assessment, it is, however, expected that the positive trend in the cooperation with business partners especially in the second half of 2018 will continue in 2019 and that transactions in the food and pharmaceuticals sectors can continue to be processed in the target region. In the company's plans and budgets for the years 2019 and 2020, DF Group consequently assumes to generate sufficient income from transactions and consulting services to cover its operating costs. Especially in consideration of the funds received in the first quarter of 2019, it is, according to the Board of Management, therefore safe to assume that DF Group will continue as a going concern.

6. FORECAST

According to its latest forecast dated January 2019, the IMF expects the global economy to stay on the growth track and grow by 3.5%. However, compared to its November 2018 forecast, the IMF has moderately reduced its expectations for most countries. A growth rate of 2.0% is projected for the industrialized countries. With a forecast increase in gross domestic product (GDP) of 2.5%, the USA will remain one of the growth drivers. While an increase of 1.6% is forecast for the eurozone, the German economy is expected to grow by 1.3%. According to the economists of the IMF, the economic output of the emerging and developing countries will be up by about 4.5% in 2019. Aboveaverage growth rates will once again be posted by Asia's up-and-coming countries (+6.3%), led by China (+6.2%) and India (+7.5%). For the Middle East countries (including North Africa), the IMF experts forecast a growth rate at the previous year's level (+2.4%) in the current year. For Iran, in contrast, the November 2018 forecast of the IMF predicts a 3.6% decline in economic output. The US sanctions gradually introduced last year are expected to have an even greater impact on Iranian economic growth in the current year.

World trade is forecast to grow at the previous year's level (+4.0%). This increase will be supported by both the industrialized countries (+3.5%) and the emerging and developing countries (+4.8%).

The IMF forecast for the world economy is generally subject to a large number of factors, some of which are difficult to predict. Growing trade barriers are one of the main risks to global trade.

Especially for DF Group with its geographic focus on the Near and Middle East, the US sanctions against Iran play an important role in the assessment of the economic trend. While DF Group anticipates a significant decline in trade with Iran in the capital goods sector, demand for food and pharmaceuticals as well as medical products is expected to remain high. DF Group therefore focuses its business with Iran on these sectors which are largely exempt from the sanctions regulations. Here, DF Group has meanwhile positioned itself as a specialist and demand for its products shows that it is also perceived as such by exporters and importers. In the first three months of the current financial year, this demand could not yet be translated into real transactions due to operational challenges, in particular in connection with the provision of foreign currencies.

If these challenges are overcome, DF Group expects a business volume of about EUR 300 million for the financial year 2019 in this segment. However, DF Group's result from its trading activities is largely dependent on opportunities for the successful closing of transactions, whose occurrence is difficult to predict reliably. In addition to traditional foreign trade finance products, DF Group has successfully marketed the compliance know-how built up over the last years in the second half of 2018. DF Group also expects substantial income from this consulting business in 2019. Provided that the political and economic environment in the geographic target region of the Near and Middle East as well as the cooperation with its strategic partners with a focus on Iran do not deteriorate, a significant improvement of the financial performance indicators gross result, earnings before taxes as well as consolidated result is expected for the financial year 2019. Overall, a positive consolidated result is therefore projected.

7. ADDITIONAL DISCLOSURES FOR DF DEUTSCHE FORFAIT AG

The financial statements of DF Deutsche Forfait AG ("DF AG") were prepared in accordance with the provisions of Sections 264 et seq. of the German Commercial Code (HGB) and paying regard to the German Stock Corporation Act (AktG). DF AG is the parent company of DF Group. Apart from the holding company function, DF AG is responsible for debt collection of the assets defined in the insolvency plan. As DF AG has no business operations of its own, it is dependent on the prorated cost contributions and dividend payments of the DF Group member companies, with these contributions and payments being a function of their business performance. The business performance of DF AG is thus subject to the same risks and opportunities as that of DF Group. Due to the interdependencies and business relationships within DF Group, the business outlook for DF Group also reflects the expectations of DF AG. Consequently, the statements made for DF Group also apply to DF AG.

Due to the abovedescribed interdependencies, DF AG is nevertheless exposed to a going concern risk if because of negative developments in the target region or in the cooperation with the strategic partners its subsidiaries fail to generate sufficient income in the current financial year to cover not only their own operating costs but also their cost contributions as well as other obligations to DF AG. For details, please refer to the presentation of the going concern risks (d. vii.) in the Group management report of DF Group.

i. Results of operation

In millions (HGB)	1-1 – 31-12-2018	1-1 – 31-12-2017	Difference
Sales revenues	0.61	1.02	-0.41
Cost of purchased services	0.40	0.46	-0.06
Other operating income	3.51	6.38	-2.87
Personnel expenses	0.85	0.69	+0.16
Other operating expenses	4.35	7.31	-2.96
Interest and similar income	0.19	0.11	+0.08
Income from investments	0.00	2.55	-2.55
Depreciation on financial assets	2.89	0.11	+2.78
Interest and similar expenses	0.02	0.05	-0.03
Net loss/income for the year	-4.20	1.45	-5.65

In the financial year, DF AG did not conduct any forfaiting business of its own, but focused on its holding company function for DF Group as well as the debt collection of the creditor assets. The structure of the income statement for the separate financial statements of DF AG has therefore been adjusted to the structure stipulated in Section 289 of the German Commercial Code (HGB). The consolidated income statement is not affected by this adjustment.

In the financial year 2018, DF AG generated a net loss in the amount of EUR -4.20 million (previous year: EUR +1.45 million). The significant deterioration compared to the previous year has mainly two reasons. In June 2018, DF AG waived the repayment of a shareholder loan in the amount of EUR 2.5 million plus interest in order to strengthen its operating subsidiary DF GmbH. Moreover, in contrast to the previous year (EUR 2.55 million), no income from investments was recorded in the financial year 2018. Sales revenues amounted to EUR 0.61 million (previous year: EUR 1.02 million) in the financial year 2018. The decline is due to lower commission income from the trust agreement. The cost of purchased services was down from EUR 0.46 million in the previous year to EUR 0.40 million and primarily relates to services sourced by DF AG from other group companies. Other operating income totaled EUR 3.51 million (previous year: EUR 6.38 million) and consisted primarily of income from the reversal of provisions (EUR 1.54 million), income from the reduction of liabilities (EUR 0.32 million) as well as reversals of value adjustments (EUR 0.33 million), exchange gains (EUR 0.37 million) and reimbursement claims against the trustee from incurred legal expenses and other costs. Personnel expenses were up from EUR 0.69 million in the previous year to EUR 0.85 million. The increase is attributable to the appointment of Dr. Abdolvand to the company's Board of Management with effect from 1 November 2017. Other operating expenses amounted to EUR 4.35 million (previous year: EUR 7.31 million). The main items are depreciation and value adjustments on assets designated under the insolvency plan in the amount of EUR 2.3 million as well as depreciation on financial assets in the amount of EUR 0.39 million. Interest and similar income amounted to EUR 0.19 million in the financial year 2018 (previous year: EUR 0.11 million) and relate to the granting of shareholder loans within DF Group. Depreciation on financial assets in the amount of EUR 2.89 million relates to the waiver of the repayment of the shareholder loan in the amount of EUR 2.5 million as well as the liquidation of the subsidiary Deutsche Kapital Limited, Dubai. These expenses are offset by income from the reversal of liabilities in the amount of EUR 0.32 million, which are included in other operating income.

ii. Net assets position

In millions (HGB)	31-12-2018	31-12-2017	Difference
Fixed assets	2.19	7.59	-5.40
Current assets	10.77	15.24	-4.47
Thereof: assets defined in the insolvency plan	*6.07*	*8.54*	*-2.47*
Thereof: cash and bank deposits	*1.35*	*3.32*	*-1.97*
Total assets	**13.06**	**22.95**	**-9.89**
Equity	4.53	8.73	-4.20
Provisions	7.81	10.99	-3.18
Thereof: provisions for insolvency liabilities	*6.84*	*9.93*	*-3.09*
Liabilities	0.72	3.23	-2.51
Total liabilities	**13.06**	**22.95**	**-9.89**

As of the balance sheet date of 31 December 2018, DF AG's assets amounted to EUR 13.06 million (previous year: EUR 22.95 million). At EUR 6.07 million, the assets designated under the insolvency plan accounted for the biggest portion. This item includes all special-purpose assets, which exclusively serve to satisfy the filed insolvency liabilities and essentially comprise the receivables in the socalled restructuring portfolio. The decline from the previous year's figure of EUR 8.54 million is mainly attributable to payments to the trustee and value adjustments. Fixed assets decreased from EUR 7.59 million on the previous year's reporting date to EUR 2.19 million. The reason for the decline was DF AG's waiver of the repayment of the loan granted to its subsidiary DF GmbH in the amount of EUR 2.50 million and the settlement of a loan receivable in the amount of EUR 2.50 million by the subsidiary DF s.r.o.

Cash and cash equivalents amounted to EUR 1.35 million as of the balance sheet date, with the decline from the previous year's EUR 3.32 million primarily due to the company's operating loss.

iii. Financial position

DF AG's equity capital amounted to EUR 4.53 million as of the balance sheet date of 31 December 2018 (31 December 2017: EUR 8.73 million). The equity ratio stood at 35% on 31 December 2018 (previous year: 38%).

The liabilities to creditors under the insolvency plan are comprised in the provisions for insolvency liabilities and totaled EUR 6.84 million on 31 December 2018 (previous year: EUR 9.93 million). The reclassification of the liabilities from the insolvency plan to the provisions for insolvency liabilities is due to the fact that the insolvency plan provides for the creditors' claims to be satisfied exclusively from the sale of the assets defined in the insolvency plan. Due to

the uncertainties regarding the value of the assets and the resulting cash flows, the creditors irrevocably waived that part of their claims that is not covered by the sale of the assets in the context of the insolvency plan. As a result of this irrevocable waiver, the exact amount of these obligations of DF AG towards the insolvency creditors will only be revealed over time, which means that they are contingent liabilities. According to the provisions of the German Commercial Code (HGB), DF AG's obligations under the insolvency plan towards the old creditors must be classified as provisions in DF AG's financial statements.

All in all, the results of DF Group and, consequently, of DF AG for the financial year 2018 are not in line with expectations.

In contrast to DF Group, DF AG is expected to post a net loss for the financial year 2019 because the company does not conduct any forfaiting business of its own and the cost contribution will not be sufficient to cover the operating costs without additional distributions.

iv. Related party disclosures (dependency report)

As regards our relations with our majority shareholder, DF Deutsche Forfait AG, Gruenwald, is deemed a dependent entity within the meaning of Section 17 of the German Stock Corporation Act (AktG).

The Board of Management's related party disclosures for the financial year 2018, which were established in accordance with Section 312 of the German Stock Corporation Act (AktG), end as follows: "We declare that DF Deutsche Forfait AG received appropriate consideration for all legal transactions listed in the related party disclosures in the financial year 2018 according to the circumstances known to us at the time when the legal transactions were carried out. No other measures were taken or omitted in the financial year."

Gruenwald, 11 April 2019
Board of Management

FINANCIAL FIGURES FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018

Consolidated Balance Sheet – Assets

Consolidated Balance Sheet – Equity and Liabilities

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Cash Flow Statement

Consolidated Statement of Equity Changes

Assets (in EUR)	Note	31-12-2018	31-12-2017
Long-term assets			
Intangible assets	(16)	124,020.83	148,587.57
Tangible assets	(16)	87,604.00	95,625.65
Long-term financial assets	(17)	40,644.19	118,232.99
Deferred taxes	(15)	1,524,156.00	1,330,056.00
		1,776,425.02	1,692,502.21
Short-term assets			
Creditor assets	(25)	6,186,840.18	9,248,245.03
Trade accounts receivables	(18)	439,432.86	0.00
Other short-term assets	(19)	993,368.65	940,487.57
Cash and cash equivalents funds	(20)	3,553,920.65	6,079,060.14
		11,173,562.34	16,267,792.74
Total assets		**12,949,987.36**	**17,960,294.95**

Equity and Liabilities (in EUR)	Note	31-12-2018	31-12-2017
Equity	(21)		
Subscribed capital		11,887,483.00	11,887,483.00
Costs of the capital increase		-623,481.04	-623,481.04
Revenue reserves		-5,756,635.47	-3,851,351.41
Adjustment items from currency translation		-178,558.63	-162,614.32
		5,328,807.86	7,250,036.23
Short-term liabilities			
Creditor liabilities	(25)	6,186,840.18	9,248,245.03
Liabilities to banks		329.08	0.00
Income tax liabilities	(15)	462,267.57	350,000.00
Trade accounts and other payables	(23)	237,493.34	203,381.32
Other short-term liabilities	(24)	734,249.33	908,632.37
		7,621,179.50	10,710,258.72
Total equity and liabilities		**12,949,987.36**	**17,960,294.95**

Consolidated Income Statement (in EUR)	Note	01-01 – 31-12-2018	01-01 – 31-12-2017
Transaction-related income	(7)		
a) Forfaiting income		466,879.58	2,745,917.48
b) Commission income		2,382,300.04	831,286.96
c) Exchange profits		383,364.70	104,521.86
		3,232,544.32	**3,681,726.30**
Transaction-related expenses	(8)		
a) Expenditure from forfaiting		2,308,861.66	3,193,184.47
b) Commissions paid		282,310.91	32,966.63
c) Exchange losses		51,787.62	1,895,378.19
		2,642,960.19	**5,121,529.29**
Gross result	(9)	**589,584.13**	**-1,439,802.99**
Other operating income	(10)	3,010,086.59	4,236,932.42
Personnel expenses	(11)		
a) Wages and salaries		1,987,540.79	2,130,617.72
b) Social security contributions and expenditure for pensions and social welfare		306,156.82	320,799.49
		2,293,697.61	**2,451,417.21**
Depreciation on tangible and intangible assets	(12)	81,407.21	93,634.63
Other operating expenditure	(13)	3,029,281.77	3,521,780.37
Interest income	(14)	0.00	85,418.34
Interest paid	(14)	28,150.22	52,192.80
Profit before income tax		**-1,832,866.09**	**-3,236,477.24**
Income tax	(15)		
a) Income and earnings tax		112,604.63	0.00
b) Deferred taxes		-194,100.00	-526,600.00
Consolidated loss		**-1,751,370.72**	**-2,709,877.24**
Average number of shares		11,887.483	11,887.483
Undiluted earnings per share		-0.15	-0.23
Diluted earnings per share		-0.15	-0.23

Consolidated statement of comprehensive income (in EUR)	Note	01-01 – 31-12-2018	01-01 – 31-12-2017
Consolidated loss		**-1,751,370.72**	**-2,709,877.24**
Other income			
Components, which will be reclassified to the income statement for the future			
Currency translation differences from the inclusion of foreign subsidiaries	(20)	-15,944.31	46,705.29
		-15,944.31	**46,705.29**
Comprehensive income		**-1,767,315.03**	**-2,663,171.95**

The consolidated income and the comprehensive income are fully attributable to the shareholders of the parent company.

	Consolidated Cash Flow Statement (in EUR)	**Note**	**01-01 – 31-12-2018**	**01-01 – 31-12-2017**
	Consolidated loss/income		-1,751,370.72	-2,709,877.24
+	Depreciation on intangible and tangible assets		81,407.21	93,634.63
+	Income tax expense		-81,495.37	-526,600.00
+	Interest paid		28,150.22	52,192.80
-	Interest income		0.00	-85,418.34
+/-	Result from disposal of long-term assets		0.00	11,002.80
+/-	Other transactions not affecting payments		62,520.01	528,300.00
+/-	Changes in creditor assets		3,061,404.85	8,961,500.73
+/-	Changes to trade accounts receivable		-439,432.86	0.00
+/-	Changes to other assets		-224,602.41	-142,388.33
+/-	Chnages in creditor liabilities		3,061,404.85	-8,961,500.73
+/-	Changes to trade accounts payable		34,112.02	-698,704.60
+/-	Changes to other liabilities		-62,115.47	-559,366.41
=	**Operative Cash flow**		**-2,352,827.37**	**-4,037,224.69**
-	Paid interest		-9,174.86	-46,292.80
+	Retained interest		0.00	77,818.34
=	**Cash flow from current business**		**-2,362,002.23**	**-4,005,699.15**
-	Payments for investments in long-term assets		-33,464.90	-124,527.91
+	Income from disposals of long-term assets		0.00	4,201.68
+/-	Changes in scope of consolidation		-103,898.04	0.00
=	**Cash flow from investment activity**		**-137,362.94**	**-120,326.23**
+/-	Changes to financial liabilities		329.08	0.00
=	**Chash flow from finance activity**		**329.08**	**0.00**
+/-	Changes in financial resources affecting payments		-2,499,036.09	-4,126,025.38
+	Liquid funds at the start of the period		6,079,060.14	10,157,768.87
+/-	Effects from currency conversion		-26,103.40	47,316.65
=	**Liquid funds at the end of the period**		**3,553,920.65**	**6,079,060.14**
-	Balances pledged		-35,000.00	0.00
=	**Free liquid funds at the end of the period**	**(34)**	**3,518,920.65**	**6,079,060.14**

Consolidated Statement of Equity Changes 1-1-2018 – 31-12-2018 (in EUR)	Note	Subscribed capital	Deposits earmarked for the capital increase	Capital reserves	Costs of the capital increase	Revenue reserves	Difference from currency conversion[1]	Total
Balance at 01-01-2017		**11,887,483.00**			**(623,481.04)**	**(1,141,474.17)**	**(209,319.61)**	**9,913,208.18**
Consolidated profit						(2,709,877.24)		(2,709,877.24)
Other result							46,705.29	46,705.29
Consolidated total result						(2,709,877.24)	46,705.29	(2,663,171.95)
Balance at 31-12-2017		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(3,851,351.41)**	**(162,614.32)**	**7,250,036.23**
Balance at 01-01-2018		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(3,851,351.41)**	**(162,614.32)**	**7,250,036.23**
Consolidated profit						(1,751,370.72)		(1,751,370.72)
Other result							(15,944.31)	(15,944.31)
Consolidated total result						(1,751,370.72)	(15,944.31)	(1,767,315.03)
Changes in scope of consolidation						(153,913.34)		(153,913.34)
Balance at 31-12-2018	**(21)**	**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(5,756,635.47)**	**(178,558.63)**	**5,328,807.86**

[1] Other Comprehensive Income (OCI)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2018

Notes to the consolidated financial statements

Auditor´s Review Report

Responsibility Statement by the Board of Management

Supervisory Board Report

Corporate Governance Report

I. POLICIES

(1) General information

DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") is the parent company of DF Group (also referred to as "Group") and has the legal status of a joint stock company. The company's address is Hirtenweg 14, 82031 Gruenwald. It is registered at Munich Local Court (Germany, "Amtsgericht") under HRB 228114.

DF AG is a forfaiting company and, as such, is a financial enterprise within the definition of Section 1 (3) No. 2 of the German Banking Act (KWG). The operating activities were transferred to DF Deutsche Forfait GmbH (also referred to as "DF GmbH"), Cologne, with retroactive effect from 1 January 2016. All shares in DF GmbH are held by DF AG.

DF Group has specialized in foreign trade finance and related services for exporters, importers and other financial companies.The company is consequently regarded as a single-segment entity, for which no segmentation within the meaning of IFRS 8 is possible. DF Group's geographic focus within this market segment lies on Near and Middle East countries and, in particular, Iran. With respect to trade with Iran, DF Group currently restricts its activities to humanitarian goods for business policy reasons.

The consolidated financial statements of DF AG as of 31 December 2018 were prepared on the basis of the International Financial Reporting Standards (IFRS) at the accounting date as endorsed by the EU as well as the additional requirements pursuant to Section 315e (1) of the German Commercial Code (HGB).

The term "IFRS" also includes the prevailing International Accounting Standards (IAS). All the binding interpretations of the IFRS Interpretations Committee (IFRS IC) for the financial year from 1 January to 31 December 2018 have also been applied.

The functional currency of the Group is the euro. All figures are presented in thousands of euros (kEUR) unless otherwise stated.

To make the presentation clearer, assets and liabilities have been grouped into "creditor assets" and "creditor liabilities" in the context of the insolvency plan as of the consolidated financial statements for the period ended 1 July 2016. These items are shown separately in the consolidated financial statements and described in the consolidated notes. The income statement is prepared according to the total expenditure method. In the consolidated income statement, income and expenses are grouped by category and income and expense totals are presented to reflect the particular characteristics of a forfaiting company.

The consolidated financial statements were prepared on the assumption that the company will continue as a going concern. With regard to risks threatening the continued existence of DF Group, we draw attention to Section 5. "Opportunity and Risk Report" under d) vii. "Summary Risk Assessment and Risks Threatening the Continued Existence" of the group management report. The Board of Management of DF Group therefore assumes that there are material uncertainties relating to possible events or circumstances that in case of their occurrence could cast significant doubt on the Group`s ability to continue as a going concern and could result in the Group being unable to meet its financial obligations in the normal course of business.

In an ad-hoc release dated 20 June 2018, DF Deutsche Forfait AG announced a loss in the amount of half the share capital. The loss is the result of DF AG's waiver of the repayment of a shareholder loan of EUR 2.5 million granted to operating subsidiary DF Deutsche Forfait GmbH.

The Board of Management and the Supervisory Board of DF Deutsche Forfait AG issued a declaration according to Section 161 of the German Stock Corporation Act (AktG) regarding the recommendations of the Government Commission on the German Corporate Governance Code. This declaration was published on the company's website (www.dfag.de). The Supervisory Board approved the financial statements and released them for publication on 12 April 2019.

The present consolidated financial statements were released for publication by the Board of Management on 11 April 2019.

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations in the financial year 2018

The following standards had to be adopted in the past financial year. They had no material impact on the present financial statements of DF Group but may influence future transactions or agreements.

IFRS 9 "Financial Instruments"

The IASB issued the final version of the standard in the context of the completion of the different phases of its comprehensive project on financial instruments on 24 July 2014. The accounting for financial instruments under IAS 39 is consequently completely replaced by accounting under IFRS 9 and the previous classification of financial assets into assets recognized at fair value through profit/loss (held for trading, HfT), loans and receivables (LaR) and available-for-sale assets (AfS) no longer applies. The new standard includes revised requirements for the classification and measurement of financial assets, including impairment regulations, and complements the new hedge accounting regulations issued in 2013. Impairments of financial instruments are now based on expected credit defaults and hedge accounting more strongly

reflects the risk management activities. The transition to IFRS 9 does not lead to any measurement adjustments at DF Group. The creditor assets and liabilities recognized at fair value are classified "at Fair Value through Profit or Loss (FVtPL)" (Sections 6 and 24). According to IFRS 9, trade receivables are included in the "at amortized cost" category. The transition has no effect on financial liabilities.

IFRS 15 "Revenues from Contracts with Customers"

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. These principles are implemented in five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue at a certain time or over a certain period when (or as) the entity satisfies a performance obligation. IFRS 15 applies to all contracts with customers except for: (1) leases within the scope of IAS 17; (2) financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, IFRS 11, IAS 27 and IAS 28 (2011); (3) insurance contracts within the scope of IFRS 4; and (4) non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. If no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 shall be applied.

The first-time adoption of IFRS 15 did not result in any changes for the Group. Under DF Group's current business model, the realization of sales revenues is determined by cash flows. Contracts with customers did not result in any performance surpluses or performance obligations. No commission obligations for services already provided had to be capitalized.

"Annual Improvements to IFRSs 2014–2016 Cycle"

The Annual Improvements essentially relate to clarifications regarding IFRS 1 "First-time Adoption of IFRS", IFRS 12 "Disclosure of Interest in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures", which have no material impact on the Group's net assets, financial position and results of operation. The amendments to IFRS 1 and IAS 28 are effective for reporting periods beginning on or after 1 January 2018.

Amendments to IFRS 2 "Share-based Payment"

The accounting for share-based payments according to IFRS 2 was amended by the IASB in the reporting period. New accounting rules were introduced for cash-settled share-based payments, which are generally accounted for in the same way as equity-settled payments. Under the new standard, a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled if further conditions are met. The amendments are mandatory as of 1 January 2018. EU endorsement is still pending. From today's point of view, these amendments are not expected to have any effect on the Group.

Amendments to IFRS 4 "Insurance Contracts" in conjunction with IFRS 9

The IASB has decided to reconcile the different dates at which IFRS 4 and IFRS 9 become effective for entities holding insurance contracts. Companies whose activities are predominantly connected with insurance may, for a transitional period until the new standard for insurance contracts becomes effective, refrain from applying IFRS 9 and continue to apply IAS 39. Other entities which fall under the scope of application of IFRS 4 may recognize value fluctuations of certain assets in other comprehensive income instead of the income statement. The amendments are mandatory for financial years commencing on or after 1 January 2018. No facts relating to the scope of application of both standards are relevant for DF Group.

Amendments to IAS 40 "Transfers of Investment Property"

The amendments essentially comprise clarifications regarding transfers to or from the portfolio of property held to earn rentals or for capital appreciation. The amendments are applicable for annual periods commencing on or after 1 January 2018. EU endorsement is still pending. As the standard is not relevant for DF Group, these amendments will have no effects on the presentation of the Group's net assets, financial position and results of operation.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IFRIC 22 clarifies what exchange rate is to be used for the first-time recognition of a foreign currency transaction in an entity's functional currency if the entity pays or receives advance consideration before the related asset, expense or income is recognized. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. The interpretation is mandatory for financial years commencing on or after 1 January 2018. For the Group, it will have no effect on the presentation of the net assets, financial position and results of operation.

Early adoption of accounting standards

No IFRS that had been issued and approved as well as endorsed by the EU but were not mandatory as of 31 December 2018 were adopted early by DF Group.

Standards, interpretations and amendments that have been issued but not been applied yet

DF Group will apply the revised and new standards and interpretations as of the date at which they become effective, provided that they have been endorsed by the European Union.

IFRS 16 "Leases"

In February 2016, the IASB finalized IFRS 16, which essentially requires lessees to recognize all leases and the related contractual rights and duties in their balance sheet. Lessees no longer distinguish between finance leases and operating leases (IAS 17). The standard was endorsed by the EU in October 2017 and is effective for reporting periods commencing on or after 1 January 2019. DF Group will make use of the option not to

recognize the right of use and the leasing liability for leasing contracts with a term of up to twelve months as well as leasing contracts for low-value assets. The transition is made by applying the modified retrospective method without adjusting the comparative figures of the financial year 2018. As of 31 December 2019, DF Group expects the capitalization of a right of use in the amount of approximately kEUR 199 and depreciation of approximately kEUR 90 in the coming financial year. The effects on the consolidated financial statements and the presentation of the net assets, financial position and results of operation of the Group are expected to be immaterial.

Amendments to IFRS 17 "Insurance Contracts"

IFRS 17 was published in May 2017 and will replace IFRS 4. The standard applies to insurance and reinsurance contracts as well as to investment contracts with discretionary participation features. IFRS 17 is mandatory for financial years commencing on or after 1 January 2021. EU endorsement is still pending. The potential effects on the presentation of the net assets, financial position and results of operation are still being reviewed.

Amendments to IFRIC 23 "Uncertainty over Income Tax Treatments"

In June 2017, the IASB published Interpretation 23 to clarify the regulations of IAS 12 regarding the recognition and measurement of actual income tax, deferred tax liabilities and deferred tax assets if there is uncertainty over income tax treatments. IFRIC 23 is to be adopted for reporting periods beginning on or after 1 January 2019. The potential effects on the presentation of the net assets, financial position and results of operation are still being reviewed.

Amendments to IFRS 9 "Financial Instruments"

The amendment "Prepayment Features with Negative Compensation" was published by the IASB in October 2017 to enable the measurement of financial assets at amortized cost or fair value if, in the event of premature termination, a compensation payment to the terminating party may become due ("symmetric termination rights"). The amendments are applicable for annual periods commencing on or after 1 January 2019. EU endorsement is still pending. Only minor effects on the presentation of the net assets, financial position and results of operation of the Group are expected.

Amendments to IAS 28 "Investments in Associates and Joint Ventures"

The amendment "Long-term Interests in Associates and Joint Ventures" was published by the IASB in October 2017 and obliges an entity to apply IFRS 9 and its impairment requirements to long-term interests in associates or joint ventures that essentially form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is mandatory for financial years commencing on or after 1 January 2019. It is currently assumed that the amendment will have no effect on the presentation of the net assets, financial position and results of operation of the Group.

"Annual Improvements to IFRSs 2015–2017 Cycle"

The amendments were published in December 2017 as part of the Annual Improvement Project and essentially relate to clarifications of IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 " Income Taxes" and IAS 23 "Borrowing Costs". The amendments are applicable for annual periods commencing on or after 1 January 2019. EU endorsement is still pending. Only minor effects on the presentation of the net assets, financial position and results of operation of the Group are expected.

Amendments to IAS 19 "Employee Benefits"

The amendments were published in February 2018 and relate to the accounting of defined benefit plans as of the time of a plan amendment, curtailment or settlement. In the future, current service cost and net interest expenses will have to be recalculated as of this time for the remaining financial year based on the actuarial assumptions used for the remeasurement. Clarifications regarding the effects on the determination of the asset ceiling have been included in the standard. The amendments are applicable for annual periods commencing on or after 1 January 2019. Early adoption is permissible. EU endorsement is still pending. The effects on the presentation of the net assets, financial position and results of operation are still being reviewed.

Amendments to the "Conceptual Framework"

On 29 March 2018, the IASB published a revised version of the conceptual framework which is to serve as a uniform basis for the development of standards and interpretations. The revision covers in particular the measurement of assets and liabilities, guidelines for the presentation of the results of operation and adjustments to the definitions of assets and liabilities.The amendments are applicable for annual periods commencing on or after 1 January 2020.

Amendments to IFRS 3 "Business Combinations"

On 22 October 2018, an amendment of IFRS 3 concerning the definition of a business was published. The IASB has clarified that a business comprises a group of activities and assets which includes at least one input and one substantial process that together significantly contribute to the ability to produce output. With regard to services, the focus is now on the provision of goods and services to customers. The amended definition is to be applied to business combinations with an acquisition date on or after 1 January 2020.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

On 31 October 2018, the IASB published amendments to IAS 1 and IAS 8 which include a uniform and more precise definition of materiality and supplement it by accompanying examples. The amendments are mandatory for financial years commencing on or after 1 January 2020.

(3) Basis of consolidation, reporting date

The consolidated companies of DF AG are shown below. DF GmbH was initially consolidated in the financial statements for the period ended 1 July 2016. Deutsche Kapital Ltd., Dubai / UAE ("DKL") is being liquidated and will be deconsolidated as of 31 December 2018. In addition, DF Deutsche Forfait Middle East s.r.o. ("DF ME"), Prague / Czech Republic, is a wholly-owned subsidiary of DF AG and was first included in the interim consolidated financial statements for the period ended 30 June 2018. The reporting date of the parent company and the subsidiaries is 31 December. The shares in equity have remained unchanged from the previous year.

Basis of consolidation	Share in equity	Consolidation
DF Deutsche Forfait GmbH, Cologne	100% (prev. year 100%)	fully consolidated
DF Deutsche Forfait s.r.o., Prague / Czech Republic	100% (prev. year 100%)	fully consolidated
DF Deutsche Forfait Middle East s.r.o., Prague / Czech Republic	100% (prev. year 100%)	fully consolidated

The composition of the non-consolidated subsidiaries (see information on shareholdings under Note 17) has changed in the reporting year (addition of DKL, discontinuation of the companies in the Cayman Islands), but they remain immaterial for the consolidated financial statements for the period ended 31 December 2018 and do not influence the true and fair view of the net assets, financial position and results of operation presented in the consolidated financial statements.

(4) Consolidation procedures

The basis for the consolidated financial statements are the financial statements of the consolidated companies prepared at 31 December 2018 under uniform accounting and valuation policies according to IFRS 10 "Consolidated Financial Statements".

The consolidated subsidiaries being start-ups, no differences arise from consolidation.

Intragroup receivables, liabilities, provisions, income and expenses as well as profits are eliminated on consolidation.

(5) Currency translation

The consolidated financial statements are prepared in euros, the functional currency of the company, pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Since the subsidiaries carry out their business autonomously in financial, economic and organizational terms, the functional currency is essentially identical to the company's local currency. Therefore, in the consolidated financial statements, income and expenses from the financial statements of subsidiaries prepared in a foreign currency are translated into euros at the annual average rate; assets and liabilities are translated at the closing rate.

Exchange differences resulting from the translation of equity are recognized in equity in the form of an adjustment item from currency translation. The translation differences resulting from differing translation rates between the balance sheet and the statement of comprehensive income are recognized in other comprehensive income.

Foreign currency receivables and liabilities are valued at the cost of acquisition on accrual. Exchange gains and losses on the balance sheet date are shown in the income statement.

The exchange rates on which translation into euros is based correspond to the euro reference rates published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	31-12-2018	31-12-2017	1-1 – 31-12-2018	1-1 – 31-12-2017
USD	1.1450	1.1993	1.1810	1.1297
Czech Koruna	25.724	25.5350	25.647	26.3260

(6) Accounting and valuation policies

a) Sales revenues relate to **transaction-related income**, which is composed of the following sub-items: forfaiting and commission income, exchange gains and income from the writing back of provisions for forfaiting and purchase commitments. Forfaiting income also includes the positive effects from the fair value measurement of FVtPL receivables. Forfaiting and commission income is realized at the time ownership is transferred or a legally binding commitment to purchase receivables is made. If this income is periodic, it is taken in on an accrual basis. Typical forfaiting risks recognized in previous periods as a value adjustment on receivables classified as loans and receivables or as obligations for forfaiting and purchase commitments are treated as income in the financial year in which the risks no longer exist. Commission income includes income from services and consulting services in connection with the processing of payment transactions as well as commissions for the sale of the creditor assets.

b) **Transaction-related expenses** include expenses which are a direct result of transaction-related income and can be individually attributed to transactions. Expenses are attributed to the periods in which they are incurred. Forfaiting expenses also include the negative effects from the fair value measurements of receivables from the forfaiting business (FVtPL).

c) **Other operating income** essentially comprises income from the fair-value adjustment of the insolvency creditor liabilities (see (6) letter p), income relating to the charging of expenses, income from service fees for the sale of the creditor assets, income from receivables written off as well as income from the release of provisions and other liabilities.

d) **Personnel expenses, depreciation/amortization on tangible and intangible assets** and **other operating expenses** are recognized as expenses upon effective payment or as incurred.

e) **Interest income** comprises loan and bank interest as well as interest on arrears. All interest on borrowing is reported in the income statement under **interest expenses**.

f) **Intangible assets** include software, licenses and the right to Internet domain names. Software, as an intangible asset acquired for consideration, is recognized at cost and regularly amortized using the straightline method over its estimated useful life of three years. Depreciations are included under the position "depreciation on tangible and intangible assets" of the income statement. The acquired domain names have been recorded as assets that are not subject to amortization. No impairment test was carried out for these assets as they are of minor importance for the consolidated financial statements.

g) **Property, plant and equipment** are recognized at cost, less regular depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method according to the expected average useful life.

Regular depreciation is based on the following Group standard useful lives:

Useful life	1-1 – 31-12-2018	1-1 – 31-12-2017
	Years	Years
Other installations, fittings and office equipment		
- IT hardware	*3-6*	*3-6*
- Cars	*4-6*	*4-6*
- Fixtures	*3-8*	*3-8*
- Tenants' installations	*5-7*	*5-7*
- Office equipment	*10-23*	*10-23*

h) **Financial assets** are recognized in accordance with the respective categories defined under IFRS 9. The Group classifies financial assets in the following categories: financial assets recognized at fair value through profit and loss (FVtPL), loans and receivables (LaR) and available-for-sale financial assets (AfS).

Financial assets recognized at fair value through profit/loss comprise financial assets held for trading. This category comprises the receivables of the restructuring portfolio included in the creditor assets. These were initially acquired for trading for short-term resale. Changes in the fair value of financial assets in this category are recognized in profit/loss at the time of the value increase or impairment. Attributable transaction costs are recognized in profit or loss.

The restructuring portfolio is composed of overdue and pending claims against various debtors dating from the time before the company's listing on the SDN list of the US Office of Foreign Assets Control. The fair value was determined – taking internal and external legal assessments into account – on the basis of the estimated prospect of successfully enforcing the pending claims.

The trading portfolio comprises receivables from current operations up to the opening of the insolvency proceedings. As successful collection of the receivables is currently not expected, their fair value as of 31 December 2018 is EUR 0.00.

Financial instruments in the "loans and receivables" category are non-derivative financial assets with fixed or determinable payments which are not listed in an active market. They are initially recognized at their fair value plus directly attributable transaction costs (IFRS 9 paragraph 5.1.1). They are measured at amortized cost less potential impairments using the effective interest method (IFRS 9 paragraph 4.1.2, paragraph 5.2.1). Gains and losses are recognized in the income statement for the period at the time of derecognition or impairment of "loans and receivables".

Available-for-sale financial assets are non-derivative financial assets measured at fair value plus directly attributable transaction costs upon initial recognition. In the context of subsequent measurement, available-for-sale financial assets are measured at fair value through profit and loss.

The Group derecognizes a financial asset when the contractual rights relating to the cash flows expire or when the rights to receive the cash flows from a transaction are transferred in the context of a transaction in which all material benefits and risks associated with this financial asset are transferred as well (IFRS 9 paragraph 3.2.3, paragraph 3.2.6).

Regular assessments are carried out according to IFRS 9 "Financial Instruments" to determine whether there is objective evidence of a financial asset or a portfolio of financial assets being impaired. After testing for impairment, any impairment for expected loan losses is recognized.

A financial asset not recognized at fair value through profit/loss, including an interest in an enterprise, is tested for impairment at every balance sheet date (IFRS 9 paragraph 5.5). A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset.

The following may be objective evidence that a financial asset is impaired:

- default or delinquency of a debtor
- indications that the debtor will enter bankruptcy or other financial reorganization
- adverse changes in the payment status of borrowers or issuers
- decrease in the estimated future cash flows due to adverse economic conditions that correlate with defaults

In addition, a significant or prolonged decline in the fair value below the cost of acquisition constitutes objective evidence of impairment. The Group considers a decline by 20% to be significant and a period of six months to be prolonged.

The Group assesses indications of the impairment of a financial asset measured at amortized cost both individually for each financial asset and collectively. All assets that are individually significant are tested for individual impairment. Those assets that are not individually impaired are collectively tested for impairment which has already occurred but still needs to be identified. Assets that are not individually significant are collectively tested for impairment. When assessing collective impairment, the Group considers historical trends in the probabilities of default, the timing of payments and the amount of the losses incurred.

The amount of the impairment of a financial asset, which is subsequently recognized using the effective interest method, is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

i) **Other current assets** are loans and receivables recognized at amortized cost using the effective interest method.

j) **Cash and cash equivalents** are reported in the balance sheet at face value. The item includes cash on hand and bank deposits with a maturity of up to three months.

k) **Deferred tax assets and liabilities** are determined according to IAS 12 "Income Taxes" using the liability method based on the balance sheet date for all temporary differences between the tax basis and IFRS measurements. Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled.

Deferred tax assets for the carryforward of unused tax losses are recognized only to the extent that sufficient taxable temporary differences exist against which the deductible temporary differences and tax losses can be utilized. Above and beyond this, deferred tax assets were recognized to the extent that sufficient taxable results can be generated in the coming financial years (IAS 12.24 et seq., IAS 12.34).

l) With regard to changes in **equity**, please refer to the separate consolidated statement of changes in equity.

m) **Pension obligations** include defined contribution and defined benefit plans.
The obligations for defined benefit plans are measured using the projected unit credit method in accordance with IAS 19 "Employee Benefits". Pension obligations are counterbalanced by the asset value of reinsurance on the opposite side. Reinsurance claims are pledged to the plan beneficiaries. The insurance is recognized at plan assets, as it is irrevocably available for benefit purposes only, even in the event of company insolvency (qualified insurance policy). The present value of the covered obligation is limited by the value of the plan assets.

The value of the pension obligation and the fair value of reinsurance are offset. Under IAS 19, actuarial gains and losses must be immediately and fully recognized in other comprehensive income. Past service cost must be directly recognized in profit or loss in the year in which it is incurred.

IAS 19 (revised 2011) only allows a typifying return on plan assets equivalent to the discount rate applied to the pension obligations at the beginning of the period. Expenses for contributionbased pension plans are recorded as expenditures when the employees have performed their work.

n) **Provisions** are recognized as a present obligation (legal or constructive) to a third party as a result of a past event when it is probable that an outflow of resources will be required and a reliable estimate can be made of the requisite amount of the provision. These are measured at full cost.

o) **Financial liabilities** are initially recognized at fair value, which is usually equivalent to the cost of acquisition. Transaction costs are also considered. Subsequently, all liabilities are measured at amortized cost. At DF Group, these are usually short-term liabilities, which are therefore carried at the repayment amount. DF Group has no liabilities held for trading. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

p) The **creditor liabilities** are measured at fair value, as it has been laid down in the insolvency plan that these liabilities are to be repaid using the cash flow from existing receivables. The fair values resulting from the fair value measurement of the trading and restructuring portfolio, together with the fair values of the other creditor assets, determine the value of the **creditor liabilities** (see note 33, Information regarding the fair value). Where the fair value of the receivables was lower or higher than that of the liabilities as at the reporting date, the latter were adjusted through profit/loss.

The creditor liabilities are classified as financial liabilities "at fair value through profit or loss" (IFRS 9 paragraph 4.2.1 f.) upon initial recognition, i.e. at the time the insolvency plan became final.

Significant estimates and assumptions used in accounting

The preparation of the consolidated financial statements to IFRS requires assumptions to be made and estimates to be used which have an effect on the assets and liabilities, income and expenses and contingent liabilities shown in the balance sheet both in terms of amount and reporting. The assumptions and estimates that relate to the unified group stipulation of useful lives, the valuation of pension obligations, the measurement of receivables at fair value and the accounting for and measurement of provisions are regarded as immaterial for the consolidated financial statements. In isolated cases, the actual values may deviate from the assumptions and estimates made. Changes are included in income at the point in time when more accurate information becomes available.

The determination of the fair values of the receivables of the restructuring and trading portfolio included in the creditor assets requires assumptions regarding the country and counterparty risks which are mostly based on the circumstances prevailing as of the balance sheet date. An increase in these risks does not lead to negative effects from the fair value measurement on consolidated equity capital and consolidated net income, given that the fair value of the creditor liabilities would be reduced by the same amount due to the situation described above.

II. NOTES TO THE INCOME STATEMENT

In the reporting year, the company's operations were still primarily characterized by income and expenses from the fair value measurement and other operating income and expenses relating to the sale of the creditor assets. Within the operating activities, the weighting of the income types assigned to the product segments changed, as the collection activities of DF GmbH and the services provided by DF ME have become relatively more important in connection with the processing of payment transactions. As DF Group expects this situation to persist, the terms "transaction-related income" and "transaction-related expenses" are used in the present consolidated financial statements instead of the previously used "typical forfaiting income" and "typical forfaiting expenses". This change has no material impacts.

(7) Transaction-related income

Portfolio income earned in the period, trading income (the difference between amortized cost / fair value and the sales price of a receivable) and the positive effects from the fair value measurement of receivables of the trading and restructuring portfolio are recorded as forfaiting income. Commission income mainly results from consulting services and services provided in connection with payment transactions.

Forfaiting income comprises income from the fair value measurement in the amount of kEUR 330 (previous year: kEUR 2,691). Commission income mainly includes income of DF ME in the amount of kEUR 1,366 from a compliance consulting contract and income from services provided in connection with the processing of payment transactions with a client in the Middle East region in the amount in the amount of kEUR 965. Furthermore, it also includes income from collection activities in the amount of kEUR 49 generated in Germany.

(8) Transaction-related expenses

Forfaiting expenses are incurred where the sales price realized is lower than the carrying amount and negative effects result from the fair value measurement. The commission expenses are causally linked to the corresponding income.

As in the financial year 2017, the forfaiting expenses in the financial year 2018 resulted exclusively from the negative effect of the fair value measurement of the creditor assets.

(9) Balance of transaction-related income and expenses (gross result)

Gross result is the difference between transaction-related income and expenses.

Gross result in kEUR	1-1 – 31-12-2018	1-1 – 31-12-2017
Net forfaiting	(1,842)	(447)
Net commission	2,100	798
Result from exchange gains and losses	332	(1,791)
Total	**590**	**(1,440)**

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	1-1 – 31-12-2018	1-1 – 31-12-2017
Income from the fair value measurement of creditor liabilities	1,548	2,689
Income from the allocation of charges	796	815
Income from the reversal of other liabilities	325	-
Income from VAT refund claims	133	193
Fee for the sale of creditor assets	100	88
Income from already written-off receivables / compensation	77	330
Income from group allocation	18	19
Miscellaneous other operating income	13	103
Total	**3,010**	**4,237**

The income from the fair value measurement of the creditor receivables is based on the adjustment through profit/loss of the liabilities to the fair value of the creditor assets. Income from the allocation of charges almost entirely relates to legal expenses incurred in conjunction with the sale of the creditor assets. Income from the reversal of other liabilities mainly results from the deconsolidation of DKL.

(11) Personnel expenses

Personnel expenses break down as follows:

Personnel expenses in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Salaries	1,988	2,131
Total salaries	**1,988**	**2,131**
Social security contributions	137	147
Pensions	160	158
Other social security expenses	9	15
Total social security expenses	**306**	**320**
Total	**2,294**	**2,451**

Pension expenses include contributions to state pension providers in the amount of kEUR 118 (financial year 2017: kEUR 115) as well as to defined contribution plans in the amount of kEUR 42 (financial year 2017: kEUR 43).

(12) Depreciation on tangible and intangible assets

Systematic depreciation/amortization breaks down as follows (as in the previous period, no write-downs for impairments were required):

Depreciation on tangible and intangible assets in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Amortization of intangible assets	40	35
Depreciation of tangible assets	41	59
Total	**81**	**94**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Legal and consultation fees, accounting expenses	1,207	1,435
Insurance, fees, contributions	234	218
Cost of premises	209	269
Investor relations, AGM	178	214
Allocation to reserve for filed claims	100	516
Administrative expenses / cooperation partners	98	69
Payment transaction fees	92	57
Travel expenses	90	128
Telephone, postage and web connection charges	28	42
Other taxes	15	159
Miscellaneous other expenses	778	415
Total	**3,029**	**3,522**

Legal and consultation fees as well as accounting expenses mainly include consulting costs incurred in conjunction with the sale of the creditor assets, expenses for annual and quarterly audits as well as for legal and tax advice.

In the reporting period, the company generated other operating income that is attributable to the trustee and/or the creditors and therefore required an additional allocation of kEUR 100 to the creditor liabilities.

Miscellaneous other expenses mainly include the deconsolidation of DKL (kEUR 390), expenses for rights of use and IT equipment (kEUR 92, previous year: kEUR 155) and the compensation of the members of the Supervisory Board (kEUR 78, previous year: kEUR 73).

(14) Financial result

The financial result breaks down as follows:

Financial result in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Interest income from banks	-	-
Interest income from loans and receivables	-	78
Interest income from non-current financial assets and other interest agreements	-	7
Total interest income	-	85
Interest expenses payable to banks	10	45
- thereof from refinancing the forfaiting business	*-*	*-*
- thereof from interest on overdraft	*1*	*-*
- thereof other interest	*9*	*45*
Miscellaneous interest expenses	18	7
- thereof other interest	*18*	*7*
Total interest expenses	28	52
Net interest = financial result	**(28)**	**33**

Interest expenses in the reporting period in particular include negative interest to banks for maintained credit balances as well as interest accrued on other liabilities.

(15) Income tax

Deferred tax assets from temporary differences may not be recognized if it is not sufficiently probable that taxable results will be available against which the deductible temporary differences can be utilized (IAS 12.27). Deferred tax assets resulting from losses carried forward are recognized in the income statement (IAS 12.56) to the extent that temporary differences in the same amount are available against which the unused tax losses can be utilized. The loss posted by the Group for the reporting period essentially results from start-up losses of DF GmbH, an operating entity to which the operating activities of DF AG were transferred with retroactive effect from 31 December 2015. In connection with the impairment test in accordance with IAS 12.56, deferred tax assets were recognized in the consolidated balance sheet for part of the loss-carryforwards of DF GmbH that existed in the reporting period. Based on the revised plans and budgets and new business transactions and inquiries, management assumes that, because of the business opportunities that arise, taxable income in the same amount will be available in the future against which the unused tax losses can be utilized.

According to the official statement issued by the Cologne-Mitte tax authority on 25 April 2016, the profit of the first short financial year 2016 resulting from the creditors' receivables waivers are to be treated as tax-advantaged restructuring profit, with the consequence that the restructuring profit is initially offset against current losses and/or existing loss-carryforwards. If the existing loss-carryforwards are insufficient, the tax on the remaining restructuring profit is to be deferred with the aim of later tax abatement. As a result, the restructuring profit will not cause any tax liability. The tax loss-carryforwards that remain after offsetting against the restructuring profit can no longer be used for tax purposes in the future due to the capital increase of July 2016 in conjunction with the investment by a majority shareholder. Following the change of shareholder, DF AG incurred losses in the short financial year 2016 II as well as in the previous year and in the reporting period of which it cannot be assumed with sufficient probability that taxable results will be available against which the deductible temporary differences can be utilized. This is due to the fact that DF AG's modified business model will allow the company to generate income only from the sale of the creditor assets as well as from investments. After consultation with the competent authorities, DF AG recognized a tax liability (kEUR 350) on the restructuring profit in the short financial year 2016 II as a precaution, as the City of Cologne has denied the tax advantage.

As of 31 December 2018, there were corporation tax loss-carryforwards in the amount of kEUR 2,830 (previous year: kEUR 1,375) and trade tax loss-carryforwards in the amount of kEUR 4,238 (previous year: kEUR 3,566) as well as temporary differences on trade tax and corporation tax of kEUR 14 (previous year: kEUR 9 each) for which no deferred tax assets were recognized.

Group income taxes break down as follows:

Income tax in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Income tax expenses of the current year	113	-
Adjustments for previous years	-	-
Current tax expenses	113	-
Deferred taxes from temporary differences	(194)	-
Deferred taxes in the context of tax loss carried forward	-	(527)
Deferred taxes	(194)	(527)
Total	**(81)**	**(527)**

Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled. In Germany, the standard rate of corporation tax is 15.0%. Taking into consideration a solidarity surcharge of 5.5% on top of corporation tax and an average effective trade income tax rate of approximately 16.5%, this results in a tax rate of approximately 32.5% for domestic companies, which is the same as in the previous year. This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax effects of

foreign companies were of secondary importance in the reporting period and were disregarded on account of their immateriality. The currency conversion difference from the recognition of economically independent foreign units would give rise to income tax assets worth kEUR 58 (previous year: kEUR 53) if realized.

The status of deferred tax assets and liabilities as at 31 December 2018 is detailed in the table below:

Allocation of deferred tax assets and liabilities in kEUR	**Assets**		**Liabilities**	
	31-12-2018	**31-12-2017**	**31-12-2018**	**31-12-2017**
Investment	7	-	-	7
Pension obligations	-	-	2	2
Tax loss carryforward	1,517	1,339	-	-
Other liabilities	2	-	-	-
Total	1,526	1,339	2	9
Offsetting	(2)	(9)	(2)	(9)
Balance sheet value	**1,524**	**1,330**		**-**

With respect to the value of deferred tax assets, care was taken to only recognize amounts which are at least highly likely to be realized. This estimate takes into account all positive and negative factors affecting a sufficiently high income in the future. The estimate may change depending on future developments.

Tax reconciliation in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Profit before income tax	(1,833)	(3,236)
Nominal tax rate	32.5%	32.5%
Expected tax income	**596**	**1,052**
Effects from tax rate changes	-	-
Non-deductible expenses	(44)	(31)
Tax-free/taxable income	-	-
Tax effects from previous periods	(24)	(63)
Tax effects from changes in value adjustments of deferred tax assets and the use of tax loss carryforwards	(487)	(334)
Effects from deviating local tax rates	43	(97)
Other tax effects	(3)	-
Income tax (income)	**81**	**527**

III. NOTES TO THE BALANCE SHEET

(16) Intangible assets and tangible assets

The breakdown of the fixed asset items and their movement in the reporting period are shown in the consolidated fixed assets schedule.

in Euro	Intangible assets (Rights, software)	Tangible assets (Other equipment, factory and office equipment)	Total
Acquisition costs			
As of 1 January 2017	263,897.13	862,436.47	1,126,333.60
Additions	71,225.00	4,398.37	75,623.37
Disposals	-	129.90	129.90
Currency translation differences	(3,437.51)	(3,789.20)	(7,226.71)
As of 31 December 2017	**331,684.62**	**862,915.74**	**1,194,600.36**
As of 1 January 2018	331,684.62	862,915.74	1,194,600.36
Additions	16,680.96	33,558.66	50,239.62
Disposals	25,341.77	27,934.45	53,276.22
Currency translation differences	350.44	426.25	776.69
As of 31 December 2018	**323,374.25**	**868,966.20**	**1,192,340.45**
Depreciation/Amortization			
As of 1 January 2017	151,148.71	712,344.14	863,492.85
Additions	35,139.49	58,495.13	93,634.62
Disposals	-	128.90	128.90
Currency translation differences	(3,191.15)	(3,420.28)	6,611.43
As of 31 December 2017	**183,097.05**	**767,290.09**	**950,387.14**
As of 1 January 2018	183,097.05	767,290.09	950,387.14
Additions	40,661.54	40,745.66	81,407.20
Disposals	24,771.07	27,086.87	51,857.94
Currency translation differences	365.90	413.32	779.22
As of 31 December 2018	**199,353.42**	**781,362.20**	**980,715.62**

Carrying amounts			
As of 1 January 2017	112,748.42	150,092.33	262,840.75
As of 31 December 2017	**148,587.57**	**95,625.65**	**244,213.22**
As of 31 December 2018	**124,020.83**	**87,604.00**	**211,624.83**

(17) Long-term financial assets

Non-current financial assets include the following shares in non-consolidated affiliated companies. These fall into the available-for-sale category.

Long-term financial assets in kEUR	**Share in equity**	**31-12-2018**	**31-12-2017**
Global Trade Fund SPC, Cayman Islands	100%	-	1
Global Trade Fund Holding Ltd., Cayman Islands	100%	-	4
DF Deutsche Kapital Ltd., Dubai / UAE	100%	10	-
DF Deutsche Forfait Middle East s.r.o., Prague / Czech Republic	100%	-	60
DF Deutsche Forfait (Private) Ltd., Lahore / Pakistan	99%	-	-
DF Deutsche Forfait do Brasil Ltda., Sao Paulo / Brazil	100%	-	-
Total		**10**	**65**

All these entities were founded by the company itself and their cost of acquisition corresponds to the paid-up capital. DF Deutsche Forfait do Brasil, DF Deutsche Kapital Limited and DF Deutsche Forfait Pakistan (Private) Ltd. are currently being liquidated. The two companies in the Cayman Islands were sold without consideration. Noncurrent financial assets also include rent deposits in the amount of kEUR 31 (previous year: kEUR 53) for the offices used by DF Group.

No quoted prices in an active market exist for the shares in non-consolidated entities and the fair value cannot be reliably determined. After deconsolidation, the value of the investment in DKL was recognized at the amount of the expected return flows.

(18) Trade receivables

Trade receivables in the amount of kEUR 439 (previous year: kEUR 0) are due from Saman Bank and result from services already fully provided in connection with the processing of payment transactions. They will be settled at the beginning of January 2019 as agreed.

(19) Other current assets

Other current assets break down as follows:

Current assets in kEUR	**31-12-2018**	**31-12-2017**
Tax receivables	697	401
Prepaid expenses	129	177
Receivables from affiliated companies	108	235
Receivable from trustee	43	67
Miscellaneous other assets	16	60
Total	**993**	**940**
thereof financial assets	157	324
thereof non-financial assets	836	616

Tax receivables relate to value-added tax for 2016 to 2018. The receivables from affiliated companies comprise claims of the parent company and the consolidated subsidiaries against non-consolidated subsidiaries.

The receivable from trustee relates to commission claims against the trustee in conjunction with the sale of the creditor assets.

(20) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 3,554 (previous year: kEUR 6,079) and related to bank deposits with a maturity of up to three months.

(21) Equity

Changes in the equity of DF Group are reported in the statement of changes in equity.

Subscribed capital

The share capital of the Group is fully paid in and, as in the previous year, amounted to EUR 11,887,483 as of the balance sheet date. It is divided into 11,887,483 no-par registered shares.

In accordance with the insolvency plan adopted and confirmed by the court on 29 April 2016, which became final on 20 May 2016, a cash capital increase by up to kEUR 7,500 and a capital increase against contributions in kind by up to kEUR 4,022 were laid down. In the context of the capital increase against contributions in kind, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of contributions in kind. Shareholders' subscription

rights were excluded for both equity measures. The issue price of the new shares issued in the context of the capital increase against contributions in kind and the cash capital increase was equivalent to the par value of EUR 1.00. The cash capital increase was effected in the amount of kEUR 7,500 and the capital increase against contributions in kind was effected in the amount of kEUR 3,707 and both were entered in the Commercial Register on 6 July 2016.

Costs of the cash capital increase and the capital increase against contributions in kind

The costs incurred in conjunction with the cash capital increase and the capital increase against contributions in kind in the total amount of kEUR 623 are to be recognized in equity and to be deducted from the amount of the capital increase and were therefore offset against equity.

Revenue reserves

Revenue reserves consist of profits generated in the past by the companies included in the consolidated financial statements, unless distributed or increased by withdrawals from the capital reserve.

Adjustment items from currency translation

This item shows the differences in other comprehensive income arising from foreign currency translation of the financial statements of foreign subsidiaries through equity in the form of an adjustment item from currency translation. The item is negative and reduced the reported equity in the reporting year by kEUR 179 (previous year: kEUR 163). The change in the item amounted to kEUR 16 in the reporting period, primarily resulting from the currency translation of the financial statements of the fully consolidated Czech subsidiary DF Deutsche Forfait s.r.o.

Earnings per share

Earnings per share are based on the average number of common shares issued and outstanding in the reporting period (11,887,483) and amounted to EUR -0.15 (basic and diluted) compared to EUR -0.23 in the financial year 2017.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. The new shares may also be taken over by one or several banks selected by the Board of Management with the obligation to offer them to the shareholders (indirect subscription right).

However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this 10% limit also covers shares that were or are to be issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder; (5) to issue employee shares to employees of DF AG and of affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Conditional capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 4,720,000.00. The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management will be authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG. For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the

Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board. The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

Right to purchase own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at the Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by the company in one or several stages within the limits of the abovementioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the abovementioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale.

This authorization is restricted to shares with a notional interest in the share capital which must not exceed a total of 10% of the share capital, neither on the effective date of this authorization nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG). The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the abovementioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the abovementioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the abovementioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization proposed under agenda item 8.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the abovementioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining no-par value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting.

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

(22) Pension obligations

Pension obligations comprise obligations from expectancies in accordance with IAS 19 "Employee Benefits". In addition, there are contribution-based pension plans with the state pension insurance fund and with BVV Versorgungskasse des Bankgewerbes e.V., which are serviced from current contribution payments.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management. According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. The company's obligation consists of providing the active employees with their committed benefits. The benefit plan is externally financed by means of reinsurance whose guaranteed benefits correspond to the pension commitments, which means that risks of the type described in IAS 19.139b are not discernible. The 2018 G tables of Professor Klaus Heubeck were used for the calculations.

In addition to assumptions regarding life expectancy, the following factors play a role in the calculation:

Actuarial assumptions in %	**31-12-2018**	**31-12-2017**
Discount rate	2.05	1.93
Inflation rate	1.00	1.00
Pension growth rate	1.00	1.00

The diagrams below illustrate the changes in the present value of entitlements for pension obligations and plan assets:

Changes/reconciliation in the accumulated benefit obligation in kEUR	**31-12-2018**	**31-12-2017**
Accumulated benefit obligation as of 1 January	704	714
Current service cost	-	-
Interest paid	14	12
Expected pension payments	(2)	(2)
Actuarial loss (gain)	(3)	(22)
thereof accounted for by changes in financial assumptions	*(13)*	*(23)*
thereof accounted for by changes in demographic assumptions	*9*	-
thereof accounted for by experience-based assumptions	*1*	*1*
Accumulated benefit obligation as of 31 December	**715**	**704**

Changes in plan assets in kEUR	**31-12-2018**	**31-12-2017**
Fair value of plan assets as of 1 January	704	714
Typifying investment income	14	12
Income from plan assets	(3)	(22)
Value of plan assets as of 31 December	**715**	**704**

The tables below show the deviations between actuarial assumptions and actual developments ("asset ceiling") in the reconciliation and over a 6-year period:

Changes/reconciliation in the asset ceiling effect in kEUR	**31-12-2018**	**31-12-2017**
Accumulated benefit obligation as of 31 December	(715)	(704)
Fair value of plan assets as of 31 December	715	704
Asset ceiling effect as of 31 December	-	-
Actuarial (gains) losses from ABO	(3)	(22)
Profit (loss) from plan assets	3	22
Asset ceiling effect as of 31 December	**-**	**-**

in kEUR	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Accumulated benefit obligation	715	704	714	622	654	477
Included impacts of deviations	(3)	10	78	(45)	160	15
Plan assets	715	704	714	622	654	514
Included impacts of deviations	11	(10)	(78)	(32)	122	(3)
Funded status		**-**	**-**	**-**	**-**	**37**

In accordance with IAS 19.115, the fair value of the congruent reinsurance policy is equated with the present value of the pension obligations. The balance of the asset value of plan assets totaling kEUR 715 (previous year: kEUR 704) and the liability value of the obligation of kEUR 715 (previous year: kEUR 704) is shown. As in the previous period, the plan assets did not exceed the liability value of the obligation as at the reporting date. The amount shown in the balance sheet was calculated as follows:

Calculation of the net amount shown in the balance sheet in kEUR	**31-12-2018**	**31-12-2017**
Accumulated benefit obligation	(715)	(704)
Fair value of the pension plan assets	715	704
Asset ceiling effect	-	-
	0	**0**

Actuarial gains or losses may result from increases or reductions in either the present value of the defined benefit plan or the fair value of plan assets; possible reasons for these differences include changes in the

calculation parameters and estimate revisions concerning the risk trend of pension obligations and deviations between the actual and expected return on the qualified insurance policies. Actuarial gains and losses should be recognized in other comprehensive income. As they were offset against each other, they were not recognized. As of 31 December 2018, a discount rate that differs by +0.5% results in interest expenses of kEUR 17 and an accumulated benefit obligation of kEUR 666 and a discount rate that differs by -0.5% results in interest expenses of kEUR 12 and an accumulated benefit obligation of kEUR 770.

The defined benefit plans incurred the following expenditure, which breaks down into the following components:

Expenditure on defined benefit pension plans in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Current service cost	-	-
Interest expense	14	12
Interest income from plan assets	(14)	(12)
Interest on asset ceiling effect	-	-
Recognized in the income statement	**0**	**0**

Components of other comprehensive income (OCI) in kEUR	**31-12-2018**	**31-12-2017**
Actuarial losses (gains)	(3)	(22)
Interest income from plan assets	3	22
Changes in the asset ceiling effect	-	-
Recognition in other comprehensive income	**0**	**0**

During each reporting period, the net value amounted to EUR 0.00, since the increase in pension obligations was matched by an increase in plan assets. Based on a duration of the obligations of 14.8 years (previous year: 15.7 years), pension payments in the amount of kEUR 3 are expected for the following period under the pension benefit plans that existed as at 31 December 2018.

(23) Trade accounts payable

The table below shows the composition of the trade accounts payable:

Trade accounts payable in kEUR	**31-12-2018**	**31-12-2017**
Liabilities from services received	118	114
Deferred liabilities	113	89
Other liabilities	6	-
Total	**237**	**203**

(24) Other current debt

Other current liabilities include the following individual items:

Other current debt in kEUR	31-12-2018	31-12-2017
Obligations towards trustee	400	534
Accounting and audit expenses	160	144
Holiday pay	59	52
Liabilities towards affiliated companies	54	46
Other tax liabilities	44	51
Liabilities to employees	6	68
Liabilities from duties and premiums	2	3
Miscellaneous other liabilities	9	11
Other current debt	**734**	**909**
thereof financial liabilities	690	857
thereof non-financial liabilities	44	52

The obligations towards the trustee comprise a compensation obligation in the amount of kEUR 400 (previous year: kEUR 392) under the Trust and Administration Agreement, which provides for such compensation if the proceeds from the sale of the creditor assets remain below a certain threshold.

Other tax liabilities relate to wage tax.

(25) Creditor assets and creditor liabilities

The **creditor assets** comprise the full estate of the company. The distributable estate essentially consists of receivables from forfaiting business prior to the insolvency, comprising the trading and restructuring portfolios, and is composed as follows:

Creditor assets in kEUR	31-12-2018	31-12-2017
Restructuring portfolio	5,896	8,655
Trading portfolio	-	239
Bank balances	201	355
Total	**6,187**	**9,248**

With regard to the trading portfolio that relates to receivables from current forfaiting transactions up to the opening of the insolvency proceedings, DF Group currently expects to receive no more payments. The restructuring portfolio is composed of overdue and pending claims against various debtors dating from the time before the company's listing on the SDN list (List of Specially Designated Nationals and Blocked Persons) of the US Office of Foreign Assets Control. The reduction in the restructuring and trading portfolio

is essentially due to fair value adjustments and to the payout of the funds received in the context of the sale of the trading and restructuring portfolio. The expected legal expenses have been assigned to the creditor liabilities for a better and more clearly structured presentation.

The **creditor liabilities** are liabilities filed with the insolvency table. The value of the liabilities consequently results from the creditors' partial waiver declared in the context of the insolvency plan, taking into account the banks' senior position laid down in the collateral realization agreement ("Sicherheitenverwertungs-abrede") in the short financial year 2016 II.

In addition, the creditor liabilities include current provisions for expected legal expenses in the amount of kEUR 455 (previous year: kEUR 832).

The reductions in creditor liabilities through payout to the trustee and/or offsetting against counterclaims relate to both the payments intended for distribution to the creditors and to the legal expenses and other expenses incurred in conjunction with the sale of the creditor assets that are chargeable to the creditors.

The valuation of the creditor liabilities at amortized cost before payout/offsetting results in a total value which exceeds the fair value of the creditor assets. According to the insolvency plan, the liabilities that remain after the creditors' partial waiver will be settled exclusively to the extent that, and at such times when, DF AG's assets existing at the time of the official adoption of the insolvency plan are liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the creditor assets thus pass to the creditors. This means that the creditor liabilities may at no time exceed the creditor assets. To avoid an accounting mismatch, the creditor liabilities are recognized at the fair value resulting from the change in the value of the assets (IFRS 9 paragraph 4.2.2). In the reporting period, this resulted in a change in value through profit/loss of kEUR 1,548 (previous year: kEUR 2,342).

IV. OTHER INFORMATION

(26) Notes on risk grouping

DF Group has a detailed risk management system, which is defined in writing. The risk management system comprises a limit system that consists of counterparty, country and risk group limits. Countries with a similar risk profile are grouped in one of five risk groups.

The receivables of the restructuring and trading portfolio are included in creditor assets. According to the insolvency plan, the risks arising from the creditor assets pass to the insolvency creditors. Now that the insolvency plan has become final, the creditor assets continue to be managed by DF Group and are collected in its own name for the account of the insolvency creditors.

(27) Tenancies and leases

At the respective reporting date, the following minimum future lease payments exist based on operating lease contracts that cannot be cancelled:

Operating leases in kEUR	**Maturity**			**Total**
	<1 year	**1-5 years**	**>5 years**	
31-12-2018				
For office space	153	-	-	153
For office equipment	-	-	-	-
Total	**153**	**-**	**-**	**153**
31-12-2017				
For office space	163	-	-	163
For office equipment	-	-	-	-
Total	**163**	**-**	**-**	**163**

Minimum lease payments of kEUR 136 (previous year: kEUR 179) were recognized as expenses in the reporting period.

(28) Employees

The average number of staff employed with the Group (excluding the Board of Management) is shown in the following table. The item "other/internal administration" also includes student assistants.

Number of employees	1-1 – 31-12-2018	1-1 – 31-12-2017
Salaried employees	**26**	**29**
of which in trade/sales	4	8
of which in contract management	4	4
of which in controlling/accounting	6	6
of which in other/internal administration	12	11

As a result of the reorganization, internal administration also comprises the employees who are responsible for compliance and the sale of the creditor assets.

(29) Other financial obligations

As in the previous year, the Group made no forfaiting and purchase commitments as of 31 December 2018, which means that it has no other financial obligations.

(30) Total fee of the auditors

The following fees were invoiced for the services provided by auditors Warth & Klein Grant Thornton AG for the period from 1 January 2018 to 31 December 2018.

Auditing fees in kEUR	1-1 – 31-12-2018	1-1 – 31-12-2017
Audits	147	134
Other audit services	5	33
Total fee	**152**	**167**

Other audit services relate to the review of the quarterly reports.

(31) Relationships with related parties

According to IAS 24 "Related Party Disclosures", persons or companies controlling DF Group or controlled by it must be disclosed unless they are already included in the consolidated financial statements of DF Group as consolidated companies. Control is deemed to exist if one shareholder holds more than half of the voting rights of DF Deutsche Forfait AG or is empowered by the Memorandum of Association or a contractual agreement to steer the financial and company policies of the management of DF Group.

In addition, under IAS 24, the disclosure requirement extends to business with entities which exercise significant influence over the financial and company policies of DF Group, including close family members and intermediaries. Significant influence on the financial and company policies of DF Group can be based on a shareholding in DF Group of 20% or more or a seat on the Board of Management or the Supervisory Board of DF Deutsche Forfait AG.

As in the prior period, DF Group is affected by the disclosure requirements of IAS 24 solely in terms of business with entities with a significant influence as well as with members of the management in key positions (Board of Management and Supervisory Board) of DF Deutsche Forfait AG. The Board of Management, the Supervisory Board and non-consolidated subsidiaries are considered to be related parties as at the balance sheet date. Due to his share ownership, Dr. Shahab Manzouri is a person with substantial influence.

As in the previous year, business relationships with the non-consolidated subsidiaries were negligible in the financial year 2018.

The Board of Management was composed as follows in the financial year from 1 January to 31 December 2018:

Board of Management	Position
Dr. Behrooz Abdolvand	Chairman of the Board of Management since 1 November 2017
Christoph Charpentier	Board member since 7 October 2016
Gabriele Krämer	Board member since 7 October 2016

Compensation for members of the Board of Management which is due in the short term breaks down as follows:

Management compensation in kEUR	Dr. Abdolvand	C. Charpentier	G. Krämer
1-1 – 31-12-2018			
Fixed salary	183	180	180
Other compensation	25	25	25
Variable compensation	-	-	-
Total	**209**	**205**	**205**
1-1 – 31-12-2017			
Fixed salary	30	134	129
Other compensation	4	24	22
Variable compensation	-	40	40
Total	**34**	**198**	**191**

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Ms Attawar, resigned with effect from 31 December 2015, Mr Franke, resigned with effect from 30 September 2013, and Mr Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods.

According to these pension benefit plans, the above members of the Board of Management receive a guaranteed old age pension from DF AG. The amounts are as follows:

- Ms Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Mr Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Mr Jochen Franke: One-time capital payment of EUR 147,244.00

In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:

- Insured annuity in the amount of EUR 15,247.40 or a capital payment of EUR 273,572.00

Based on a deferred compensation agreement with the members of the Board of Management, contributions from DF Deutsche Forfait AG were paid to the insurance providers mentioned above.

As in the previous period, no post-employment benefits were paid in the financial year from 1 January to 31 December 2018 in conjunction with the above pension commitments.

No share-based compensation and other long-term benefits are granted by the company.

The short-term compensation for members of the Supervisory Board breaks down as follows:

Supervisory Board compensation in kEUR	**1-1 – 31-12-2018**	**1-1 – 31-12-2017**
Fixed compensation	70	63
Attendance remuneration	8	9
VAT	13	14
Total	**91**	**86**

(32) Notifications pursuant to Sections 21 (1) and 22 of the Securities Trading Act (WpHG)

DF AG has received the following notifications pursuant to the Securities Trading Act (WpHG):

- Dr. Shahab Manzouri, London, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 12 July 2016 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Gruenwald, Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, 25%, 30%, 50% and 70% on 6 July 2016 and amounted to 79.14% (which corresponds to 9,408,170 voting rights) on that date.

- Mr Frank Hock, Pullach, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 28 June 2018 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Gruenwald, Germany dropped below the threshold of 3% on 25 June 2018 and amounted to 2.97% (which corresponds to 353,134 voting rights) on that date. 2.97% of these voting rights are assigned to him through Hock Capital Management GmbH, while a share of 0.00% is held by Mr Frank Hock.

(33) Financial instruments

Use and management of financial instruments

The starting point for the risk management of financial instruments involves capturing all risks systematically and regularly and assessing them for loss potential and the probability of occurrence. Market risk and most of all default risk have been identified as significant risks for financial instruments.

Legal risk

Legal risk is the business risk with the highest loss potential for DF Group. It describes the risk in the forfaiting business which can arise due to the incorrect review of documents or deficiencies in drawing up contracts, particularly since the seller is generally liable for the legal existence of the receivable when selling it (liability for legal validity). This risk is countered by having a well-trained contract management department. The workflows are regulated by detailed work instructions. In addition, work results are checked by applying the principle of dual control. External legal firms are consulted for complex contracts and document reviews if required.

Liquidity risk

The cash flow projections are prepared at the level of the operating companies and pooled in the Group. Management monitors the permanent forward planning of the Group's liquidity reserve to ensure that sufficient liquidity is available to cover the operating requirements. On the basis of current account statements, a daily liquidity plan is prepared for the Group, DF AG, DF GmbH, DF s.r.o. and DF ME. The plan comprises the incoming and outgoing payments from the operating activities as well as the planned administrative and refinancing costs. Cash planning takes place on a daily basis for the next one to two weeks, on a weekly basis for the next three months and on a monthly basis thereafter.

The maturity structure of the financial liabilities is as follows:

Financial liabilities in kEUR	**31-12-2018**	**31-12-2017**
up to 1 month	246	276
over 1 month to 3 months	58	193
over 3 months to 6 months	215	190
over 6 months to 12 months	409	401
Total	**928**	**1,060**

The financial liabilities shown comprise trade accounts payable in the amount of kEUR 238 (previous year: kEUR 203) and other current liabilities in the amount of kEUR 690 (previous year: kEUR 857). All financial liabilities are covered by cash at banks.

According to the agreements in the insolvency plan, all creditor liabilities, which represent by far the biggest portion of the liabilities, are of a short-term nature and are to be settled successively exclusively to the extent that DF Group's creditor assets are liquidated.

Default risk

Default risk is subdivided into country and counterparty risk. Countries undergo an assessment on the basis of analyses by credit assessment agencies. Credit assessments are carried out for individual receivables (credit reports/references, evaluation of historical data, etc.). The taking of country and counterparty risks is managed by a competence arrangement with a limit system. The competence arrangement as well as country and counterparty limits are approved by the Supervisory Board and the degree to which the limits are used is reported to it regularly. DF Group reduces this risk even further by selling the receivables rapidly. Moreover, country and counterparty risks are secured (e.g. bank guarantees) where this is possible and makes economic sense.

A presentation of the carrying amount and the default risk of the receivables is not relevant, as the receivables form part of the creditor assets. According to the final insolvency plan, DF Group does not participate in the opportunities and risks from the liquidation of the creditor assets.

As at the balance sheet date of 31 December 2018, no receivables from forfaiting transactions resulted from new business that is not available for distribution to the insolvency creditors. The trade receivables shown in the amount of kEUR 439 result from services provided in connection with the processing of payment transactions and were settled in the short term.

Other assets are of a current nature and exist towards the trustee and the Tax Office, which do not pose a default risk.

In the context of risk management, default risks resulting from transactions that are not available for distribution to the insolvency creditors are actively managed primarily using country and counterparty limits.

Market risk (including interest rate risk and currency risk)

Receivables are typically purchased at discounted nominal value. This discount on the market value is calculated on the basis of the money and capital market interest rate for the equivalent term (e.g. 1-year LIBOR) plus risk margin. The margin reflects the individual risk of each transaction, which mainly depends on country and counterparty risks.

As DF Group focuses on reselling receivables, interest rate risk mainly consists of market risk. This is due to the fact that, if the interest rate rises up to the sale of a receivable, so too does the discount on the market value, which is calculated up to the final date of maturity of the receivable, thereby reducing the market value of the receivable. In its capacity to increase refinancing costs, interest rate risk is of minor importance to the Group. With the insolvency proceedings having been concluded and the measures defined therein been implemented, the impact of the interest rate risk has declined even further. Due to the brief period receivables are held in DF Group's portfolio, short-term refinancing is the rule. This market risk affects all receivables held in the company's portfolio. The receivables are resold quickly in order to reduce the market risk to a minimum. As of 31 December, DF Group had no receivables and liabilities in connection with the operating forfaiting business, which means that there is currently no interest rate risk.

In the income statement, exchange gains and losses for receivables and the corresponding liabilities are reported separately. Since the receivables and corresponding liabilities are valued separately, large exchange gains and losses are recognized in the income statement. In order to assess the currency risk, the balance of the gains and losses must be considered.

At the time of the preparation of the financial statements, currency opportunities and risks exist mainly with regard to the receivables in the restructuring portfolio, which are partly denominated in USD and are counted towards creditor assets, whereas the creditor liabilities are denominated in EUR. DF Group does not participate in the opportunities and risks resulting therefrom. The market risk of the other assets and liabilities is considered to be of minor importance.

Information regarding the fair value pursuant to IFRS 7 and IFRS 13

A number of accounting methods and disclosures of the Group require the determination of the fair values of financial and non-financial assets and liabilities. For measurement and/or disclosure purposes, the fair values were determined on the basis of the methods described below.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

According to the measurement method, financial instruments to be measured at fair value are categorized at three levels as outlined below:

- **Level 1** (IFRS 13.76): quoted prices in active markets (unadjusted) for identical assets or liabilities;
- **Level 2** (IFRS 13.81): inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability;
- **Level 3** (IFRS 13.86): unobservable inputs for the asset or liability. An asset or liability should be assigned to Level 3 already if there is only one unobservable input factor that significantly influences the measurement, such as debtorrelated local potential for conflicts and the estimated period needed to collect the receivable.

No market/transaction prices are available for trade receivables (category „at amortized cost“) as of the effective measurement days and no representative alternative prices can be determined or observed. As the forfaiting business is based on individual transactions, market prices can be determined with sufficient measurement certainty only for the agreed settlement date (purchase and sale) with the contractually agreed terms and conditions. To avoid the influence of accidental or arbitrarily defined measurement parameters, the Group measures trade receivables therefore at amortized cost using the effective interest method and considering potential value adjustments.

The creditor assets (receivables from the restructuring portfolio) are measured at fair value through profit or loss (FVtPL). This valuation is also based on the estimated prospect of successfully enforcing the pending claims. The changes in the receivables of the restructuring portfolio and the trading portfolio relate to compensation in the amount of kEUR 1,086 (previous period: kEUR 6,855) and to fair value changes in the amount of kEUR 1,511 (previous period: kEUR 1,993).

For current receivables and liabilities (e.g. current accounts), the carrying amount is recognized as the fair value.

No fair values are determined for non-listed equity instruments (shares in non-consolidated affiliated companies recognized in accordance with IAS 39), as no active market exists for these financial instruments and the required estimates cannot be made within acceptable fluctuation margins and adequate probabilities. These financial instruments are therefore recognized at cost including required depreciation.

Measurement processes

For initial measurement (addition on the trading day), the receivables are recognized at their fair value (nominal value less discount on the market value); subsequently they are measured at amortized cost using the effective interest method (monthly addition of the discount on the market value and corresponding recognition of the portfolio income). No market prices, usually applied measurement methods of identical receivables and observable transactions are available for the assets. As far as the receivables in the trading portfolio are concerned, transactions (sale) are offered, at irregular intervals, to potential interested parties who have previously been identified; these offers provide for terms which allow the Group to generate income. If no sales agreement is reached, the Group merely gets an indication of a potential upper price limit not accepted by market participants. By contrast, DF Group believes that amortized cost represents a basis for measurement which reflects the future income potential up to maturity even if the receivable cannot be sold before the end of the term. The Group therefore considers the value determined at amortized cost to also represent the (approximate) fair value. Besides amortized cost, fair value measurement is also available for receivables of the restructuring and trading portfolio which are subject to individual or country value adjustments. These value adjustments are based on institutional investor's current country rating where country value adjustments are concerned and on the individual assessment of the legal situation of DF Group and/or the financial situation of the creditor where individual value adjustments are concerned.

The Group is of the opinion that, irrespective of the classification in accordance with IFRS 9 paragraph 4.1.2 or paragraph 4.1.2A, the method applied to determine the fair value of receivables (amortized cost using the effective interest method) is suitable and that there are no sufficient reasons to give up this method. As of the reporting date of 31 December 2018, no receivables from the operating forfaiting business were recognized.

Capital management

The primary goal of the capital management activities of DF Group is to provide sufficient financial resources for the operating business at all times. Capital management activities for DF Group are centralized at the parent company.

As at 31 December 2018, DF Group's equity capital amounted to EUR 5.3 million (previous year: EUR 7.3 million). The insolvency creditor liabilities amounted to EUR 6.2 million (previous year: EUR 9.2 million) and represented 81% of the debt capital. As at 31 December 2018, DF Group had no credit lines. No external minimum capital requirements exist.

(34) Notes to the cash flow statement

The cash flow statement shows how cash and cash equivalents of DF Group changed in the course of the reporting period as a result of cash inflows and outflows. In accordance with IAS 7 "Cash Flow Statements", cash flows are classified into operating, investing and financing activities. A reconciliation of cash and cash equivalents in the balance sheet complements the cash flow statement.

The funds reported in the cash flow statement encompass all the cash and cash equivalents shown in the balance sheet, i.e. cash on hand and deposits with banks accessible within three months.

Cash flows from investing and financing activities are determined on a cash basis. By contrast, cash flows from operating activities are indirectly derived from the consolidated result. Under indirect calculation, the relevant changes in balance sheet items connected with operating activities are adjusted by effects from currency translation. In the financial year, there were no liabilities from financing activities requiring explanation in the meaning of IAS 7.44A-E.

(35) Adjusting events after the end of the financial year

DF Deutsche Forfait GmbH, a wholly-owned subsidiary of DF AG, signed a loan agreement in the amount of EUR 15 million with the majority shareholder of DF AG on 1 February 2019. The unsecured, subordinated loan has a term of three years and carries an interest rate equivalent to the 12-month EURIBOR +1 percentage point. The loan has meanwhile been paid out in full to DF GmbH.

Gruenwald, 11 April 2019

The Board of Management

INDEPENDENT AUDITOR’S REPORT

To DF Deutsche Forfait AG, Köln

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of DF Deutsche Forfait AG, Köln, and its subsidiary (the Group), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of equity changes and the consolidated cash flow statement for the financial year from 1 January 2018 to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report which is combined with the management report (referred to subsequently as “group management report”) of DF Deutsche Forfait AG for the financial year from 1 January 2018 to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Report pursuant to Section 289f and Section 315d HGB [Handelsgesetzbuch: German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018 and of its financial performance for the financial year from 1 January 2018 to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above mentioned Corporate Governance Report pursuant to Section 289f and Section 315d HGB.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Material Uncertainty Related to Going Concern

We draw attention to Section I of the notes to the consolidated financial statements and Section 5.d) vii. "Opportunity and Risk Report - Risks - Summary Risk Assessment and Risks Threatening the Continued Existence" of the group management report for the financial year 2018, where the legal representatives state that a risk threatening the continued existence of DF Group will arise if DF Group fails to generate sufficient income to cover its operating costs in the current financial year due to negative developments in the target region or in the cooperation with its strategic partners. In an extreme case, this may result in the DF Group becoming unable to meet its financial obligations in the normal course of business. As explained in Section I of the notes to consolidated financial statements and Section 5.d) vii. of the group management report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and that represents a risk threatening the continued existence of the Group within the meaning of Section 322 para. 2 sentence 3 HGB. Our audit opinions are not modified in respect of this matter.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2018 to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the following matter as a key audit matter to be communicated in our auditor's report.

Our presentation of this key audit matter has been structured as follows:

1. Financial statement risk
2. Audit approach
3. Reference to related disclosures

Valuation of the Restructuring Portfolio

1. Financial Statement Risk

In the consolidated financial statement of DF Deutsche Forfait AG as of 31 December 2018, the line item "creditor assets" contains all assets which, according to the insolvency plan set up on 29 April 2016, are exclusively serve to satisfy the rights of the creditors of the insolvency proceedings. Among others, these include overdue and pending claims against various debtors dating from the time before the listing on the Specially Designated Nationals and Blocked Persons List of the U.S. Department of the Treasury. The receivables in this socalled restructuring portfolio amount to a carrying amount of KEUR 6,651 as of 31 December 2018. The receivables are measured at fair value through profit/loss. The fair value was determined on the basis of estimated prospect of successfully enforcing the pending claims under consideration of the company's internal and external legal assessment.

The result of this valuation to a large extent depends on the estimation made by the legal representatives of the company concerning the result of the pending lawsuit and is therefore subject to a high estimation uncertainty. In our view, due to the total amount of the amount stated and due to the impact of the high estimation uncertainty on the carrying amount of the receivables and therefore on the consolidated financial statements, this matter was of particular significance in our audit.

2. Audit Approach

As part of our audit of the valuation of the restructuring portfolio, for the individual receivables of the restructuring portfolio we assessed the estimations made by the legal representatives concerning the prospect of successfully enforcing the pending claims and concerning the resulting fair values of the individual receivables, taking into consideration of the company's internal and external legal assessment. For this purpose, we analyzed the internal documentation regarding the respective debtor and conducted inquiries of the legal representatives and of the employee responsible for the settlement of the restructuring portfolio. In

addition, we obtained legal confirmations of the responsible lawyers. Using the assessments contained herein, we assessed the reasonableness of the estimations of the prospect of successfully enforcing the pending claims made by the by the legal representatives.

3. Reference to related Disclosures

The disclosures concerning the valuation of the restructuring portfolio are included in Section (6) "Accounting and Valuation Policies – Financial Assets" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises

- the Corporate Governance Report pursuant to Section 289f and Section 315d HGB,
- the Responsibility Statement pursuant to Section 297 para. 2 sentence 4 HGB regarding the consolidated financial statements and the Responsibility Statement pursuant to Section 315 para. 1 sentence 5 HGB regarding the group management report and
- the remaining parts of the annual report with the exception of the audited consolidated financial statements, the audited parts of the group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our group audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the audited parts of the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of

future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 24 August 2018. We were engaged by the supervisory board on 26 October 2018. We have been the group auditor of DF Deutsche Forfait AG, Köln, without interruption since the financial year 2014.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the supervisory board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Andreas Schuster.

Munich, 12 April 2019

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Andreas Schuster
German Public Auditor	German Public Auditor

RESPONSIBILITY STATEMENT BY THE BOARD OF MANAGEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Group. The Group management report includes a fair review of the business development and the position of the Group together with the principal opportunities and risks associated with the expected development of the Group.

11 April 2019
The Board of Management

SUPERVISORY BOARD REPORT

Dear Shareholders,

The financial year 2018 once again brought major challenges for DF Group, which were closely linked with the global political developments. Especially the withdrawal of the US government from the nuclear deal with Iran had considerable influence on the course of business and required adjustments in the company's strategic orientation. Despite these obstacles, DF Group's operational business picked up significantly in the second half of 2018. However, the positive trend was not sufficient to break even overall. The Group hence closed the financial year 2018 with a consolidated net loss of EUR -1.8 million.

Supervisory Board Activity Report

In the past financial year, the Supervisory Board continuously monitored the business performance of DF Deutsche Forfait AG ("DF AG" or "company") and fulfilled all the tasks imposed on it by law and by the Memorandum of Association.

The Supervisory Board regularly supervised the activities of the Board of Management and provided advice. In accordance with their supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board, liaised regularly with the Board of Management. The latter kept the Supervisory Board informed of all relevant business events and strategic decisions as well as the financial position of DF Group through both written and oral reports.

Changes to the Board of Management and the Supervisory Board

There were no changes in the composition of the Board of Management of DF AG in the financial year 2018.

In the past financial year, there were the following changes in the Supervisory Board: At the beginning of the financial year, Dr. Tonio Barlage, Dr. Ludolf von Wartenberg and Mr Franz Josef Nick sat on the Supervisory Board. Dr. Barlage served as Chairman of the Supervisory Board, while Mr Nick served as his deputy. At the company's ordinary Annual General Meeting on 24 August 2018, Prof. Dr. Wulf-Winrich Lapins was elected as fourth member of the Supervisory Board of DF AG. Dr. Tonio Barlage, Chairman of the Supervisory Board, resigned from his office on 26 October with effect from 31 December 2018 for personal reasons. As a result, the company's Supervisory Board currently comprises three members, namely Mr Franz Josef Nick as Chairman of the Supervisory Board, Dr. Ludolf von Wartenberg as Deputy Chairman of the Supervisory Board and Prof. Dr. Wulf-Winrich Lapins.

Supervisory Board Meetings

A total of six physical meetings and two telephone conferences were held in the financial year 2018. At two meetings, one of the four Supervisory Board members was excused from attending. At another meeting, at which no resolutions were passed, one of the three Supervisory Board members was excused from attending. All other Supervisory Board meetings were attended by all members of the Supervisory Board.

Focus of Supervisory Board Meetings

In the financial year 2018, the Supervisory Board primarily focused on the necessary adjustment of the company's business policy and monitored the collection of the creditor assets. Various other topics were discussed at the individual meetings.

A key item on the agenda of the Supervisory Board meeting on 13 March 2018 was the discussion of the preliminary figures of the separate and the consolidated financial statements for 2017. The body discussed and approved the country limits requested by the Board of Management. It furthermore adopted the Corporate Governance Report for the period ended 31 December 2017 and the declaration of conformity, which is published on the company's website in accordance with the Corporate Governance Code. Other topics included the business trend, the current status of the creditor assets and the changes in DF AG's equity capital. Based on the information provided by the Board of Management, the Supervisory Board discussed the plans and budgets for 2018 and 2019.

At its meeting on 23 April 2018, the Supervisory Board adopted both the separate financial statements of DF AG for 2017 and the consolidated financial statements for 2017. The company's auditors attended the meeting and were available to answer all questions. The Supervisory Board discussed among other things the current business trend according to the report of the Board of Management and also adopted the Supervisory Board Report for the period ended 31 December 2017 as well as the invitation to the ordinary Annual General Meeting of DF AG.

On 18 June 2018, the Supervisory Board held a telephone conference at which it addressed the possible consequences of the US withdrawal from the nuclear deal with Iran, the socalled Joint Comprehensive Plan of Action (JCPOA), for DF AG. Possible business alternatives, in particular in the food and pharmaceuticals sectors were discussed. The cash position of DF AG was also discussed.

On 3 July 2018, the Supervisory Board members presented and discussed the current business trend and strategy. They also addressed the quarterly statement for the period ended 31 March 2018 and the preparation of the ordinary Annual General Meeting. The Supervisory Board was moreover informed about the implementation of the EU General Data Protection Regulation at DF Group.

At the Supervisory Board meeting on 23 August 2018, the Supervisory Board closely addressed the business trend of DF AG, especially against the background that the second stage of the US sanctions against Iran was to enter into force at the beginning of November 2018. The Supervisory Board supported the focus of the Iran business on the food and pharmaceuticals sectors presented by the Board of Management. The body moreover addressed DF Group's preliminary interim report and discussed the company's financial position. The Board of Management's report on the creation of further placement opportunities by establishing a certificates structure was discussed.

At the constituent Supervisory Board meeting on 24 August 2018, the Supervisory Board elected Dr. Tonio Barlage as Chairman of the Supervisory Board and Mr Franz Josef Nick as Deputy Chairman of the Supervisory Board.

At the telephone conference on 24 September 2018, the management contract with Dr. Behrooz Abdolvand, Chairman of the Board of Management of the company, was renewed for a period of three years. The appointment was extended from 1 November 2018 to 31 October 2021.

The last Supervisory Board meeting of the year 2018 was held on 4 December. At this meeting, the company's plans and budgets for the financial years 2019 and 2020 were approved among other things. The status of the creditor assets and legal proceedings as well as the progress in developing a refinancing vehicle by establishing a certificates structure were discussed. Other topics included the quarterly report for the period ended 30 September 2018 and the company's current financial position.

Supervisory Board Committees

As the Supervisory Board is currently composed of only four members in accordance with the Memorandum of Association, it does not seem appropriate to establish committees, which is why the Supervisory Board performs its duties in plenary.

Corporate Governance

The Supervisory Board remained committed to good corporate governance throughout the financial year 2018. For information on corporate governance, please refer to the Corporate Governance Report, which forms part of the Annual Report. In the financial year 2018, the declaration of conformity by the Board of Management and the Supervisory Board was published in March; the latest declaration of conformity by the Board of Management and the Supervisory Board was issued in April 2019 and has been made permanently available to the shareholders on the company's website.

Conflicts of interest

No conflicts of interest involving members of the Supervisory Board were made known to the Supervisory Board during the financial year 2018.

Financial statements 2018

At the Annual General Meeting on 24 August 2018, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, were elected auditors for the separate financial statements and the consolidated financial statements for the financial year from 1 January 2018 to 31 December 2018.

The separate financial statements and the management report for 2018 as well as the consolidated financial statements for 2018 and the Group management report of DF AG were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich.

The separate financial statements, the management report, the consolidated financial statements and the Group management report for the financial year 2018 were available to all members of the Supervisory Board for detailed examination prior to the Supervisory Board meeting on 12 April 2019. At the Supervisory Board meeting on 12 April 2019, the auditors explained all relevant items of the documents. All accounting-related questions and issues were discussed in depth. Finally, the auditors confirmed their independence. Following its own indepth examination and discussion, the Supervisory Board concurred with the result of the audit and approved the separate financial statements as well as the consolidated financial statements of DF Group on 12 April 2019. The financial statements of DF Deutsche Forfait AG were thus finalized. No objections were raised. The Supervisory Board approved the management reports and the assessment of the company's future development.

The Supervisory Board thanks the Board of Management and the employees for their great commitment in the financial year 2018.

12 April 2019
On behalf of the Supervisory Board

Franz Josef Nick
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

In this statement, DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") reports on corporate governance as part of the management report in accordance with Section 289f (1) of the German Commercial Code (HGB). The Board of Management and the Supervisory Board additionally report in accordance with Section 3.10 of the German Corporate Governance Code as amended on 7 February 2017.

The purpose of the German Corporate Governance Code is to make the rules for corporate management and supervision in Germany transparent to national and international investors in order to boost confidence in the management of German companies. The German Corporate Governance Code is of great importance for DF AG. DF AG is committed to compliance with laws and regulations, transparency and integrity and aims to be an organization in which these values are core elements of the corporate culture.

I. DECLARATION OF CONFORMITY

Declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The company's declaration of conformity of April 2019 is published in a separate section on the website of DF AG under http://www.dfag.de/investor-relations/corporate-governance/.

II. RELEVANT INFORMATION REGARDING CORPORATE GOVERNANCE PRACTICE

DF AG aims for corporate governance that is characterized by responsibility, transparency and value creation for the shareholders. The relevant policies arise from the law, the company's Memorandum of Association and the recommendations of the German Corporate Governance Code.

Compliance with laws and ethical standards is of major importance to DF Group. In 2018, DF Group continued to update the Group-wide Compliance System and adjusted it to reflect the recommendations of the German Corporate Governance Code and statutory amendments in cooperation and consultation with external consultants. This applied, in particular to (i) money laundering prevention, (ii) data protection and most of all (iii) compliance with sanction regulations including the maintenance of the IT systems which are used every working day to automatically check new and existing customers with regard to their appearance on the relevant EU, UK and/or US sanctions lists. Reviews in accordance with the German Money Launde-

ring Act including Know-Your-Customer reviews as well as the Code of Conduct *(Code of Conduct and Ethics for the Employees of DF Deutsche Forfait AG and its Subsidiaries)* and the whistleblowing system *(Whistleblowing System of DF Deutsche Forfait AG and its subsidiaries)* are integral elements of DF Group's Compliance System. The Code of Conduct and the whistleblowing system are published in a separate section of the website of DF AG at https://www.dfag.de/en/corporate-governance/

III. WORK OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

Work of the Board of Management and the Supervisory Board

In accordance with applicable statutory provisions for German joint stock companies, DF AG has a dual management and supervisory structure consisting of the Board of Management and the Supervisory Board.

Board of Management

The members of the Board of Management are appointed by the Supervisory Board. They are responsible for independently managing the company with the aim of creating sustainable value to its benefit, thus taking into account the interests of its shareholders, employees and other stakeholders. The members of the Board of Management conduct the company's business with the due care of a prudent businessman in accordance with the laws, the company's Memorandum of Association and the rules of procedure issued by the Supervisory Board for the Board of Management. The cooperation between the members of the Board of Management is governed by the rules of procedure, while the responsibilities of the Board of Management members are defined in the schedule of responsibilities. The rules of procedure also contain a list of transactions for which the Board of Management requires the approval of the Supervisory Board. The Board of Management cooperates in a trusting manner with the other bodies of the company in the interest of the latter.

Supervisory Board

The Supervisory Board of DF AG advises the company's Board of Management and supervises its management activities. According to the Memorandum of Association, it is composed of four members, all of whom are elected by the Annual General Meeting. As recommended by the DCGK, the members of the Supervisory Board are elected individually.

The Supervisory Board can form committees from among its members and assign them decision-making power to the extent permitted by law. Since 15 January 2016, the tasks relating to DF AG's risk policies and risk management originally assigned to the Working Committee of the Supervisory Board have been

performed by all members of the Supervisory Board. The Supervisory Board has not established an audit committee or a nomination committee. These responsibilities are currently being assumed by the Supervisory Board as a whole. The formation of committees currently does not appear to be expedient, as the Company's Supervisory Board in accordance with the Articles of Association only consists of four and currently only three members. The efficiency of the activities of such a small Supervisory Board cannot be meaningfully further increased by forming committees, especially as committees would only be quorate if they had at least three members.

Close cooperation between the Board of Management and the Supervisory Board

The Board of Management and the Supervisory Board of DF AG cooperate closely and in a trusting manner to the benefit of the company. To exercise its supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board, liaise regularly with the Board of Management.

The Board of Management determines the strategic direction of the company, obtains approval from the Supervisory Board and implements strategic decisions. Transactions and corporate measures of special significance require approval from the Supervisory Board. Thanks to a regular, timely and comprehensive dialogue with the Board of Management, the Supervisory Board is at all times informed about the strategy, plans, business developments as well as the risk management and the material risk positions of the company.

IV. INFORMATION ON THE PROMOTION OF EQUAL PARTICIPATION OF WOMEN ON THE BOARD OF MANAGEMENT, THE SUPERVISORY BOARD AND IN MANAGEMENT POSITIONS

The Company's Board of Management consisted in fiscal year 2018 and currently consists of Dr. Behrooz Abdolvand (also Chairman of the Management Board), Mrs. Gabriele Krämer and Mr. Christoph Charpentier.

The Board of Management thus consists of three members, 33.3% of whom are women. According to a resolution dated 4 December 2018, the Supervisory Board defined a target of 33.3% for the share of women on the Board of Management until 31 December 2019.

The Supervisory Board is currently composed of three members, Franz Josef Nick (Chairman of the Supervisory Board), Dr. Ludolf von Wartenberg (Deputy Chairman of the Supervisory Board) and Prof. Dr. Wulf-W. Lapins. On 24 August 2018, Franz Josef Nick and Prof. Dr. Wulf-W. Lapins were elected to the Supervisory Board by the Annual General Meeting. Franz Josef Nick had already been appointed

to the Supervisory Board by the court in 2017 at the request of the Management Board. As of 31 December 2018, Dr. Tonio Barlage, former Chairman of the Supervisory Board holding office in fiscal year 2018, resigned from the Supervisory Board. There were no other personnel changes in the Supervisory Board in the financial year from 1 January to 31 December 2018. The current share of women on the Supervisory Board is 0%. According to a resolution dated 4 December 2018, the Supervisory Board defined a target of 0% for the share of women on the Supervisory Board until 31 December 2019. While this preserves the current status, it does not mean that the share of women on the Supervisory Board may not increase. Diversity is taken into account in the composition of the Supervisory Board, but the company primarily attaches importance to the experience, skills and knowledge of each individual member. The Supervisory Board is of the opinion that the consideration of further criteria would unreasonably limit the choice of candidates for a Supervisory Board which, according to the Memorandum of Association, consists of only four members.

As the company's operations were spun off to DF Deutsche Forfait GmbH in August 2016, DF AG currently has no executives below the Board of Management with the exception of former Board member Frank Hock, who serves as Chief Financial Officer (CFO) for DF AG without sitting on the Board of Management. DF AG currently has no management level below the Board of Management. On 4 December 2018, the latter therefore decided not to define a target for the share of women at the two management levels below the Board of Management.

V. OTHER CORPORATE GOVERNANCE INFORMATION

Transparent communication

DF AG aims for open and transparent communication with its shareholders, bondholders and other investors. All dates of special interest to shareholders and bondholders are found on the company website, including publication dates for annual and interim reports. Additional information relates, for instance, to reportable securities transactions pursuant to Regulation (EC) No. 596/2014 on Market Abuse (Market Abuse Regulation), ad hoc announcements and press releases.

Efficiency audit

The regular audit regarding the efficiency of the Supervisory Board represents an important pillar of good corporate governance. The German Corporate Governance Code stipulates in Section 5.6 that the Supervisory Board shall "regularly check the efficiency of its actions". To do this, a questionnaire tailored to the special characteristics of DF AG has been developed. The questionnaire is regularly sent to the members

of the Supervisory Board. The results of this survey are then discussed at a Supervisory Board meeting. The questionnaire primarily encompasses organizational processes in the Supervisory Board, the timely and sufficient supply of information to the Supervisory Board as well as personnel-related questions.

Risk management, accounting and auditing, compliance

On the one hand, the risk management system established by the company serves to diversify risks and to limit them in accordance with the company's risk-bearing capacity, primarily in order to avoid jeopardizing the company's continued existence. On the other hand, risks shall be identified at an early stage in order to avoid them to the extent possible or to at least initiate counter-measures. The risk management system is reviewed and refined regularly and adjusted to changing conditions on an ongoing basis.

The consolidated financial statements of DF Group are prepared in accordance with International Financial Reporting Standards (IFRS), such as they have been endorsed by the European Union, as well as with Section 315e of the German Commercial Code (HGB). The separate financial statements of DF AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, were elected auditors and Group auditors for the financial year 2018 by the Annual General Meeting held on 24 August 2018 and appointed by the Supervisory Board. Prior to the appointment, the Supervisory Board ensured that the relationships between the auditors and the company or its institutions do not give reason to doubt the independence of the auditors. Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, audited the separate financial statements and the consolidated financial statements for the financial year from 1 January 2018 to 31 December 2018.

Compensation of the Board of Management and the Supervisory Board

The compensation report of the consolidated financial statements provides a detailed presentation of the fundamental structure of the compensation of the Board of Management and the Supervisory Board and discloses the compensation received by the individual members of the Board of Management in accordance with statutory requirements. The compensation report is part of the audited consolidated financial statements.

Shareholdings and reportable transactions of the Board of Management and the Supervisory Board

Shareholdings of members of the Board of Management

As at 31 December 2018, the members of the Board of Management held the following shares:

- The members of the Board of Management in office each hold only a small number of DF AG shares as at 31 December 2018. The members of the Board of Management directly or indirectly held less than 0.1% of the shares of DF AG as at 31 December 2017.

Shareholdings of members of the Supervisory Board

As at 31 December 2018, the members of the Supervisory Board held the following shares:

- The members of the Supervisory Board directly or indirectly held less than 0.3% of the shares of DF AG as at 31 December 2018.

Reportable transactions

According to Section 19 of the Market Abuse Regulation (MAR), the members of the Board of Management and the Supervisory Board are obliged to notify DF AG and the competent supervisory authority of the purchase or sale of shares in DF AG made by themselves or by closely associated persons. Transactions reported to DF AG according to Section 19 of the Market Abuse Regulation (MAR) are published on the DF AG website at www.dfag.de under "Corporate Governance" in the "Investor Relations" section.

Other information

With a view to avoiding potential conflicts of interest and the number of independent Supervisory Board members, the Supervisory Board has set itself the objective that – taking the ownership structure into account – at least half of the Supervisory Board members should be independent. The Supervisory Board assesses the independence of its members in accordance with No. 5.4.2 of the German Corporate Governance Code. The Supervisory Board considers all of its current members to be independent.

DF Deutsche Forfait AG
Hirtenweg 14
82031 Gruenwald
Germany

Phone +49 89 21 55 19 00 - 0
Fax +49 89 21 55 19 00 - 9
E-Mail dfag@dfag.de
Internet www.dfag.de