DF Deutsche Forfait AG

Annual Report for the fiscal year

1 January to 31 December 2017

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1. FUNDAMENTALS OF DF GROUP

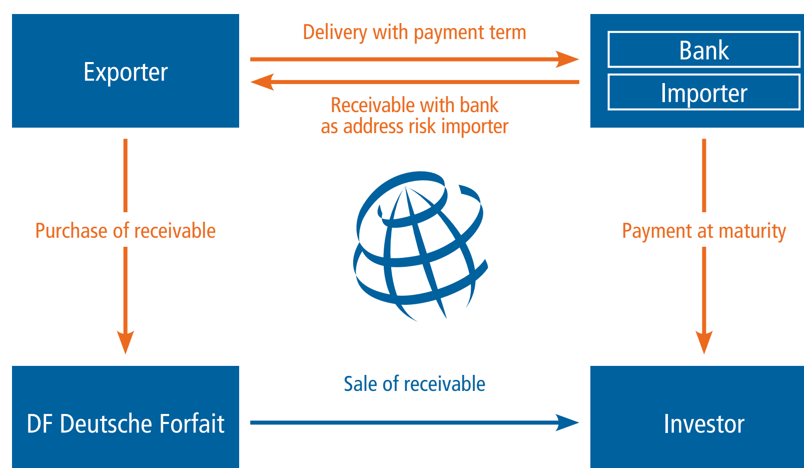
a) Business model of the Group

DF Group is a specialist for foreign trade finance and related services for exporters, importers and other financial service providers. DF Group's geographic focus lies on the emerging markets and, within this market segment, on financing foreign trade with Near and Middle East countries and, in particular, with Iran.

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. The receivables are resold to investors, usually banks.

Classic Forfaiting



Apart from forfaiting, DF Group takes over risks from its customers under purchase commitments. 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 also purchases lease and loan receivables, which are usually sold or hedged by purchase commitments.

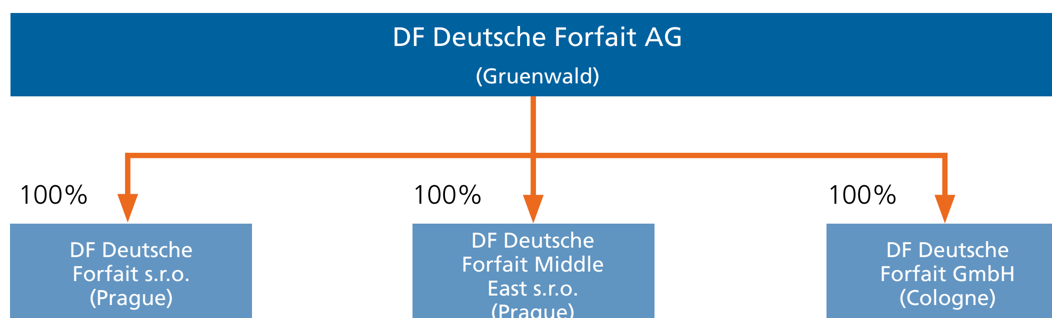
As the third component of its product and service portfolio, DF Group offers its customers services that build on its specific knowledge of developing and emerging countries. In contrast to the forfaiting business and the purchase commitments, DF Group assumes no credit risk whatsoever in this product segment. These services include, for instance, (i) the collection of foreign trade receivables and (ii) the brokerage business. In the latter case, DF Group arranges forfaiting transactions, purchase commitments or other financing solutions between buyers and sellers without making liquidity available and/or assuming any risks.

In addition, DF Group still plans to launch trade finance funds or fund-like platforms ("**trade finance funds**"). Through an investment in trade finance funds, investors can participate in the performance of the foreign trade receivables pooled in the trade finance fund. For DF Group, a trade finance fund presents an additional possibility for placing short to medium-term business.

Structure of DF Group

DF Deutsche Forfait AG ("**DF AG**" or "**company**") headquartered in Grünwald 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. In autumn 2017, DF GmbH opened an office in Teheran in order to strengthen the presence in DF Group's target region and to underwrite attractive business locally. Deutsche Kapital Limited in Dubai ("DKL") as well as the subsidiary in Brazil (Florianopolis) and the subsidiary in Pakistan (Lahore) are being liquidated. The US subsidiary, DF Deutsche Forfait Americas Inc., was liquidated in March 2017. The changed business focus of DF Group is the main reason for the closures.

Main companies



DF GmbH has taken over the operations from DF AG and focuses its products 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, while DF s.r.o. covers the remaining geographies with a focus on emerging markets.

Employees: Human resources almost unchanged

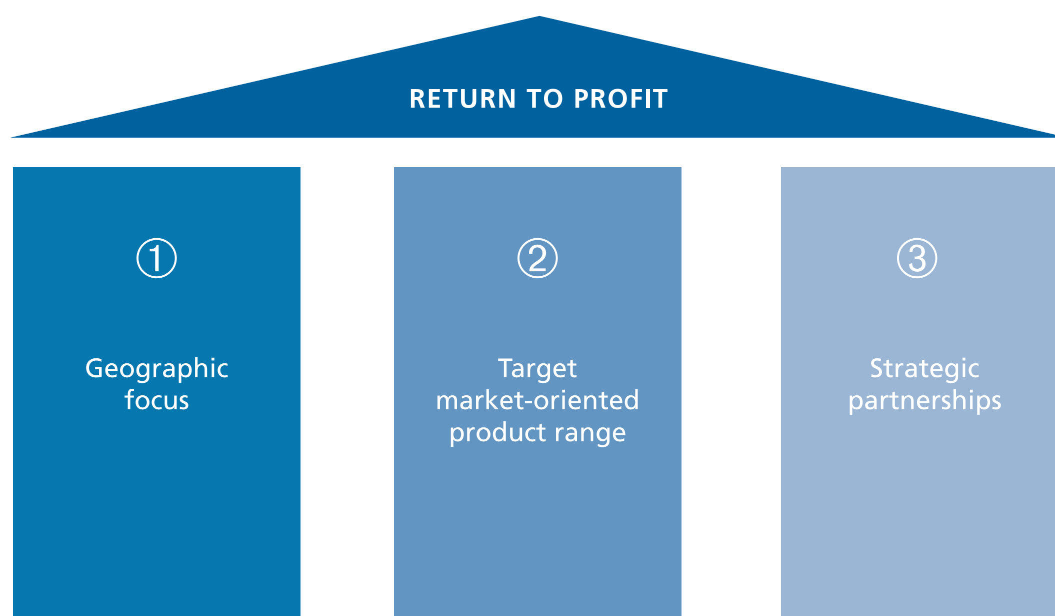
As of the reporting date on 31 December 2017, DF Group employed 33 people including the members of the Board of Management, three more than on 31 December 2016. The increase is mainly attributable to an addition to the accounting department and the employment of two student assistants. In the context of the restructuring of the sales organization, four employees left the company with effect from 31 December 2017, who are still included in the above figures as of the reporting date, which means that the number of employees will decline to the prior year level as of the beginning of 2018. DF Group has decided to intensify its cooperation with agents in order to expand its sales network quickly in the current start-up phase while at the same time cutting its fixed costs for sales and marketing.

b) Objectives and strategies

Strategic corporate objectives

It is the strategic objective of DF Group to position itself as a specialist niche provider in the market for foreign trade finance and related services and to generate a business volume in the next one to two years which, contrary to the present situation, allows it to achieve sustainable profitability in order to regain the confidence of equity providers and future debt capital providers.

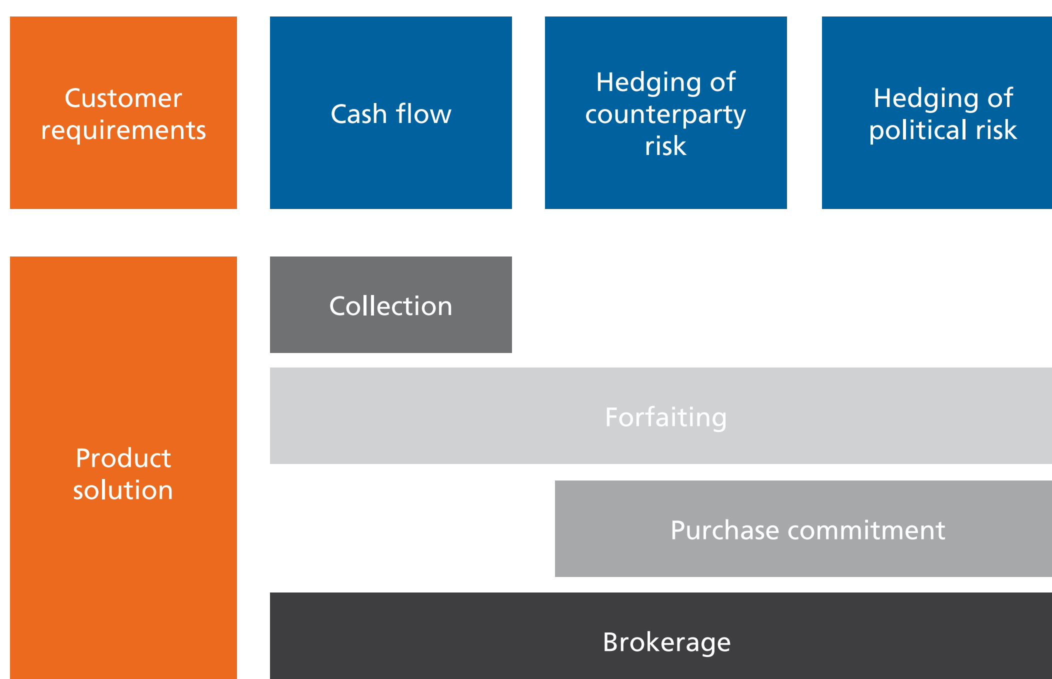
DF Group's strategy rests on three pillars:



Geographically, DF Group continues to focus on emerging and developing countries, which, according to estimates published by the International Monetary Fund (IMF) in January 2018, again grew more strongly (4.7%) than the industrialized countries (2.3%) in 2017. Within the emerging and developing countries, DF Group focuses on the Near and Middle East, with the main emphasis on Iran. By concentrating on a geographic region, DF Group expects to benefit from economies of scale, e.g. with regard to country-specific know-how in compliance checks as well as marketing and transaction processing. The fact that the Group's headcount declined compared to the past requires it to focus its operations. At the same time, DF Group concentrates on a market in which it has a competitive advantage as a result of its long-standing experience, the local know-how of its Teheran office and the cooperation with Saman Bank.

Saman Bank is one of the largest and most modern private banks in Iran and has a large local network. Even if the economic trend in Iran failed to meet the (high) expectations in 2017, DF Group anticipates growing trade volumes and good business opportunities for the coming years in view of the high pent-up demand for infrastructure and equipment projects. In this context, DF Group primarily focuses on the petrochemical and agricultural sectors. The positive growth prospects are also confirmed by an IMF forecast dating from October 2017, which projects slightly above-average growth of 3.8% for Iran's economy.

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



As it is often very difficult for buyers of long-lived capital goods such as plant and machinery to refinance them in emerging or developing countries, exporters must be able to offer them longer payment terms in order to be successful. At the same time, exporters are usually interested in quickly recovering liquidity by collecting the purchase price. This applies in particular for trade with high-risk countries such as Iran. This is where DF Group and its products come into play as an intermediary. DF Group provides traditional collection services to help exporters collect their receivables more quickly or, in the context of its forfaiting services, assumes the counterparty and political risks through the non-recourse purchase of the receivable, in addition to quick payment of the purchase price. The 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.

Strategic partnerships, the third pillar of our strategy, are of great importance for DF Group, as they extend our network and help generate and handle foreign trade transactions. Back in November 2016, DF Group signed a Memorandum of Understanding with Saman Bank, one of the largest and most modern private banks in Iran. Another Memorandum of Understanding was signed with a large Iranian trading company in Q4 2017. DF Group aims for further partnerships in order to increase its business volume more quickly.

The planned participation in the launch of trade finance funds serves the same objective. By subscribing to such funds, business partners and institutional investors who, for various reasons, are unable or unwilling to purchase foreign trade receivables directly may acquire a share in the performance of the foreign trade receivables pooled in a trade finance fund. For DF Group, trade finance funds offer good placement opportunities and, consequently, good refinancing possibilities to increase its business volume.

c) Controlling system

For DF Group the gross result (including net valuation) is the key performance figure.

$$\frac{\text{Gross result including net valuation}}{\text{Business volume acquired in the reporting period}} = \text{margin}$$

The gross result including net valuation 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 and brokerage services and, if the receivable is held in the company's own portfolio, current interest income.

Another important performance indicator for the business of DF Group is the business volume, which is defined as the sum total of (i) the nominal values of all forfaiting transactions closed in a reporting period (including purchasing commitments) and (ii) the nominal values of all collection and brokerage transactions closed in a reporting period. Another performance indicator used in DF Group's controlling and reporting systems is the consolidated net income.

Besides the externally communicated performance indicators, DF Group additionally implemented a comprehensive internal controlling system to achieve its strategic and operational objectives: It comprises not only the compliance management system but also a risk-adjusted pricing model. The components of the internal controlling system are designed to ensure a more efficient allocation of all resources (primarily human resources, equity and debt capital) to transactions with an attractive risk-return mix.

2. ECONOMIC REPORT

a) Macroeconomic and industry-related environment

According to estimates published by the International Monetary Fund (IMF) in January 2018, the world economy grew by a strong 3.7% last year. This positive trend was supported by both the industrialized countries (+2.3%) and the emerging and developing countries (+4.7%). In the euro zone (+2.4 %), with the economic driver Germany (+2.5 %), and in the USA (+2.3 %) gross domestic product (GDP) grew almost equally. By contrast, there were considerable differences between the main emerging and developing countries. According to the IMF, the economies in China (+6.8%) and India (+6.7%) expanded strongly, whereas Russia (+1.8%) and Brazil (+1.1%) recorded only little growth but were at least able to emerge from the recession of the past years. At 2.5%, economic growth in the Middle East (including North Africa) was not quite as high as in the previous year (+4.9%). This is also reflected in the figures for Iran. While Iran's GDP grew by a strong 12.5% in 2016, which was mainly attributable to the coming into force of the international "nuclear deal" (JCPOA) and the resulting loosening of the international sanctions, the IMF assumed 3.5% growth for the full year 2017 in its October 2017 forecast.

The good global economic environment also had a positive effect on the global trade volume. According to an IMF report of January 2018, the world trade volume rose by 4.7% last year. This increase was supported by both the industrialized countries (+4.1%) and the emerging and developing countries (+5.9%). According to the IMF, this is due, on the one hand, to a pick-up in investments, especially in the industrialized countries, and, on the other hand, to increased production in Asia. Add to this the continued very loose monetary policy pursued by the European Central Bank (ECB).

As far as trade with Iran is concerned, the great hopes for billion euro contracts voiced by the German corporate sector in 2016 have not been fulfilled so far for various reasons. In 2018, the trade volume will also fall short of the original forecast of EUR 6 billion of the German Chambers of Commerce and Industry (DIHK). Growing by over 20% in each of the past two years, trade between Germany and Iran has nevertheless increased noticeably and in 2017 exceeded the EUR 3 billion mark again for the first time in six years. But the uncertainty about the future of the nuclear deal fuelled by the USA is delaying an expansion of the trade relations. This also applies to exports from other European countries, which also suffer from the uncertainty about future political developments and the lack of financing possibilities.

b) Business performance

As a result of the insolvency proceedings terminated on 1 July 2016, the calendar year 2016 was divided into two short financial years. The "short financial year I" covered the period from 1 January 2016 to 1 July 2016, while the "short financial year II" covered the period from 2 July 2016 to 31 December 2016. To facilitate a comparison of the financial years, the short financial year 2016 I and the short financial year 2016 II have been combined into a single financial year 2016 (as shown in Section II in the notes to the consolidated financial statements) and compared with the financial year 2017 in the following description of the results of operation.

i Results of operation

DF Group generated a consolidated net loss of EUR -2.7 million in the financial year 2017. This is clearly below the consolidated net income of EUR 31.4 million posted for the financial year 2016, which, however, mainly reflected the income of EUR 41.6 million resulting from the creditors' debt waiver. The consolidated net loss of the financial year 2017 is primarily attributable to the low business volume, which amounted to EUR 23.5 million (previous year: EUR 5.4 million) and was composed of EUR 6.4 million from forfaiting, EUR 16.7 million from debt collection and EUR 0.4 million from purchase commitments. The total business volume fell clearly short of the original expectations of roughly EUR 300 million for the following reasons:

- Shifts in large-scale brokerage transactions originally planned for the second half of the financial year 2017. Even though it is not certain at present if and when these transactions will materialize, a substantial contribution to the business volume and the result is expected for the current financial year.
- Delays in regulatory approvals for payment services.
- Restructuring of the sales organization in the fourth quarter of 2017 through a reduction in the number of permanent employees and the simultaneous expansion of the agent network.
- The trade volume with Iran fell clearly short of expectations due to the political uncertainty.

The gross result amounted to EUR -1.4 million, compared to EUR -8.9 million in the previous year and was primarily influenced by the valuation of the creditor assets, which are reflected in exchange gains and exchange losses as well as forfaiting income and forfaiting expenses. Due to the lower business volume, DF Group generated only low forfaiting income (EUR 0.06 million) from its operating activities. Commission income breaks down into commission income from the collection of the creditor assets (EUR 0.51 million) and commission income from new business (EUR 0.18 million) as well as other commissions (EUR 0.14 million).

Other operating income amounted to EUR 4.2 million in the financial year 2017 (previous year: EUR 52.3 million). 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.

Administrative expenses totaled EUR 6.1 million in the financial year 2017 (previous year: EUR 11.5 million) and were composed of personnel expenses, depreciation/amortization and other operating expenses. At EUR 2.5 million, personnel expenses remained unchanged from the previous year; this also applies to depreciation/amortization, at EUR 0.094 million (previous year: EUR 0.096 million). Other operating expenses declined from EUR 9.0 million in the previous year to EUR 3.5 million in the financial year 2017. The main items included in other operating expenses relate to legal expenses for the collection of the receivables of the assets designated under the insolvency plan in the amount of EUR 0.7 million, which must be covered from the sales proceeds. The corresponding counter-item is included in other operating income. Other operating expenses also include the increase in the provisions for insolvency liabilities in the amount of EUR 0.5 million due to compensation received, whose counter-item is also included in other operating income. Other major items relate to investor relations, including the Annual General Meeting, tax consulting and auditing expenses as well as rental and travelling expenses.

The financial result, which is composed of interest income and interest expenses, amounted to EUR 0.03 million in the financial year 2017 (previous year: EUR -0.9 million).

After capitalization of deferred tax assets in the amount of EUR 0.5 million, the consolidated net loss stood at EUR -2.7 million (previous year: EUR 31.4 million).

All in all, the result of the financial year 2017 failed to meet the company's expectations, as DF Group had expected a much higher business volume and, consequently, a better consolidated result.

ii Financial position

DF Group generated operating cash flow of EUR -4.0 million in the financial year 2017, compared to EUR -8.0 million in FY 2016. The operating cash flow is primarily the result of the consolidated net loss of EUR 2.7 million. Cash flow from investing activities amounted to kEUR -120 million (short financial year 2016 I + II: kEUR -44) and is mainly attributable to investments

in the SWIFT connection and a new payment system. Cash flow from financing activities stood at EUR 0.0 million. In the short financial year 2016 I + II, cash flow from financing activities had amounted to EUR 11.1 million due to the capital increase. 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 stood at EUR 7.3 million as at 31 December 2017 (31 December 2016: EUR 9.9 million). The creditor liabilities totaled EUR 9.2 million as of the balance sheet date, compared to EUR 18.2 million at the end of short financial year 2016 II. The decline is mainly attributable to payments to the trustee.

DF Group had no credit lines as of the balance sheet date of 31 December 2017.

iii Net assets position

As of the balance sheet date of 31 December 2017, DF Group's assets totaled EUR 18.0 million (previous year: EUR 30.8 million). The decline in total assets compared to the previous year is primarily due to the reduction in creditor assets, which represent the largest asset item. They declined from EUR 18.2 million to EUR 9.2 million mainly because of payments to the trustee and fair value adjustments. Cash and cash equivalents dropped from EUR 10.2 million on 31 December 2016 to EUR 6.1 million on 31 December 2017, mainly as a result of the operating losses.

c) Financial performance indicators

The financial performance indicators of DF Group are:

- business volume
- gross result including net valuation
- 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 400-500 million p.a. in the medium term once the measures described in Section 1b) "Objectives and strategies" have been implemented.

Another financial performance indicator is the gross result including income from investments, as described in Section 1c), as well as the resulting average margin. A gross result in excess of EUR 4.0 million is required to break even. This is clearly below the gross results posted in the past, which, however, were generated under entirely different market conditions and with a much larger number of employees.

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, a one-time bonus, 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:

Dr. Behrooz Abdolvand (Board of Management since 11/2017)				
	Benefits granted			
In EUR	**2016**	**2017**	**2017 (Min)**	**2017 (Max)**
Fixed compensation	0.00	30,000.00	30,001.00	30,002.00
Fringe benefits	0.00	834.02	834.02	834.02
Total	**0.00**	**30,834.02**	**30,835.02**	**30,836.02**
One-year variable compensation	0.00	0.00	0.00	270,000.00
Multi-year variable compensation	0.00	0.00		
Total	**0.00**	**30,834.02**	**30,835.02**	**300,836.02**
Pension-related payments	0.00	3,359.04		
Total compensation	**0.00**	**34,193.06**	**30,835.02**	**300,836.02**

Christoph Charpentier (Board of Management since 10/2016)				
	Benefits granted			
In EUR	**2016**	**2017**	**2017 (Min)**	**2017 (Max)**
Fixed compensation	28,168.00	134,552.00	134,552.00	134,552.00
Fringe benefits	1,148.86	5,286.68	5,286.68	5,286.68
Total	**29,316.86**	**139,838.68**	**139,838.68**	**139,838.68**
One-year variable compensation		40,000.00	0.00	270,000.00
Multi-year variable compensation		0.00		
Total	**29,316.86**	**179,838.68**	**139,838.68**	**409,838.68**
Pension-related payments	4,149.57	18,503.26		
Total compensation	**33,466.43**	**198,341.94**	**139,838.68**	**409,838.68**

Gabriele Krämer (Board of Management since 10/2016)				
	Benefits granted			
In EUR	**2016**	**2017**	**2017 (Min)**	**2017 (Max)**
Fixed compensation	26,418.00	128,802.00	128,802.00	128,802.00
Fringe benefits	1,026.29	4,762.40	4,762.40	4,762.40
Total	**27,444.29**	**133,564.40**	**133,564.40**	**133,564.40**
One-year variable compensation		40,000.00	0.00	270,000.00
Multi-year variable compensation		0.00		
Total	**27,444.29**	**173,564.40**	**133,564.40**	**403,564.40**
Pension-related payments	3,906.98	17,678.62		
Total compensation	**31,351.27**	**191,243.02**	**133,564.40**	**403,564.40**

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

The fixed salary of the individual Board members increases by EUR 20,000 p.a. if at least a balanced consolidated result was generated in the previous year. In addition, the members of the Board of Management receive a performance bonus amounting to 4.5% of the consolidated result if the latter reaches EUR 500,000. 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.

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

Besides the basic salary, the contracts of the former members of the Board of Management provided for a taxable monthly additional benefit in the amount of EUR 1,500.00, which may be used for company pension purposes.

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 2017

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 2017, compensation for all activities of all members of the Supervisory Board of DF AG was EUR 86,449.58. Individual compensation for members of the Supervisory Board for the financial year 2017 is listed in the table below (in EUR):

Name	Fixed salary	Attendance remuneration	VAT 19%	Total
Dr. Tonio Barlage	26,000.00	3,000.00	5,510.00	34,510.00
Dr. Behrooz Abdolvand (until 31 October 2017)	21,654.88	2,500.00	4,589.43	28,744.31
Dr. Ludolf-Georg von Wartenberg	13,000.00	3,000.00	3,040.00	19,040.00
Franz Josef Nick (since 20 November 2017)	2,991.82	500.00	663.45	4,155.27
Total	**63,646.70**	**9,000.00**	**13,802.88**	**86,449.58**

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 2017

At the beginning of the financial year 2017, on 2 January 2017, the DF share traded at EUR 1.76 and reached its high of the year immediately thereafter, on 3 January 2017, at EUR 2.01. The share closed the year at a low of EUR 0.53, which represents a performance of -70.2% in the reporting period. The negative performance is certainly primarily due to the lower-than-expected new business in the past year. Benchmark indices such as the SDAX and the DAXsector Financial Services gained 23.3% and 29.2%, respectively, which reflected the good general stock market environment in the past year.

Performance of the DF bond in the financial year 2017

The DF bond opened the year at 25.2% and climbed to 27.0% by mid-January 2017 following a short upward movement. The bond then dropped sharply, however, and closed the reporting period at 4.2% and a performance of -83.2%. According to the insolvency plan of DF Deutsche Forfait AG concluded in April 2016, 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"). Consequently, the negative performance is partly attributable to the disbursements made in the financial year 2017 as well as to necessary write-downs of creditor assets.

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 2017, the company's subscribed capital amounted to EUR 11,887,483.00 and was divided into 11,887,483 no-par 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 2017 from 1 January 2017 to 31 December 2017. Dr. Shahab Manzouri held 79.14% of the company's shares as of the reporting date of 31 December 2017.

(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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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.

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 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.

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 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).

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 forfaiting transactions, the expected utilization of purchase commitments, (commission) income from services 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. DKL prepares its own cash planning and is no longer included in DF Group's cash planning due to the planned liquidation.

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 DKL are currently included in the basis of consolidation. DF ME s.r.o. will be included in the basis of consolidation as soon as a relevant amount of business is handled via this company. 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. Book-keeping 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 on a monthly basis until the liquidation of DKL is completed. All necessary documents and inter-company relations are finally endorsed and agreed by the central accounting department in Cologne.

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. DKL has

no access to the accounting software; information and consultations with the DKL management take place on the basis of the economic analyses prepared by the central accounting department. 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.

All receivables as reported by the accounting department are matched against the information provided by the forfaiting system (Forfaiting Manager), which is updated by the contract management department monthly. Any differences are clarified between the two departments.

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 consolidated financial statements are checked for plausibility by employees of the controlling department.

The existing internal accounting-related control system is of a high standard and the company currently has no plans for adjustments. 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 project-related 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, brokerage business, debt collection). DF Group's clients on the purchase side and the placement side are domiciled worldwide, mostly in emerging and developing countries. DF Group's business model means that it has only a limited base of customers with whom transactions are executed regularly and/or at recurrent intervals. Under the company's business model, (financing) projects are undertaken with individual counterparties without this automatically leading to repeat projects. Where repeat business is done with the same customer, this usually happens after a certain time. As a result, changes regarding compliance-relevant facts, e.g. the ultimate beneficial owner, may have

occurred in the meantime and lead to a different assessment. In the case of larger intervals between individual transactions, the "Know Your Customer" ("KYC") identity check must therefore be updated or, in some cases, even be redone from scratch.

Against the background of the applicable statutory regulations, DF AG and its subsidiaries are obliged to carry out transaction-related compliance checks, especially money laundering checks, as well as economic sanctions compliance checks for each transaction in addition to the above-mentioned customer identity checks. This is not least done with a view to the customers (investors) who acquire receivables from DF Group, make sub-investments or secure receivables which require full documentation of the parties involved in the individual transactions.

Violations of the statutory money-laundering 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 are not allowed or unable to do (any more) business with individual companies of DF Group and/or DF Group (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 fines are imposed and (iii) that the boards of DF AG and/or its subsidiaries are held liable for violations of applicable regulations. In addition, the disclosure of culpable violations or breaches of these regulations may have an adverse impact on the company's reputation.

The Group-wide compliance system is regularly evaluated in cooperation and consultation with external advisors; based on the results of these reviews, the system is revised and adjusted as required. The compliance system comprises in particular (i) awareness creation and regular training of all employees and of sales-related 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 well-trained Compliance Department as well as a Compliance Committee; (iii) software which automatically checks, on every working day, whether a client – both new and existing client – features on the EU, UK and/or US sanctions lists during the term of a transaction and (iv) additionally the Thomson Reuters World Check One software for a more in-depth examination of new and potential customers before closing a transaction.

Based on protocols of the results of the above checks, individual clients 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. If the result of these checks is positive, they are listed on a "White List" of business partners eligible for contracting at short notice at any time.

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 the highest anti-money-laundering standards. 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 terrorist 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, DF Group complies with the KYC principle and identifies each potential customer / business partner. 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, e.g. certification of the KYC documents submitted by the customer / business partner by a notary public. The identification of the customer / business partner additionally includes checking them for possible sanctions and for a potential PEP (politically exposed person) status. 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. No transaction will be paid out before the transaction-related documents and the parties involved have been satisfactorily checked for compliance-related circumstances.

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.

In the fourth quarter of 2017, DF Group expanded its compliance system by establishing a whistleblowing system enabling every employee to report suspected cases of non-compliance to an external ombudsperson on a confidential and, if required, anonymous basis. In a second step, this whistleblowing system was made available to third parties on the company's website in January 2018.

c) Opportunities

Although the planned expansion of the business volume was delayed in the past financial year, DF Group sees good opportunities for achieving a business volume that would support DF Group's return to sustainable profitability in the next one to two years.

By placing a geographic focus on developing and emerging countries, DF Group concentrates on growth markets that have high demand for foreign trade finance. This applies to Iran, in particular, which has great pent-up demand in the infrastructure sector as a result of the sanctions in the past years. At the same time, Iran has the second largest gas reserves and the fourth largest oil reserves in the world and is characterized by high growth rates (GDP growth of 12.5% in 2016 and an estimated 3.5% in 2017). In spite of the increased political risks, Iran thus remains an attractive market. Exporters are seeking advice, risk hedging and financing as they were not active in this market for many years because of the sanctions. What is more, international commercial banks are (still) very reluctant to restart business in and/or with these countries. In view of its product portfolio, its long-standing experience and the cooperation with Saman Bank, which is a strong local partner, DF Group believes it is well positioned to benefit from this market potential. For this purpose, the Group opened an office in Teheran to expand its network in Iran and intensified its cooperation with local agents in 2017. Overall, the number of business inquiries picked up noticeably in the course of the year. Contrary to the original plans, some major brokerage deals could not be realized in 2017 but are still on the agenda and could make a substantial profit contribution in 2018 if they are realized. The Memorandum of Understanding signed with a major Iranian trading company also offers opportunities for increasing the business volume. All told, there are a number of positive starting points in sales which offer good opportunities for exploiting the existing market potential.

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. In the current phase of rebuilding the business, DF Group does usually not keep the purchased transactions in its own portfolio, which greatly reduces the country and counterparty risk.

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 accordance with its business model and strategy, DF Group purchases receivables, makes purchase commitments and grants loans or underwrites loans for syndication/placement purposes whose debtors, including guarantors, are based in emerging or 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 denominated 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 Middle East markets in which DF Group is primarily active, the country risks, including non-payment of government debt and/or government-guaranteed loans (which potentially also include government credit insurance), have generally increased in the opinion of DF Group. This applies, in particular, with regard to the continued validity of the "nuclear deal" (JCPOA) with Iran and the stricter sanctions announced by the USA. Like most observers, DF Group currently assumes that the nuclear deal will remain in force in spite of the increased risk but that the European contractual parties may increasingly impose sanctions outside of the nuclear deal on individual persons, enterprises or groups with a view to maintaining the deal. Given that DF Group does not do business with sanctioned parties, such individual stricter sanctions should not necessarily have an adverse impact on DF Group should they materialize. Should, however, a large number of banks in Iran be affected by such stricter sanctions or the nuclear deal with Iran be given up entirely, i.e. not only by the USA, this would have massive consequences for DF Group's business with Iran and DF Group as a whole.

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)) that supply counter-guarantees or credit insurance to DF Group in order to secure individual transactions. The possibility that providers of security may become unable to pay or insolvent cannot be excluded either.

Due to increasingly frequent distortions and crises in the financial markets as well as to political tensions, banks and credit insurers as well as manufacturing and services companies are more frequently facing liquidity problems, which increases both the risk of payments not being received punctually (i.e. becoming overdue) and the risk of default of the debtors (counterparty risk). Moreover, debtors and/or guarantors are trying to shirk their obligations for the above reasons.

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. 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 offset by interest or other income; on the other hand, the funds thus tied up are not available to finance new business. Restructuring solutions that lead to DF Group's receivables being settled in spite of liquidity problems on the part of the debtor require extensive and time-consuming negotiations and measures which are also cost-intensive because law firms need to be involved. Even if the restructuring solutions and measures are completed successfully, i.e. a payment plan is agreed, the implementation of the agreed solution often takes several years. 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.

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 future new business.

Going forward, DF Group will continue to assign receivables resulting from its restarted business activity to an Intensive Care Portfolio if (i) the country and/or counterparty risk has become evident for these receivables or (ii) the debtor and/or guarantor has become insolvent and (iii) court and/or out-of-court prosecution measures have been initiated or negotiations about restructurings (e.g. amendment of the payment plan, restructuring of the receivable or (partial) waiver of the claim) are being held as a consequence. This may also include receivables which DF Group had outplaced but which it has accepted back from the buyer because of its liability.

Potential future overdue receivables and the prosecution measures or restructuring solutions to be initiated by DF Group in this context lead to additional costs for DF Group and tie up human resources. Potential receivables in the Intensive Care Portfolio tie up liquidity in the long term which is not available for new purchases on the one hand and causes restructuring expenses on the other hand. 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 includes a limit system comprising counterparty, country and risk group limits. Countries with a similar risk profile are grouped in one of five risk groups.

As at 31 December 2017, 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 2017.

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 availability of such resources is a material precondition for realizing a higher business volume in the forfaiting segment. 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 2017, DF AG had no current credit lines. As long as DF Group has no own credit lines for bridge financing, the business volume can only be expanded if there are sufficient placement possibilities for the receivables purchased and the periods between purchase and sale are reduced to such an extent that no or only very short-term refinancing is required.

Should the company fail to raise sufficient refinancing resources and/or placement possibilities, this would very much constrain the growth opportunities in the forfaiting segment. If DF Group is unable to generate sufficient refinancing capacities at adequate conditions or a direct resale (placement) of the receivables purchased is not possible, the planned return to profitability cannot be achieved. This risk is also outlined under "vii. Summary risk assessment and risks threatening the continued existence".

iv. Earnings risks

DF Group performs trading activities, i.e. the company has no investment portfolio which generates recurring income from year to year. While repeat transactions are carried out for individual customers in the course of the years, these often differ from the previous transactions, which means that only few synergies/quantity/efficiency effects can be generated. A trading company needs to acquire and realize most of its business transactions anew every year in order to operate profitably. If important customers and/or markets 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. This risk is all the higher (lower), the less (more) DF Group is able to offset individual customers and/or markets that are affected by such developments by winning new customers and/or markets and the longer (shorter) DF Group needs for this.

If competition intensifies, e.g. because of the entry of new market participants or reduced demand, margins may decline when buying and selling receivables with certain country risks, which would make these receivables (country risks) partly or entirely unsuitable for DF Group's business under risk/return aspects, which means that receivables and/or purchase commitments from these countries would/could be acquired or entered into only to a limited extent. Also, it is possible that the risks associated with certain countries increase to such an extent that it is no longer possible for DF Group to resell these receivables to investors under risk aspects. As the salability is an important criterion for the purchase of a receivable, DF Group could in future – at least temporarily – no longer do business in these countries. If these circumstances occur, part of the gross profit generated from sales with these countries would be lost. Moratoriums imposed on a country or the listing of a country on the EU sanctions list or the sanctions list of the United States of America may temporarily lead to a sharp drop in, or a complete suspension of, the forfaiting volume with this country.

Should the nuclear deal (JCPOA) with Iran be cancelled entirely, i.e. not only by the USA, 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 may 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. Even though the current overdue receivables entail only a limited earnings risk for DF AG, it cannot be ruled out that more receivables become overdue from DF Group's future business if and when debtors do not meet their payment obligations in part or in full due to negative developments regarding their net assets, financial position and results of operation and collateral providers fail to honor the granted and/or contractually agreed securities. This risk is also outlined under "vii. Summary risk assessment and risks threatening the continued existence". To win sufficient business, DF Group differentiates itself from its competitors primarily through the flexibility to carry out transactions which, because of the country risk, the transaction volume or the complex documentation, lie outside the focus of the regulated market participants, e.g. banks.

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.

The future possibilities to hedge currency risks will depend on whether and to what extent DF AG will be able to raise new off balance sheet (OBS) credit lines in addition to credit lines in the respective foreign currency. Should this not be the case, DF Group must hedge currency risks either by using instruments that entail no performance risk for the counterparty (e.g. currency options) or (partially) back the exposure with cash. Both would 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.

Material items of the income statement may be exposed to inflationary influences if inflation-related increases in personnel expenses, which primarily occur in Germany, cannot be passed on by adjusting the conditions for the international trades carried out and/or financed by DF Group. In view of the macroeconomic environment, no such inflation risk can be identified at present in Germany.

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 far-reaching consequences and may entail high penalties or even the withdrawal of licenses and the closure of operations.

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.

Any violations of statutory, regulatory or voting rights regulations, especially the statutory regulations regarding money laundering prevention and customer identification that are applicable because of the business model, of EU or US 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. This risk is mitigated by an effective compliance system (as described in Section 6 b) "Risk management system with regard to compliance and money laundering").

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 AG's equity capital in order to assess the consequences of a potential damage. This way, risks threatening the continued existence of the Group 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 risk threatening the continued existence; (ii) reduce the probability of occurrence of the individual risk threatening the continued existence and the probability of several risks threatening the continued existence occurring at the same time; and (iii) reduce the total number of risks threatening the continued existence.

Now that the insolvency plan has become final, the risks arising for DF Group from the receivables portfolio are much lower in absolute terms than in the previous years, as the legal effectiveness of the insolvency plan means that DF Group is now detached from the opportunities and risks of its past business activity. As of the balance sheet date of 31 December 2017, DF Group had no receivables from new business in its portfolio.

As a result of the progress made in the past months with regard to the expansion of the network in Iran, the restructuring of the sales organization and the growing number of business inquiries received, the Board of Management currently assumes that DF Group will generate a sufficient business volume based on the company's plans and budgets for the financial years 2018 and 2019. According to the Board of Management, it is therefore safe to assume that DF Group will continue as a going concern.

A **risk threatening the continued existence of the Group** will arise, however, if DF Group is unable to generate a business volume in the current financial year that is sufficient to cover DF Group's operating costs. DF Group's ability to continue as a going concern will be jeopardized if DF Group is unable to generate sufficient new business or does not have the refinancing resources or placement possibilities required to realize the new business it has underwritten, resulting in business opportunities not being exploited to a sufficient extent. The same applies if the cooperation with Saman Bank and other business partners fails to result in the expected business volume or if the political and economic situation in DF Group's target markets deteriorates materially – e.g. as a result of the nuclear deal (JCPOA) being cancelled entirely or sanctions being imposed on a large number of Iranian banks by the European parties to the nuclear deal. In the extreme case, this may result in the insolvency of individual or all entities of DF Group.

6. FORECAST

The economists of the International Monetary Fund project robust growth also for the current year. According to the latest forecast dated January 2018, the world economy is expected to grow somewhat more strongly than in the previous year, with a growth rate of 3.9% projected for the full year. At 2.3%, the industrialized countries will make a stable contribution to the continued upswing; a slightly lower growth rate of 2.2% is projected for the eurozone. Germany's GDP is expected to pick up by 2.3%. According to the IMF forecast, growth in the emerging and developing countries will accelerate once again (+4.9%) in 2018. Growth will once more be driven by Asia's up-and-coming countries (+6.5%), led by China (+6.6%) and India (+7.4%). The experts also project a further recovery (+3.6%) for the Middle East countries (including North Africa), with the IMF forecast of October 2017 showing slightly above-average growth of 3.8% for the Iranian economy.

Global trade growth will also remain high. The IMF expects world trade to increase by 4.6% this year. This growth will be driven by both the industrialized countries (+4.3%) and the emerging and developing countries (+5.1%).

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. Increased protectionism may lead to a slowdown in world trade. By contrast, the IMF assumes that continued good global financing conditions and a positive outlook for the economy will help maintain the recent pick-up in demand, especially where investment is concerned. According to the IMF experts, international trade with Iran will grow also in 2018 in spite of the increased regional tensions seen in 2017.

Continued robust growth in the world economy, combined with increasing prosperity and a growing middle class, will increase worldwide demand, especially for consumer and capital goods and will thus create new output markets for international exporters. In spite of regional tensions, this also applies to the Middle East and especially to Iran. The economic sanctions imposed on Iran during the past years have led to pent-up demand, especially where the infrastructure is concerned. Should the European countries continue to emancipate themselves from the USA's sanctions threats – just like France has done recently – and thus ensure that European companies will not be disadvantaged when competing with Asian exporters in trade with Iranian companies, DF Group is confident that the European-Iranian trade volume will continue to grow.

As outlined in Section 1, DF Group's strategy places a special geographic focus on the growth markets and, within this segment, on those markets in which we see the biggest competitive advantages on account of our experience and our expertise. At present, this applies to Iran, in particular. In view of the country risk and the continued financing and payment difficulties, management believes that DF Group's product portfolio, its local partners as well as its co-operation with Saman Bank mean that the company is well positioned to tap into this market potential. The preconditions have been fulfilled with a compliance system that meets the highest international standards. Moreover, our increased presence in Teheran and the expansion of our network on the buying and selling side have led to a strongly growing number of business inquiries. Translating these inquiries into real deals is currently requiring more time than originally expected, however, as some of the processes between the new business partners still need to be fine-tuned. Consequently, the business volume in the first three months of the current financial year remained clearly below the company's expectations. The company assumes, however, that its intensified marketing efforts, including the expansion of the sales network in Iran as well as the closing of large-scale brokerage transactions expected for 2018, will enable it to make up this shortfall and projects a clearly growing business volume of about EUR 400 million to EUR 500 million and aims for a balanced result for the financial year 2018. As a trading company, however, DF Group's result is largely dependent on opportunities for the successful closing of transactions, whose occurrence is difficult to predict reliably.

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 ultimate 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 pro-rated 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 above-described interdependencies, DF AG is nevertheless exposed to a risk threatening the continued existence of DF AG if its subsidiaries fail to achieve a business volume in the current financial year which is sufficient to cover not only their own operating costs but also their cost contributions, dividend payments as well as loan obligations to DF AG. For details, please refer to the presentation of the risks threatening the continued existence (d. VII) in the Group Management Report of DF Group.

i Results of operation

in EUR millions (HGB)	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2017
Gross result	-1.7	-9.5	-6.9
Other operating income	4.2	51.3	9.4
Personnel expenses	0.7	0.6	0.2
Other operating expenses	2.9	8.4	2.8
Income from investments	2.6	1.0	1.0
Financial result	0.0	-0.1	0.0
Earnings before taxes	1.5	33.4	0.4
Taxes	0.0	0.4	0.4
Net income	**1.5**	**33.0**	**0.1**

As a result of the insolvency proceedings concluded on 1 July 2016, the calendar year 2016 was divided into two short financial years. The short financial year I covered the period from 1 January 2016 to 1 July 2016, while the short financial year II covered the period from 2 July 2016 to 31 December 2016. In the following description of the results of operation, the short financial year 2016 I and the short financial year 2016 II are combined into a single financial year 2016 and compared with the financial year 2017.

In the financial year 2017, DF AG generated net income of EUR 1.5 million, which was primarily the result of the income from investments of EUR 2.6 million (prior year period: EUR 1.0 million). The gross result improved from EUR -9.5 million in the prior year period to EUR -1.7 million in FY 2017. The gross result is mainly influenced by the valuation of the designated assets and the provisions for the insolvency liabilities. The latter are also the main reason for the exchange gains and exchange losses, as new business was exclusively written in euros. According to the trust agreement, commission payments result from the successful collection of receivables from the trading portfolio.

DF AG generated other operating income of EUR 4.2 million in FY 2017 (previous year: EUR 51.3 million). While this is a sharp decline compared to the prior year period, it is attributable to the insolvency creditors' debt waiver under the insolvency plan. Besides the release of provisions for insolvency liabilities, other operating income in FY 2017 comprises legal expenses charged to the trustee under the trust agreement as well as allocations of administrative expenses within DF Group.

Personnel expenses climbed from EUR 0.6 million in the prior year period to EUR 0.7 million in 2017 due to increased compensation for the Board of Management resulting from the renewal of management contracts as well as the appointment of an additional Board member in the fourth quarter of 2017.

Other operating expenses amounted to EUR 2.9 million, compared to EUR 8.4 million in the previous year, whose first half at least was still strongly influenced by the costs of the insolvency proceedings. In 2017, other operating expenses were mainly influenced by the legal expenses incurred for the collection of the assets designated under the insolvency plan in the amount of EUR 0.6 million, which must be covered from the sales proceeds. The corresponding counter-item is included in other operating income. Other operating expenses also include, among other items, an intra-Group cost contribution of EUR 0.3 million as well as expenses for the increase in the provisions for insolvency liabilities in the amount of EUR 0.4 million due to compensation received, whose counter-item is included in other operating income.

Income from investments in the amount of EUR 2.6 million is the result of distributions by DF s.r.o.

The slightly negative financial result of EUR -0.04 million recorded in FY 2017 (previous year: EUR -0.1 million) is due, on the one hand, to interest income of EUR 0.1 million resulting from loans granted within DF Group and, on the other hand, to the write-down of the carrying amount of the investment in DKL, which is being liquidated due to a lack of performance.

ii. Net assets position

in EUR millions (HGB)	31-12-2017	31-12-2016
Fixed assets	7.6	1.3
Current assets	15.2	29.5
Thereof: *assets designated under the insolvency plan*	*8.5*	*17.7*
Thereof: *cash and bank deposits*	*3.3*	*9.1*
Total assets	**22.9**	**30.9**
Equity	8.7	7.3
Provisions	11.0	22.5
Thereof: *provisions for insolvency liabilities*	*9.9*	*19.0*
Liabilities	3.2	1.1
Total liabilities	**22.9**	**30.9**

As of the balance sheet date of 31 December 2017, DF AG's assets totaled EUR 22.9 million. At EUR 8.5 million (previous year: EUR 17.7 million), the assets designated under the insolvency plan account for the biggest portion of DF AG's assets. This item comprises all special-purpose assets. The latter exclusively serve to satisfy the filed insolvency liabilities and essentially comprise the receivables in the trading and restructuring portfolio. Loans to affiliated companies in the amount of EUR 5.0 million constitute another major fixed asset item. These are loans to DF GmbH and DF s.r.o., two wholly-owned subsidiaries.

Cash and cash equivalents amounted to EUR 3.3 million on 31 December 2017, which was below the EUR 9.1 million recorded on 31 December 2016. The reduction in cash and cash equivalents is mainly attributable to the granting of loans to subsidiaries.

iii. Financial position

DF AG's equity capital amounted to EUR 8.7 million as of the balance sheet date of 31 December 2017 (31 December 2016: EUR 7.3 million).

The liabilities to creditors under the insolvency plan are comprised in the provisions for insolvency liabilities and totaled EUR 9.9 million on 31 December 2017 (previous year: EUR 19.0 million). These include the liabilities to banks and to bondholders as the biggest item. 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 2017 are not in line with expectations.

iv. Related party disclosures (dependency report)

As regards our relations with our majority shareholder, DF Deutsche Forfait AG, Grünwald, 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 2017, which were established in accordance with Section 312 of the German Stock Corporation Act (AktG), end as follows: "In the financial year from 1 January to 31 December 2017, there were no contracts or transactions between DF AG or one of its subsidiaries on the one hand and the majority shareholder and its affiliated entities on the other hand for which DF AG should have received remuneration."

Gruenwald, 23 April 2018
Board of Management

FINANCIAL FIGURES FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2017

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	31-12-2017	31-12-2016
Long-term assets			
Intangible assets	(16)	148,587.57	112,748.42
Tangible assets	(16)	95,625.65	150,092.33
Long-term financial assets	(17)	118,232.99	83,635.56
Deferred taxes	(15)	1,330,056.00	803,456.00
		1,692,502.21	1,149,932.31
Short-term assets			
Creditor assets	(24)	9,248,245.03	18,209,745.76
Tax receivables	(15)	0.00	63,787.05
Other short-term assets	(18)	940,487.57	1,261,804.65
Cash and cash equivalents funds	(19)	6,079,060.14	10,157,768.87
		16,267,792.74	29,693,106.33
Total assets		**17,960,294.95**	**30,843,038.64**

Equity and Liabilities (in EUR)	Note	31-12-2017	31-12-2016
Equity	(20)		
Subscribed capital		11,887,483.00	11,887,483.00
Costs of the capital increase		-623,481.04	-623,481.04
Revenue reserves		-3,851,351.41	-1,141,474.16
Adjustment items from currency translation		-162,614.32	-209,319.61
		7,250,036.23	9,913,208.19
Short-term liabilities			
Creditor liabilities	(24)	9,248,245.03	18,209,745.76
Income tax liabilities	(15)	350,000.00	350,000.00
Trade accounts and other payables	(22)	203,381.32	902,085.92
Other short-term liabilities	(23)	908,632.37	1,467,998.78
		10,710,258.72	20,929,830.46
Total equity and liabilities		**17,960,294.95**	**30,843,038.65**

Consolidated Income Statement (in EUR)	Note	01-01 – 31-12-2017	02-07 – 31-12-2016
Typical forfaiting income	(7)		
a) Forfaiting income		2,745,917.48	824,213.19
b) Commission income		831,286.96	74,011.00
c) Income from additional interest charged		0.00	3.61
d) Exchange profits		104,521.86	1,715,954.02
e) Income from the writing back of provisions for forfaiting and purchase commitments		0.00	0.00
		3,681,726.30	**2,614,181.82**
Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		3,193,184.47	6,995,526.33
b) Commissions paid		32,966.63	100,932.68
c) Exchange losses		1,895,378.19	1,005,911.01
d) Credit insurance premiums		0.00	0.00
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		0.00	1,407,977.49
		5,121,529.29	**9,510,347.51**
Gross result	(9)	**-1,439,802.99**	**-6,896,165.69**
Other operating income	(10)	4,236,932.42	7,977,421.65
Personnel expenses	(11)		
a) Wages and salaries		2,130,617.72	856,011.35
b) Social security contributions and expenditure for pensions and social welfare		320,799.49	134,350.05
		2,451,417.21	**990,361.40**
Depreciation on tangible and intangible assets	(12)	93,634.63	47,967.11
Other operating expenditure	(13)	3,521,780.37	3.270.258,48
Interest income	(14)	85,418.34	17,230.01
Interest paid	(14)	52,192.80	38,280.13
Profit before Income tax		**-3,236,477.24**	**-3.248,381.15**
Income tax	(15)		
a) Income and earnings tax		0.00	350,000.00
b) Deferred taxes		-526,600.00	-803,456.00
Consolidated income/loss		**-2,709,877.24**	**-2,794,925.15**
Average number of shares		11,887,483	11,887,483
Undiluted earnings per share		-0.23	-0.24
Diluted earnings per share		-0.23	-0.24

Consolidated Income Statement (in EUR)	**Note**	**01-01 – 31-12-2017**	**02-07 – 31-12-2016**
Consolidated loss/income		**-2,709,877.24**	**-2,794,925.15**
Other Income			
Components, which will be reclassified to the income statement for the future			
Currency translation differences from the inclusion of foreign subsidiaries	(20)	46,705.29	-48,856.91
		46,705.29	-48,856.91
Comprehensive Income		**-2,663,171.95**	**-2,843,782.06**

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 – 31-12-2017**	**Pro forma 01-01 – 31-12-2016**	**02-07 – 31-12-2016**
	Consolidated loss/income		-2,709,877.24	31,445,747.39	-2,794,925.15
+	Depreciation on intangible assets		93,634.63	96,397.68	47,967.11
+	Income tax expense		-526,600.00	-453,456.00	-453,456.00
+	Interest paid		52,192.80	1,007,517.06	38,280.13
-	Interest income		-85,418.34	-142,738.60	-17,230.01
+/-	Result from disposal of long-term assets		11,002.80	3,145.62	3,260.62
+/-	Other transactions not affecting payments		528,300.00	-419,867.24	469,690.93
+/-	Changes in creditor assets		8,961,500.73	-18.209,745.76	9,809,842.45
+/-	Changes to trade accounts receivable		0.00	32,002,522.33	0.00
+/-	Changes to other assets		-142,388.33	-1,520,323.94	-1,442,523.37
+/-	Changes to provisions		0.00	-198,450.00	0.00
+/-	Changes in the bond		0.00	-29,110,441.83	0.00
+/-	Changes in creditor liabilities		-8,961,500.73	18,209,745.76	-9,809,842.45
+/-	Changes in financial liabilities (waiver)		0.00	-38,171,950.21	0.00
+/-	Changes to trade accounts payable		-698,704.60	-2,222,899.11	731,521.99
+/-	Changes to other liabilities		-559,366.41	-373,388.17	1,107,785.71
=	**Operative Cash flow**		**-4,037,224.69**	**-8,058,185.02**	**-2,309,628.04**
-	Paid interest		-46,292.80	-116,963.81	-37,285.05
+	Retained interest		77,818.34	125,508.59	0.00
=	**Cash flow from current business**		**-4,005,699.15**	**-8,049,640.24**	**-2,346,913.09**
-	Payments for investments in long-term assets		-124,527.91	-78,753.85	-78,035.21
+	Income from investments in long-term assets		4,201.68	34,302.23	0.00
=	**Cash flow from investment activity**		**-120,326.23**	**-44,451.62**	**-78,035.21**
+/-	Changes to financial liabilities		0.00	-50.36	0.00
+/-	Capital market transactions		0.00	11,207,483.00	11,207,483.00
+/-	Other changes in equity		0.00	-623,481.04	-69,637.00
=	**Cash flow from finance activity**		**0.00**	**10,583,951.60**	**11,137,795.64**
	Changes in financial resources affecting payments		-4,126,025.38	2,489,859.74	8,712,847.34
+	Liquid funds at the start of the period		10,157,768.87	7,636,561.53	1,396,593.13
+/-	Effects from the currency conversion		47,316.65	31,347.60	48,328.40
=	**Liquid funds at the end of the period**		**6,079,060.14**	**10,157,768.87**	**10,157,768.87**
-	Balances pledged		0,00	-1,157,522.00	-1,157,522.00
=	**Free liquid funds at the end of the period**	(33)	**6,079,060.14**	**9,000,246.87**	**9,000,246.87**

Consolidated Statement of Equity Changes 1-1-2017 – 31-12-2017 (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 01-01-2016		**6,800,000.00**		**7,359,044.50**		**(46,066,266.05)**	**(240,747.05)**	**(32,147,968.60)**
Capital reduction		(6,120,000.00)		(7,359,044.50)		13,479,044.50		-
Capital increase			11,207,483.00		(553,844.04)			10,653,638.96
Consolidated profit						34,240,672.54		34,240,672.54
Other result							(17,429.47)	(17,429.47)
Consolidated total result						34,240,672.54	(17,429.47)	34,223,243.07
Balance 01-07-2016		**680,000.00**	**11,207,483.00**	**-**	**(553,844.04)**	**1,653,450.99**	**(258.176,52)**	**12,728,913.43**
Balance 02-07-2016		**680,000.00**	**11,207,483.00**	**-**	**(553,844.04)**	**1,653,450.99**	**(258,176.52)**	**12,728,913.43**
Capital increase		11,207,483.00	(11,207,483.00)		(69,637.00)			(69,637.00)
Consolidated profit						(2,794,925.15)		(2,794,925.15)
Other result							48,856.91	48,856.91
Consolidated total result						(2,794,925.15)	48,856.91	(2,746,068.24)
Balance 31-12-2016		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(1,141,474.16)**	**(209,319.61)**	**9,913,208.19**
Balance 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 31-12-2017	**(20)**	**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(3.851.351,41)**	**(162,614.32)**	**7,250,036.23**

[1] Other Comprehensive Income (OCI)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2017

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 Grünwald. 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 the newly established DF Deutsche Forfait GmbH, Cologne, with retroactive effect from 1 January 2016. All shares in DF Deutsche Forfait GmbH are held by DF Deutsche Forfait AG.

DF Group specializes in foreign trade finance with the main focus on emerging markets. Apart from forfaiting services, the company also offers its customers purchase commitments, which typically precede the forfaiting transactions. The company is consequently regarded as a single-segment entity, for which no segmentation within the meaning of IFRS 8 is possible. The company also provides debt collection services, which currently still play only a minor role, however. Forfaiting involves both the non-recourse purchase and sale of trade receivables and the assumption of risks through purchase commitments. The receivables are round-tripped or held internally in the portfolio and then sold. In addition, DF AG manages and sells the assets to which the insolvency creditors are entitled.

Insolvency proceedings with DF AG as debtor-in-possession were opened as planned on 1 January 2016. An insolvency plan adopted on 29 April 2016 became final on 20 May 2016. The insolvency plan provided for a capital increase as well as for the separation of DF Group's future forfaiting business from the assets that are earmarked for distribution to the old creditors. After the creditors approved the insolvency plan submitted by the company and an investor undertook to take over new shares after a capital reduction, the insolvency proceedings were terminated on 1 July 2016. The short financial year 2016 I thus comprised the period from 1 January 2016 to 1 July 2016. Accordingly, the short financial year 2016 II began on 2 July 2016 and ended on 31 December 2016.

The consolidated financial statements of DF AG as of 31 December 2017 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).

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 2017 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 separately in the consolidated notes. The consolidated income statement is prepared according to the total expenditure method. In the income statement, income and expenses are grouped by category and the main income and expense items are presented as sum totals to reflect the particular characteristics of a forfaiting company.

With the insolvency proceedings terminated, the consolidated financial statements were prepared under the going concern assumption. DF Group is nevertheless exposed to a risk threatening its continued existence to the extent that DF Group may be unable, in the current financial year, to generate a business volume that is sufficient to cover DF Group's operating costs. To achieve such a business volume, DF Group not only needs sufficient refinancing capacities but also has to write sufficient new business, identify investors willing to commit to these transactions and achieve (average) margins on these transactions which sufficiently reflect the risks involved.

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 23 April 2018.

The present consolidated financial statements were released for publication by the Board of Management on 23 April 2018.

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations not affecting the 2017 consolidated financial statements

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.

Amendments to IAS 12 "Income Taxes"

The amendments clarify the recognition and measurement of deferred tax assets with regard to debt instruments recognized at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. The amendments will have a negligible effect on the presentation of the Group's net assets, financial position and results of operation.

Amendments to IAS 7 "Statement of Cash Flows"

In January 2016, the IASB published the amendments to IAS 7 "Statements of Cash Flows". The following changes in liabilities arising from financing activities must be disclosed in the future: (1) changes from financing cash flows; (2) changes arising from obtaining or losing control of subsidiaries or other businesses; (3) the effect of changes in foreign exchange rates; (4) changes in fair values; and (5) other changes. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. Except for the changed disclosures in the notes, no material impact on the consolidated financial statements is expected.

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 2017 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.

"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.

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. Financial instruments are therefore no longer accounted for under IAS 39 but under IFRS 9. The version of IFRS 9 now issued supersedes all previous versions. The new standard includes 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. First-time adoption is mandatory for financial years beginning on or after 1 January 2018; early adoption is permissible. The Group assumes that the future adoption of the new standard will influence the presentation of the Group's net assets, financial position and results of operation. Especially with regard to the impairment of financial assets including a material financing component, the new standard is expected to result in an earlier recognition and slightly higher provisions. Going forward, fair value changes of financial liabilities recognized at fair value will be recognized in other income in the statement of comprehensive income and no longer in the income statement. This will not result in any material effects at the time of transition.

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. Within the typical forfaiting income, there may be shifts in the times and amounts between DF Group's forfaiting and commission income. The future capitalization and distribution of sales commissions over the estimated duration of the customer contract will reduce the corresponding expenses at the time of first-time adoption. The Group nevertheless assumes that the effects of the new standard on the presentation of the net assets, financial position and results of operation will not be material. With the exception of the amendments to IFRS 15, the new regulations were endorsed by the EU and are mandatory for annual periods beginning on or after 1 January 2018. Early adoption is permissible.

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 has not yet been endorsed by the EU and is effective for reporting periods beginning on or after 1 January 2019. Due to the minor importance of leases, only immaterial effects on the presentation of the Group's net assets, financial position and results of operation are expected.

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 beginning on or after 1 January 2018. EU endorsement is still pending. As the standard is not relevant for DF Group, it will have no effects of these amendments 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 beginning 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.

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 has not yet been transposed into European law and is to be adopted for reporting periods commencing 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 beginning on or after 1 January 2019. EU endorsement is still pending. The amendments are expected to have a negligible effect on the presentation of the Group's net assets, financial position and results of operation.

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 amendments are mandatory for financial years commencing on or after 1 January 2019. EU endorsement is still pending. 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". These amendments are applicable for annual periods beginning 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 beginning 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.

(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, is currently being liquidated. In addition, DF Deutsche Forfait Middle East s.r.o., Prague / Czech Republic, is a wholly-owned subsidiary of DF AG. The reporting date of the parent company and the subsidiaries is 31 December. The shares in equity have remained unchanged from the previous year.

Consolidated company	Share in equity	Consolidation
DF Deutsche Forfait GmbH, Cologne	100% (2016: 100%)	fully consolidated
DF Deutsche Forfait s.r.o., Prague/Czech Republic	100% (2016: 100%)	fully consolidated
Deutsche Kapital Ltd., Dubai / UAE	100% (2016: 100%)	fully consolidated
DF Deutsche Forfait Middle East s.r.o., Prague/Czech Republic	100% (2016: 100%)	non-consolidated

As in the previous period, the non-consolidated subsidiaries (see information on shareholdings under Note 17) are immaterial for the consolidated financial statements for the period ended 31 December 2017 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 2017 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, and 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:

	Colsing rate		Average rate	
	31-12-2017	31-12-2016	1-1. – 31-12-2017	2-7. – 31-12-2016
USD	1.1993	1.0541	1.1297	1.1069
Czech Koruna	25.5350	27.0210	26.3260	27.0340

(6) Accounting and valuation policies

a) Sales revenues relate to **typical forfaiting income**, which is composed of the following subitems: forfaiting and commission income, income from additional interest charges, 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 receivables held for trading. To make the presentation clearer, they are shown as typical forfaiting income below. 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. Income from additional interest charges is taken in on an accrual basis over the duration of the retained amounts. 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.

b) Typical **forfaiting expenses** include expenses which are a direct result of typical forfaiting 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 held-for-trading receivables from the forfaiting business.

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.

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 straight-line 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 – 31-12-2017	2-7 – 31-12-2016
	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 IAS 39. The Group classifies financial assets in the following categories: financial assets recognized at fair value through profit/loss (held for trading, HfT), 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 trading and restructuring portfolio included in 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. The fair value was determined on the basis of the estimated prospect of successfully collecting the receivables.

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 (IAS 39.43). They are measured at amortized cost less potential impairments using the effective interest method. 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 that were assigned either to this category or to none of the other categories. Available-for-sale financial assets are 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, with changes in the value, except for impairments, recognized in comprehensive income and in equity as other revenue reserves. When an asset is derecognized, other comprehensive income is reclassified to the income statement.

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 (IAS 39.17).

Regular assessments are carried out according to IAS 39 "Financial Instruments: Recognition and Measurement" 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 loss 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 (IAS 39.58). 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 (IAS 39.63). If the amount of the impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit/loss (IAS 39.65).

i) Unless they fall in the "held for trading" category, **other current assets** are loans and receivables recognized at amortized cost using the effective interest method. A potential country-specific credit risk is covered by country value adjustments, which are calculated on the basis of the country ratings published in the financial magazine "Institutional Investor" and adapted if necessary. The publication of the "Country Credit Ratings" in the "Institutional Investor" draws on a survey of numerous banks and analysts, and ensures impartial valuation in the consolidated balance sheet of DF Group. Itemized value adjustments are established where required.

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 contribution-based 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" (IAS 39.9b) 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.

Assets measured at amortized cost (loans and receivables) are subject to risks relating to creditworthiness and future payments. An increase in these risks will not lead to additional provisions or write-downs, as these assets contrast with provisions in the same amount.

II. NOTES TO THE INCOME STATEMENT

With the calendar year 2016 divided into two short financial years, the financial year 2017 is the first full financial year after DF AG concluded the insolvency proceedings. To facilitate the comparison of the individual items of the income statement, the figures for FY 2017 are compared with the accumulated values of the two short financial years 2016 ("pro forma value"), which means that two 12-month periods are compared.

Pro forma consolidated income statement (in EUR)	**01-01 – 31-12-2017**	**Pro forma 01-01 – 31-12-2016**	**02-07 – 31-12-2016**
Typical forfaiting income			
a) Forfaiting income	2,745,917.48	1,648,287.43	824,213.19
b) Commission income	831,286.96	184,478.96	74,011.00
c) Income from additional interest charged	0.00	23,942.15	3.61
d) Exchange profits	104,521.86	3,622,752.23	1,715,954.02
e) Income from the writing back of provisions for forfaiting and purchase commitments	0.00	198,450.00	0.00
	3,681,726.30	**5,677,910.77**	**2,614,181.82**
Typical forfaiting expenditure			
a) Expenditure from forfaiting	3,193,184.47	9,770,734.93	6,995,526.33
b) Commissions paid	32,966.63	158,693.34	100,932.68
c) Exchange losses	1,895,378.19	2,729,219.46	1,005,911.01
d) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	0.00	1,956,972.82	1,407,977.49
	5,121,529.29	**14,615,620.55**	**9,510,347.51**
Gross result	**-1,439,802.99**	**-8,937,709.78**	**-6,896,165.69**
Other operating income	4,236,932.42	52,300,879.10	7,977,421.65
Personnel expenses			
a) Wages and salaries	2,130,617.72	2,163,306.29	856,011.35
b) Social security contributions and expenditure for pensions and social welfare	320,799.49	282,976.69	134,350.05
	2,451,417.21	**2,446,282.98**	**990,361.40**
Depreciation on tangible and intangible assets	93,634.63	96,397.68	47,967.11
Other operating expenditure	3,521,780.37	8,963,418.81	3,270,258.48
Interest income	85,418.34	142,738.60	17,230.01
Interest paid	52,192.80	1.007.517.06	38,280.13
Profit before income tax	**-3,236,477.24**	**30,992,291.39**	**-3,248,381.15**
Income tax			
a) Income and earnings tax	0.00	350,000.00	350,000.00
b) Deferred taxes	-526,600.00	-803,456.00	-803,456.00
Consolidated income/loss	**-2,709,877.24**	**31,445,747.39**	**-2,794,925.15**

(7) Typical forfaiting 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 in the trading and restructuring portfolio are recorded as forfaiting income. Commission income primarily results from purchase commitments and counter-guarantees. At the same time, DF Group's income from loan agreements is recorded in typical forfaiting income.

Revenue breaks down as follows:

Typical forfaiting income in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Forfaiting income	2,746	1,648	824
Commission income	831	185	74
Income from additional interest charged		24	-
Exchange gains	105	3,623	1,716
Income from the reversal of provisions for forfaiting and purchase commitments	-	198	-
Total	**3,682**	**5,678**	**2,614**

Forfaiting income comprises income from the fair value measurement in the amount of kEUR 2,691 (previous period: kEUR 739, previous year: kEUR 1,017).

(8) Typical forfaiting 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.

Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Forfaiting expenses	3,193	9,771	6,995
Commission expenses	33	159	101
Exchange losses	1,895	2,729	1,006
Value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	-	1,957	1,408
Total	**5,122**	**14,616**	**9,510**

As in the short financial year 2016 II and the full year 2016, the forfaiting expenses in the financial year 2017 resulted exclusively from the negative effect of the fair value measurement of the trading and restructuring portfolio.

(9) Balance of forfaiting income and expenses (gross result)

Gross result is the difference between typical forfaiting income and expenses.

Gross result in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Net forfaiting	(447)	(8,123)	(6,171)
Net commission	798	26	(27)
Result from additional interest charges	-	24	-
Result from exchange gains and losses	(1,791)	894	710
Net valuation in forfaiting business	-	(1,759)	(1,408)
Total	**(1,440)**	**(8,938)**	**(6,896)**

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Income from the fair value measurement of creditor liabilities	2,689	9,303	6,650
Income from the allocation of charges	815	648	617
Income from already written-off receivables /compensation	330	468	456
Income from VAT refund claims	193	124	124
Fee for the sale of creditor assets	88	62	62
Income from group allocation	19	48	48
Income from offsetting non-cash benefits under the provision of motor vehicles	8	8	4
Income from the receivables waiver	-	41,613	-
Miscellaneous other operating income	95	26	16
Total	**4,237**	**52,300**	**7,977**

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.

(11) Personnel expenses

Personnel expenses break down as follows:

Personnel expenses in kEUR	**1-1 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Salaries	2,131	2,164	856
Total salaries	**2,131**	**2,164**	**856**
Social security contributions	147	130	63
Pensions	158	148	70
Other social security expenses	15	5	1
Total social security expenses	**320**	**283**	**134**
Total	**2,451**	**2,447**	**990**

Pension expenses include contributions to state pension providers in the amount of kEUR 115 (short financial year 2016 II: kEUR 50, previous year: kEUR 107) as well as to defined contribution plans in the amount of kEUR 43 (short financial year 2016 II: kEUR 20, previous year: kEUR 41).

(12) Depreciation/amortization of tangible and intangible assets

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

Depreciation/amortization of tangible and intangible assets in kEUR	**1-1 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Amortization of intangible assets	35	29	17
Depreciation of tangible assets	59	67	31
Total	**94**	**96**	**48**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**1-1 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Legal and consultation fees, accounting expenses	1,435	5,423	1,163
Allocation to reserve for filed claims	516	264	264
Administrative expenses/cooperation partners	69	180	42
Cost of premises	269	310	132
Travel expenses	128	111	55
Other taxes	159	113	95
Telephone, postage and web connection charges	42	51	25
Payment transaction fees	57	41	14
Insurance, fees, contributions	218	308	145
Vehicle costs	15	17	8
Trustee compensation obligation	-	800	800
Miscellaneous other expenses	614	1,345	527
Total	**3,522**	**8,963**	**3,270**

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 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 516 to the reserves.

Miscellaneous other expenses mainly include expenses relating to the public listing as well as the Annual General Meeting (kEUR 214; short financial year 2016 II: kEUR 101, previous year: kEUR 240), expenses for rights of use and IT equipment (kEUR 155, short financial year 2016 II: kEUR 69, previous year: kEUR 130) and the compensation of the members of the Supervisory Board (kEUR 73, short financial year 2016 II: kEUR 43, previous year: kEUR 94).

(14) Financial results

The financial results break down as follows:

Financial results in kEUR	**1-1 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Interest income from banks	-	-	-
Interest income from loans and receivables	78	126	-
Interest income from non-current financial assets and other interest agreements	7	17	17
Total interest income	85	143	17
Interest expense payable to banks	45	67	-
- thereof from refinancing the forfaiting business	-	53	-
- thereof from interest on overdraft	-	14	-
- thereof other interest	45	-	-
Miscellaneous interest expenses	7	940	38
- thereof interest on bond	-	889	-
- thereof other interest	7	51	38
Total interest expense	52	1,007	38
Net interest = financial results	**33**	**(864)**	**(21)**

The reduction in miscellaneous interest expenses between the two financial years is mainly attributable to the fact that no more interest had to be paid on the bond after the end of the insolvency proceedings. Interest expenses payable to banks in the reporting period comprise negative interest on bank balances.

(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 reporting period essentially results from start-up losses of DF Deutsche Forfait GmbH, an operating entity to which the operating activities of DF AG were transferred with retroactive effect from 31 December 2015. Deferred tax assets have been recognized in the income statement for the loss-carryforwards that existed in the reporting period (IAS 12.56), as management assumes that taxable income in the same amount will be available in 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 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 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 2017, there were corporation tax loss-carryforwards in the amount of kEUR 1,375 (previous year: kEUR 403) and trade tax loss-carryforwards in the amount of kEUR 3,566 (previous year: kEUR 403) as well as temporary differences on trade tax and corporation tax of kEUR 9 each (previous year: kEUR 19 each) for which no deferred tax assets were recognized.

Group income taxes break down as follows:

Income taxes in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Income tax expense of the current year	-	350	350
Adjustments for previous years	-	-	-
Current tax expense	-	350	350
Deferred taxes from temporary differences	-	7	-
Deferred taxes in the context of tax loss carried forward	(527)	(810)	(803)
Deferred taxes	(527)	(803)	(803)
Total	**(527)**	**(453)**	**(453)**

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 53 (previous year: kEUR 68) if realized.

The status of deferred tax assets and liabilities as at 31 December 2017 is detailed in the table below:

Deferred tax assets and liabilities by type of temporary differences in kEUR	**Assets**		**Liabilities**	
	31-12-2017	**31-12-2016**	**31-12-2017**	**31-12-2016**
Investment	-	-	7	11
Pension obligations	-	-	2	4
Tax loss carryforward	(1,321)	(785)	-	-
Other liabilities	-	-	-	3
Total	(1,321)	(785)	9	18
Offsetting	(9)	(18)	(9)	(18)
Balance sheet value	**(1,330)**	**(803)**	**-**	**-**

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 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Result before income taxes	(3,236)	30,992	34,241
Nominal tax rate	32.5%	32.5%	32.5%
Expected income tax	**(1,052)**	**10,072**	**11,128**
Effects from tax rate changes	-	-	-
Non-deductible expense	31	74	10
Tax-free/taxable income	-	350	-
Tax effects from previous periods	63	(35)	-
Tax effects from changes in value adjustments of deferred tax assets and the use of tax loss carryforwards	334	(10,868)	(11,113)
Effects from deviating local tax rates	97	(11)	9
Other tax effects	-	(35)	(34)
Income tax	**(527)**	**(453)**	-

The report prepared by the Cologne "Finanzamt für Groß- und Konzernbetriebsprüfung" (tax office for tax audits of large corporations) in April 2017 on the tax audit at DF AG regarding income tax for the assessment periods 2011 to 2013 contained only minor complaints regarding trade tax for 2012 and the corporation tax and trade tax losses carried forward.

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 EUR	**Intangible assets** (Rights, software)	**Tangible assets** (Other equipment, factory and office equipment)	**Total**
Acquisition costs			
As of 1 January 2016	208,746.90	887,098.30	1,095,845.20
Additions	54,247.89	12,864.51	67,112.40
Disposals	-	38,521.00	38,521.00
Currency translation differences	902.34	994.66	1,897.00
As of 31 December 2016	**263,897.13**	**862,436.47**	**1,126,333.60**
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**
Depreciation/Amortization			
As of 1 January 2016	121,272.63	649,141.36	770,413.99
Additions	29,005.31	67,401.80	96,407.11
Disposals	-	5,136.00	5,136.00
Currency translation differences	870.77	936.98	1,807.75
As of 31 December 2016	**151,148.71**	**712,344.14**	**853,492.85**
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**

Carrying amounts			
As of 1 January 2016	87,474.27	237,956.94	325,431.21
As of 31 December 2016	**112,748.42**	**150,092.33**	**262,840.75**
As of 31 December 2017	**148,587.57**	**95,625.65**	**244,213.22**

(17) Non-current financial assets

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

Non-current financial assets in kEUR	**Share in equity**	**31-12-2017**	**31-12-2016**
DF Deutsche Forfait do Brasil Ltda., Sao Paulo / Brazil	99%	-	15
Global Trade Fund SPC, Cayman Islands	100%	1	1
Global Trade Fund Holding Ltd., Cayman Islands	100%	4	4
DF Deutsche Forfait (private) Ltd., Lahore / Pakistan	99%	-	-
DF Deutsche Forfait Middle East s.r.o., Prague / Czech Republic	100%	60	12
Total		**65**	**32**

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 and DF Deutsche Forfait Pakistan (private) Ltd. are currently being liquidated. The share of the respective equity capital has not changed compared to the previous year. Non-current financial assets also include rent deposits in the amount of kEUR 53 (previous year: kEUR 52) 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. These shares are therefore recognized at (amortized) cost. In view of the minor importance, they were not tested for impairment.

(18) Other current assets

Other current assets break down as follows:

Current assets in kEUR	**31-12-2017**	**31-12-2016**
Tax receivables	401	142
Receivables from affiliated companies	235	211
Prepaid expense	177	159
Receivable from trustee	67	691
Miscellaneous other assets	60	59
Total	**940**	**1,262**
thereof financial assets	324	942
thereof non-financial assets	616	320

Tax receivables relate to value-added tax for 2016 and 2017. 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; in the previous year, this item comprised legal expenses incurred by the company.

(19) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 6,079 (previous year: kEUR 10,158) and related to bank deposits with a maturity of up to three months.

(20) Equity

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

Subscribed capital

The share capital of the Group is fully paid in and amounted to EUR 11,887,483 as of the balance sheet date (previous period: kEUR 680). 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 item 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 163 (previous year: kEUR 209). The change in the item amounted to kEUR 46 in the reporting period, primarily resulting from the currency translation of the financial statements of the fully consolidated Czech subsidiary.

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 -0.23 (basic and diluted) compared to EUR -0.24 in the short financial year 2016 II and to EUR 2.65 in the full year 2016.

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. 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 to new registered shares of the company up to a pro-rata share in the share capital totaling up to EUR 4,720,000.00 in accordance with the terms and conditions of the warrant and/or convertible bonds. 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 is 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 to 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 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 above-mentioned 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 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 shall only be 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.

(21) 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 if a member of the Board of Management passes away or retires due to age. In this case, Mr Franke will receive a capital payment. 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.

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

Actuarial assumptions in %	**31-12-2017**	**31-12-2016**
Discount rate	1.93	1.72
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	31-12-2017	31-12-2016
Accumulated benefit obligation as of 1 January	714	622
Current service cost	-	-
Interest cost	12	15
Expected pension payments	(2)	(2)
Actuarial loss (gain)	(22)	79
thereof accounted for by changes in financial assumptions	(23)	78
thereof accounted for by experience-based assumptions	1	1
Accumulated benefit obligation as of 31 December	**704**	**714**

Changes in plan assets in kEUR	31-12-2017	31-12-2016
Fair value of plan assets as of 1 January	714	622
Typifying investment income	12	15
Income from plan assets	(22)	77
Value of plan assets as of 31 December	**704**	**714**

The tables below show the deviations between actuarial assumptions and actual developments ("asset ceiling") in the reconciliation and over a 5-year period:

Changes/reconciliation in the asset ceiling effect in kEUR	31-12-2017	31-12-2016
Accumulated benefit obligation as of 31 December	(704)	(714)
Fair value of plan assets as of 31 December	704	714
Asset ceiling effect as of 31 December	-	-
Actuarial (gains) losses from DBO	(22)	78
Profit (loss) from plan assets	22	78
Asset ceiling effect as of 31 December /1 July	**-**	**-**

in kEUR	2017	2016	2015	2014	2013	2012
Accumulated benefit obligation	704	714	622	654	477	446
Included impacts of deviations	10	78	(45)	160	15	134
Plan assets	704	714	622	654	514	499
Included impacts of deviations	(10)	(78)	(32)	122	(3)	(12)
Funded status	**-**	**-**	**-**	**-**	**37**	**53**

Due to the over-calculation of the reinsurance policy, the value of plan assets is limited to the amount of the present value of the pension obligation. The balance of the asset value of plan assets totaling kEUR 704 (previous year: kEUR 714) and the liability value of the obligation of kEUR 704 (previous year: kEUR 714) 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:

Derivation of the net figure carried out in the balance sheet in kEUR	**31-12-2017**	**31-12-2016**
Accumulated benefit obligation	(704)	(714)
Fair value of the pension plan assets	704	714
Asset ceiling effect	-	-
	0	**0**

Actuarial gains or losses may result from increases or reductions in either the present value of the defined benefit obligation 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. For reasons of immateriality, no sensitivity analysis was performed.

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 – 31-12-2017**	**1-1 – 31-12-2016**
Current service cost	-	-
Interest expense	12	15
Interest income from plan assets	(12)	(15)
Interest on asset ceiling effect	-	-
Recognized in the income statement	**0**	**0**

Components of other comprehensive income (OCI) in kEUR	**31-12-2017**	**31-12-2016**
Actuarial losses (gains)	(22)	(78)
Interest income from plan assets	22	78
Changes in the effect of the ‘asset ceiling‘	-	-
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 15.7 years (previous year: 16.8 years), pension payments in the amount of kEUR 2 are expected for the following period under the pension benefit plans that existed as at 31 December 2017.

(22) Trade accounts payable

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

Trade accounts payable in kEUR	**31-12-2017**	**31-12-2016**
Liabilities from services received	114	902
Deferred liabilities	89	-
Other liabilities	-	-
Total	**203**	**902**

(23) Other current liabilities

Other current liabilities include the following individual items:

Other current liabilities in kEUR	**31-12-2017**	**31-12-2016**
Obligations towards trustee	534	800
Accounting and audit expenses	144	147
Liabilities to employees	68	63
Other tax liabilities	51	-
Holiday pay	52	-
Liabilities towards affiliated companies	46	86
Liabilities from duties and premiums	3	331
Miscellaneous other liabilities	11	41
Other current liabilities	**909**	**1,468**
thereof financial liabilities	857	1,461
thereof non-financial liabilities	52	7

The obligations towards the trustee comprise a compensation obligation in the amount of kEUR 392 (previous year: kEUR 800) 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, and a liability of kEUR 142 (previous year: kEUR 0) from receivables of the trading and restructuring portfolio that have already been sold.

Other tax liabilities relate to wage tax. The liabilities from duties and premiums towards social security funds and the Federal Employment Agency (Bundesagentur für Arbeit) recognized in the previous year were allocated to creditor liabilities and released in the context of the fair value measurement (see Note 10).

(24) 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 portfolio and the restructuring portfolio, and is composed as follows:

Creditor assets in kEUR	31-12-2017	31-12-2016
Restructuring portfolio	8,655	13,152
Trading portfolio	239	4,590
Bank balances	355	468
Total	**9,248**	**18,210**

The trading portfolio relates to receivables from current forfaiting transactions up to the opening of the insolvency proceedings. 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 liabilities are composed as follows:

Creditor liabilities in kEUR	31-12-2017	31-12-2016
Liabilities to banks	13,508	13,558
Bonds	11,412	11,412
Current provisions	1,622	1,305
Trade liabilities	7,260	1,031
Other current debt	189	207
	33,991	27,513
Payout to / Offsetting against trustee	(13,099)	-
Carryforward of the fair value measurement of the creditor liabilities from previous year	(9,303)	(2,653)
Income from the fair value measurement of the creditor liabilities	(2,342)	(6,650)
Total	**9,248**	**18,210**

The value of the liabilities to banks results from the partial waiver declared in the context of the insolvency plan and the consideration of the banks' senior position laid down in the collateral realization agreement ("Sicherheitenverwertungsabrede") in the short financial year 2016 II.

The bonds reflect the creditors' partial waiver declared in the context of the insolvency plan.

Current provisions include expected legal expenses in the amount of kEUR 832 (previous year: kEUR 1,022).

The increase in trade liabilities is related to a settlement agreement reached with an investor in the reporting period. In consultation with the trustee and the advisory council, the company agreed with a former investor that it will take back receivables in the nominal amount of approx. EUR 14.2 million which it had previously sold to the investor. These receivables were added to the creditor assets at their fair value. At the same time, a receivable of the investor against DF AG in the amount of EUR 13.2 million will be filed for the insolvency table, accepted and added to the creditor liabilities at fair value. The settlement agreement helped to prevent the investor from bringing forward a court action to formally quantify and acknowledge his claim, which would probably have resulted in a much higher receivables amount being filed for the insolvency table. In addition, high litigation costs were avoided.

Other liabilities essentially comprise interest on bonds and other taxes.

The reductions in creditor liabilities through payout to the trustee and/or offsetting against counter-claims, which were made for the first time in the reporting year, 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 of kEUR 33,991, 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 Group'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 their fair value (IAS 39.9b), which is determined by changes in the value of the assets. In the reporting period, this resulted in a change in value through profit/loss of kEUR 2,342.

IV. OTHER INFORMATION

(25) Notes on risk grouping

DF Group has a detailed risk management system which is laid down in writing and contains a limit system consisting of counterparty, country and risk group limits. DF Group controls its current operating business by using risk groups based on the forfaiting volume, which forms part of the regular internal reports to the Board of Management. Each of the five risk groups comprises countries with a similar risk profile. The limits are defined by the Supervisory Board of DF AG and may be used by the Board of Management at its own discretion. They are assigned according to the country of domicile of the original debtor of each receivable. Countries are assigned to a risk group according to their external ratings. Risk group I is for countries with the highest credit rating and risk group V is for countries with the lowest credit rating.

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.

(26) 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 December 2017				
For office space	163	-	-	163
For office equipment	-	-	-	-
Total	**163**	**-**	**-**	**163**
31 December 2016				
For office space	187	-	-	187
For office equipment	9	4	-	13
Total	**196**	**4**	**-**	**200**

Minimum lease payments of kEUR 179 (short financial year 2016 II: kEUR 103; previous year: kEUR 230) were recognized as expenses in the reporting period.

(27) Employees

The average number of staff employed with the Group as of the reporting date is shown in the following table. The "other" and "controlling/accounting" items also include student workers.

Number of employees	1-1 – 31-12-2017	1-1 – 31-12-2016
Salaried employees	**29**	**26**
of which in trade/sales	8	9
of which in contract management	4	5
of which in controlling/accounting	6	6
of which other/internal administration	11	6

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

(28) Other financial obligations

As in the previous year, the Group made no forfaiting and purchase commitments as of 31 December 2017, which means that it has no other financial obligations.

(29) 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 2017 to 31 December 2017.

Auditing fees in kEUR	1-1 – 31-12-2017	1-1 – 31-12-2016	2-7 – 31-12-2016
Audits	134	227	105
Other audit services	33	101	34
Tax consulting services	-	22	5
Other services	-	1	-
Total fee	**167**	**351**	**144**

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

(30) 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 previous 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 managers 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 shareholding, Dr. Shahab Manzouri is also a person with a significant influence.

As in the two short financial years 2016, business relationships with the non-consolidated subsidiaries were negligible in the financial year 2017.

The Board of Management was composed as follows in the financial year from 1 January to 31 December 2017:

Board member	Position
Dr. Shahab Manzouri	Chairman of the Board of Management until 17 January 2017
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:

Board of Management compensation in kEUR	Dr. Abdolvand	M. West	F.Hock	Dr. Manzouri	C. Charpentier	G. Krämer
1 January - 31 December 2017						
Fixed salary	30	-	-	-	134	129
Other compensation	4	-	-	-	24	22
Variable compensation	-	-	-	-	40	40
Total	**34**	**-**	**-**	**-**	**198**	**191**
1 January - 31 December 2016						
Fixed salary	-	172	234	-	28	26
Other compensation	-	10	25	-	5	5
Total	**-**	**182**	**259**	**-**	**33**	**31**

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 members of the Board of Management will receive a guaranteed old age pension from DF AG. The amounts are as follows:

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

In addition, Ms Marina Attawar will receive 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 2017 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 – 31-12-2017**	**1-1 – 31-12-2016**	**2-7 – 31-12-2016**
Fixed compensation	63	71	32
Attendance fee	9	8	4
VAT	14	15	7
Total	**86**	**94**	**43**

(31) 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 Grünwald, 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.

- Mark West, East Sussex, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 8 July 2016 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany, dropped below the thresholds of 20%, 15%, 10%, 5% and 3% on 6 July 2016 and amounted to 0% (which corresponds to 0 voting rights) on that date.

- Frank Hock, Pullach, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 20 January 2017 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany dropped below the threshold of 5% on 18 January 2017 and amounted to 4.95% (which corresponds to 588,976 voting rights) on that date. 4.58% of these voting rights are assigned to him through Hock Capital Management GmbH, while a share of 0.38% is held by Mr Frank Hock.

- Arnstock GmbH, Nortrup-Loxten, Germany, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 21 December 2016 in a corrected notification that its voting interest in DF Deutsche Forfait, Hirtenweg 14, 82031 Grünwald, Germany dropped below the threshold of 3% on 8 December 2016 and amounted to 2.86% (which corresponds to 340,000 voting rights) on that date.

- Marina Attawar, Cologne, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 21 July 2017 that her voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany dropped below the thresholds of 5% and 3% on 6 July 2017 and amounted to 0.37% (which corresponds to 44,041 voting rights) on that date. 0.37% of these voting rights were assigned to her through Xylia 2000 Vermögensverwaltung GmbH.

(32) 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 and DF s.r.o. The plan comprises the incoming and outgoing payments from the forfaiting transactions 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.

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 risk 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 2017, no trade receivables from forfaiting transactions resulted from new business that is not available for distribution to the insolvency creditors.

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 secondary 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.

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 and trading 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 debtor-related local potential for conflicts and the estimated period needed to collect the receivable.

No market/transaction prices are available for financial instruments in the receivables category (loans and receivables / held for trading) 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 at amortized cost using the effective interest method and considering potential value adjustments. When determining the fair value of the receivables in the restructuring portfolio, the estimated prospect of successfully enforcing the pending claims is also taken into account. The changes in the receivables of the restructuring portfolio and the trading portfolio relate to compensation in the amount of kEUR 6,855 (previous period: kEUR 3,941) and to fair value changes in the amount of kEUR 1,993 (previous period: kEUR 6,650).

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 continues to be of the opinion that the method applied to determine the fair value of receivables held for trading (amortized cost using the effective interest method) is suitable and that there are no sufficient reasons to give up this method.

Capital management

The primary goal of the capital management activities of DF Group is to provide sufficient financial resources for the purchase and sale of receivables (forfaiting business) at all times. Under DF Group's business model, financing is mainly required for current receivables related to sales transactions. DF Group requires equity and debt capital for this purpose. After completion of the insolvency proceedings, the Group aims to tap new refinancing sources. The desired business volume is determined by the financial resources in conjunction with the turnover frequency of the available capital. Capital management activities for DF Group are centralized at the parent company.

As at 31 December 2017, DF Group's equity capital amounted to EUR 7.3 million (previous year: EUR 9.9 million). The insolvency creditor liabilities amounted to EUR 9.2 million (previous year: EUR 18.2 million) and represented 85.3% of the debt capital. As at 31 December 2017, DF Group had no credit lines. No external minimum capital requirements exist.

(33) 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 accordance with IAS 7.44A-E, there were no liabilities from financing activities in the financial year.

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

There were no reportable events after the end of the financial year.

Gruenwald, 23 April 2018

The Board of Management

INDEPENDENT AUDITOR'S REPORT

To DF Deutsche Forfait AG

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, Grünwald, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of equity changes, the consolidated cash flow statement and the notes to the consolidated financial statements for the financial year from 1 January 2017 to 31 December 2017 including a summary of significant accounting policies. In addition, we have audited the group management report of DF Deutsche Forfait AG which has been combined with the management report (hereinafter: group management report) for the financial year from 1 January 2017 to 31 December 2017. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement pursuant to Section 289f HGB [Handelsgesetzbuch: German Commercial Code] and Section 315d HGB.

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 para. 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 2017 and of its financial performance for the financial year from 1 January 2017 to 31 December 2017, 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 listed Corporate Governance Statement pursuant to Section 289f HGB and Section 315d HGB.

Pursuant to Section 322 para. 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 2017, where the Management states that a risk threatening the continued existence of the DF Group will arise if the DF Group is unable to generate a business volume in the current financial year that is sufficient to cover DF Group's operating costs. The ability to continue as a going concern will be jeopardized if DF Group is unable to generate sufficient new business or does not have the refinancing resources or placement possibilities required to realize the new business it has underwritten, resulting in business opportunities not being exploited to a sufficient extent. The same applies if the cooperation with Saman Bank and other business partners fails to result in the expected business volume or if the political and economic situation in DF Group's target markets deteriorates materially – e.g. as a result of the nuclear deal (JCPOA) being cancelled entirely or sanctions being imposed on a large number of Iranian banks by the European parties to the nuclear deal. In Section 5. d) vii. of the group management report it is stated that in the extreme case, this may result in the insolvency of individual or all entities of DF Group.

As explained in Section I of the notes to consolidated financial statements and Section 5.d) vii. of the group management report, this indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, presenting 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 2017 to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our 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 valuation of the restructuring portfolio 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 2017, 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. Office of Foreign Assets Control. The receivables in this so-called restructuring portfolio amount to a carrying amount of KEUR 9,248 as of 31 December 2017. 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.

To a large extent the result of this valuation depends on the estimation made by the Management 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 importance 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 Management 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. In this regard, we analyzed the internal documentation of the credit files and the written communication with debtors and compared the estimations made by the Management in the prior year with the actual development during the financial year. In addition, we obtained legal confirmations of the responsible lawyers and, using the assessments contained herein, we assessed the reasonableness of the estimations of the prospect of successfully enforcing the pending claims made by the Management.

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 Management is responsible for the other information. The other information includes:

- the Corporate Governance Statement 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
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and 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 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, with 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 Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management is 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 para. 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 Management is 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 Management is 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 Management is 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 Management is 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 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 Management and the reasonableness of estimates made by the Management and related disclosures.

- Conclude on the appropriateness of the Management's 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 para. 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 Management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management 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 11 July 2017. We were engaged by the Supervisory Board on 7 August 2017. We have been the group auditor of DF Deutsche Forfait AG 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 Audit Committee 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, 23 April 2018

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Andreas Schuster
Wirtschaftsprüfer	Wirtschaftsprüfer
[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.

Gruenwald, 23 April 2018
The Board of Management

SUPERVISORY BOARD REPORT

Dear Shareholders,

2017 was a very eventful financial year for DF Group. Apart from the change at the helm of the Board of Management and changes in the distribution structure, the global political environment also had considerable influence on the course of business. Operationally, business nevertheless picked up in the second half of the year, albeit not to the anticipated extent, which is why DF Group closed the financial year 2017 with a consolidated net loss of EUR 2.7 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 through both written and oral reports.

Changes to the Board of Management and the Supervisory Board

There were several changes in the composition of both the Supervisory Board and the Board of Management.

On 17 January 2017, Dr. Manzouri was released from his duties as Board of Management Chairman at his own request; his management contract remains suspended. Dr. Behrooz Abdolvand was appointed Chairman of the company's Board of Management as of 1 November 2017, having previously resigned from the Supervisory Board of DF AG with effect from 31 October 2017.

At the beginning of the financial year, Dr. Tonio Barlage, Dr. Ludolf von Wartenberg and Dr. Behrooz Abdolvand sat on the Supervisory Board. Dr. Barlage served as Chairman of the Supervisory Board, while Dr. Abdolvand served as his deputy. After Dr. Abdolvand resigned from the Supervisory Board, Franz Josef Nick was appointed to the Supervisory Board with effect from 20 November 2017 and subsequently elected as its new Vice Chairman by the Supervisory Board members.

Supervisory Board Meetings

A total of six physical meetings and four telephone conferences were held in the financial year 2017. The Supervisory Board meetings were attended by all members of the Supervisory Board.

Focus of Supervisory Board Meetings

In the financial year 2017, the Supervisory Board primarily focused on the company's efforts to rebuild its business and monitored the collection of the creditor assets. Various other topics were discussed at the individual meetings.

At the telephone conference on 17 January 2017, the Supervisory Board decided to suspend the management contract of Dr. Shahab Manzouri due to continued illness. In agreement with Dr. Manzouri, the latter was dismissed from the Board of Management of DF AG and from his position as Managing Director of DF Deutsche Forfait GmbH ("DF GmbH").

At the Supervisory Board meeting on 20 February 2017, the latest business developments, the cash position of DF Group and the current state of the collection of the creditor assets and the related legal proceedings were presented and discussed in detail. In addition, the Annual General Meeting scheduled for 21 February 2017 was prepared at this meeting.

A key item on the agenda of the Supervisory Board meeting on 30 March 2017 was the discussion of the preliminary figures of the separate and the consolidated financial statements for 2016; this meeting was attended by the company's auditor. 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 2017 and 2018.

At a telephone conference on 25 April 2017, the Supervisory Board adopted both the separate financial statements of DF AG for 2016 and the consolidated financial statements for 2016. The company's auditor had previously been available to answer all questions. The Supervisory Board members also adopted the Supervisory Board Report and the Corporate Governance Report, both for the period ended 31 December 2016.

On 10 May 2017, the Supervisory Board discussed the business trend and the cash position of DF AG. The body approved the country limits requested by the Board of Management. The members also decided that DF Deutsche Forfait GmbH opens an office in Teheran and discussed the current status regarding the collection of the creditor assets and the legal proceedings initiated in this context. Finally, they discussed the results of the Supervisory Board's efficiency review.

At the telephone conference on 24 May 2017, the Supervisory Board finalized the invitation including the agenda for the Annual General Meeting on 11 July 2017.

On 10 July 2017, the Supervisory Board members presented and discussed the current business trend. They also addressed the quarterly statement for the period ended 31 March 2017 and the preparation of the Annual General Meeting on the next day.

At the Supervisory Board meeting on 31 August 2017, the Supervisory Board consulted on the strategies and measures planned by DF AG for the years 2017 – 2018 and closely addressed DF Group's interim report on the first six months. The body approved the business plan as well as the increase in a country limit proposed by the Board of Management.

At the telephone conference on 11 October 2017, the Supervisory Board elected Dr. Behrooz Abdolvand as the company's new CEO for an initial term of office of one year with effect from 1 November 2017. At the same time, Dr. Abdolvand resigned from the Supervisory Board with effect from 31 October 2017.

The last Supervisory Board meeting of the year was held on 23 November. At this meeting, the members discussed the reorganization of the sales organization, the current business trend and the quarterly statement for the period ended 30 September 2017.

Supervisory Board Committees

As the Supervisory Board is currently composed of only three members, 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 2017. For information on corporate governance, please refer to the Corporate Governance Report, which forms part of the Annual Report. In the financial year 2017, the declaration of conformity by the Board of Management and the Supervisory Board was published in May; the latest declaration of conformity by the Board of Management and the Supervisory Board was issued in March 2018 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 2017.

Financial statements 2017

At the Annual General Meeting on 11 July 2017, 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 2017 to 31 December 2017.

The separate financial statements and the management report for 2017 as well as the consolidated financial statements for 2017 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 2017 were available to all members of the Supervisory Board for detailed examination prior to the Supervisory Board meeting on 23 April 2018. At the Supervisory Board meeting on 23 April 2018, the auditor 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 in-depth 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 23 April 2018. 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 2017.

Munich, April 2018
On behalf of the Supervisory Board

Dr. Tonio Barlage
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 289a (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 March 2018 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 2017, 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) whistleblowing system, (ii) money laundering prevention, (iii) data protection and (iv) 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 Laundering Act including Know-Your-Customer reviews are integral elements of DF Group's Compliance System.

DF AG revised the Code of Conduct for all employees in January 2017 and updated it in August 2017 (Code of Conduct and Ethics for the Employees of DF Deutsche Forfait AG and its Subsidiaries). The latter is published in a separate section of the website of DF AG at https://www.dfag.de/corporate-governance/. The newly established whistleblowing system (Whistleblowing System of DF Deutsche Forfait AG and its subsidiaries) is also published in this separate section of DF AG's website.

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.

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

At the time this declaration is issued, the company's Board of Management is composed of Dr. Behrooz Abdolvand (who also serves as Chairman of the Board of Management), Gabriele Krämer and Christoph Charpentier. Former Board member Dr. Shahab Manzouri was released from his duties on 17 January 2017 by the Supervisory Board at his own request for reasons of illness. The management contract of Dr. Manzouri has been suspended. On 1 November 2017, Dr. Abdolvand was appointed member and Chairman of the Board of Management.

Up to 17 January 2017, the Board of Management was thus composed of three members, with women representing 33.3% of the Board members. Between 18 January and 31 October 2017, the Board of Management was composed of two members, with women representing 50%. Since Dr. Abdolvand's appointment to the Board of Management on 1 November 2017, the share of women has amounted to 33.3% again. According to a resolution dated 20 December 2016, the Supervisory Board defined a target of 33.3% for the share of women on the Board of Management until 31 December 2017.

The Supervisory Board is currently composed of three members, Dr. Tonio Barlage, Franz Josef Nick and Dr. Ludolf von Wartenberg. Supervisory Board member Dr. Behrooz Abdolvand resigned from office with effect from 31 October 2017 to change to the Board of Management. At the request of the Board of Management, Franz Josef Nick was appointed to the Supervisory Board by the court with effect from 20 November 2017. On 23 November 2017 Dr. Barlage was elected Chairman and Franz Josef Nick was elected Deputy Chairman of the Supervisory Board. No other personnel changes occurred during the financial year from

1 January to 31 December 2017. The current share of women on the Supervisory Board is 0%. According to a resolution dated 20 December 2016, the Supervisory Board defined a target of 0% for the share of women on the Supervisory Board until 31 December 2017. 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 26 January 2017, 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 2017 by the Annual General Meeting held on 11 July 2017 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 2017 to 31 December 2017.

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 2017, the members of the Board of Management held the following shares:

- The members of the Board of Management who were in office as at 31 December 2017 have only minor shareholdings in DF AG.
- Dr. Shahab Manzouri, who resigned from the Board of Management in the financial year 2017, held 79.14% of the shares of DF AG as at 31 December 2017.

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

- Dr. Ludolf von Wartenberg held 0.02% of the shares of DF AG.
- Dr. Tonio Barlage held 0.17% of the shares of DF AG via an investment management company.

The members of the Supervisory Board directly or indirectly held 0.19% of the shares of DF AG as at 31 December 2017.

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.

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