

## Quick search

### Search

Search term:

Which area would you like to search?



[» Advanced search](#)

It is not possible to perform a full text search of the content of published annual financial statements, publications pursuant to sections 264 para. 3, 264b of the Commercial Code (HGB) and payment reports.

Information about filed annual financial statements can be retrieved from the Company Register.

Surname	Area	information	Publication date	Relevance
N26 GmbH Berlin	Accounting / financial reports	Annual financial statements for the financial year from January 1, 2017 to December 31, 2017	25.03.2019	100%



N26 GmbH

Berlin

**Annual financial statements for the financial year from January 1, 2017 to December 31, 2017**

**Combined management report 2017**

**1. Foundations of the group**

#### Organizational structure

N26 GmbH, Berlin is the parent company of the group.

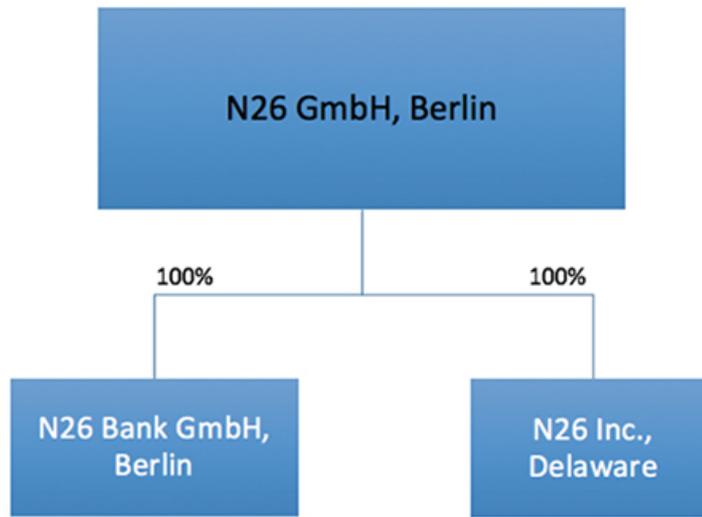
As of the balance sheet date, the N26 group included the parent company, the fully consolidated N26 Bank GmbH and N26 Inc., in which N26 GmbH each had a 100% stake. N26 Inc. will be included in the consolidated financial statements for the first time in 2017.

The company is based in Berlin, and other locations outside of Berlin are New York.

At the end of 2017, a total of 328 people were employed in the N26 group. The Group's business development is largely determined by N26 Bank. N26 Bank has a full banking license and is a member of the compensation scheme for German banks (EdB). Due to the commencement of business operations in the financial year, N26 Inc. is of disorderly importance for the consolidated financial statements.

The N26 Group sees itself as a leading technology developer for mobile banking applications.

The structure of the consolidated companies of the N26 group is as follows:



### Business activity

The core of the business model is technical support services for the provision of third-party payment services, provision of IT and communication networks, mobile apps for tracking payment transactions and the provision of banking services or the brokerage of financial services by the licensed banking subsidiary N26 Bank GmbH or in the future by N26 Inc. in cooperation with an American bank.

### Products and services

In the 2017 financial year, the product range was further expanded, in particular through the provision of installment loans and the option of arranging fixed-term deposits.

The product range of the N26 Group follows the development of customer needs in financial matters ("Follow the life cycle of the customer"). As a basis, a customer needs an offer that enables daily cashless payment processes and transactions and supports them cost-effectively. When you start your professional life / study and start your own family, the need for financing increases, for example for a car or an apartment. The need for protection increases. If wealth can be built up, the customer needs savings or investment products.

The N26 Group would like to offer the customer a 360 ° positioning around his wishes. The three business principles of customer experience, mobile first and scalability, which set the N26 Group apart from the competition, are applied to all products and services and ensure competitive advantage and fulfillment of customer expectations.

The business areas of N26 Bank GmbH are derived from the 360 ° positioning along the customer's needs of living, consuming, securing, multiplying. The focus of the offer, as it were the foundation of the product house, is on the products related to the account and the card. The other business areas, financing, investing and hedging are based on this. The N26 Bank works with a large number of cooperation partners and thus expands its product range.

### Payment services

The offered payment transaction services account and cards represent the strategic anchor of the product range. The digital household book in connection with the individual statistics and evaluations motivates the user to manage all income and expenses over the N26 bank account. The business area includes the products current account, premium account, flex account, credit card and international transfers.

### Invest

The business segment consists of the products fixed deposit and funds including savings plans. The products are provided by cooperation partners and are integrated in the mobile offer.

### Finance

The business area comprises the products overdraft facility and consumer credit in various forms. Consumer loans are both taken on their own books and conveyed to cooperation partners.

### To secure

Various insurance services are offered in the insurance business area. These include, for example, insurance benefits as part of the N26 Black membership and the "Insurance Wallet" for the digital administration and optimization of concluded insurance contracts.

### Goals and strategies

The management of N26 GmbH has set out the corporate strategy at group level in a strategy paper. The business strategy contained therein forms the strategic framework for the business activities. The strategic positioning of the N26 Group was derived from the analysis of the industry, customers, competitors and the market potential. The bank's strategy is embedded in the group strategy, taking into account the special requirements for the personal responsibility of the managing directors of the bank.

The N26 Group pursues the following strategic positioning approach for N26 Bank GmbH:

- N26 Bank GmbH positions itself as a mobile bank in Germany and Europe. The design of products, services and processes is

primarily based on mobile devices (so-called "Mobile First" approach).

- N26 Bank GmbH creates, occupies and develops a new market segment. In principle, the customer group includes everyone who has an internet-enabled mobile phone and is able to access banking transactions using their mobile phone. Demand is driven by customer behavior of so-called Generation Y, which shapes consumer behavior, which is largely accompanied by the use of smartphones and which is increasingly being adapted by other customer groups.

The market potential of smartphone-savvy customers is continuously growing in Europe and can be addressed directly and comparatively cheaply using social media or online marketing.

For N26 Inc., the strategic positioning approach of N26 Bank GmbH applies analogously to the American market.

N26 GmbH takes over operationally outsourced services from N26 Bank GmbH and in future from N26 Inc. In addition, N26 GmbH continuously develops the product range and the N26 brand.

### **Control system**

The annual strategy and planning process forms the basis for the business policy management of the N26 Group. Compliance with the regulatory requirements and the risk-bearing capacity of N26 Bank GmbH as well as the risk strategy adopted by the management form the strategic framework for action.

The control system of the N26 group forms a continuous cycle of planning, implementation, analysis and adaptation. The N26 Group uses the financial statements, business / product planning, risk reports and various reports on liquidity management or business development in relation to new customers, contribution margin or sales as central control instruments. Plan-actual comparisons form the basis for deviation analyzes and the development of countermeasures based on the identified causes.

### **Financial performance indicators**

The N26 Group controls according to the following financial performance indicators:

- Burn Rate: Operating profit less onboarding costs for new customers
- Cost-income ratio: ratio of administrative expenses to net interest and commission income plus other operating income
- Return on equity: quotient of earnings before income taxes plus the change in the special item for general banking risks in accordance with §340g HGB and the average balance sheet equity including the special item for general banking risks in accordance with §340g HGB
- Common Equity Tier 1 ratio: ratio of regulatory capital to eligible risk-bearing assets
- Furthermore, the Liquidity Coverage Ratio (LCR), the Leverage Ratio (LR) and the Net Stable Funding Ratio (NSFR) are included in the management of N26 Bank GmbH

### **Non-financial performance indicators**

Non-financial performance indicators are also part of the management philosophy of the N26 Group:

- Market: New customer acquisition, opening up new markets / internationalization
- Society / Innovation: Improving fraud prevention through technical innovations
- Product development: including expansion of the existing product range

The continuous increase in the number of new customers in the established markets and through the entry into new countries is a strategic goal and is monitored accordingly. A customer is defined as a new customer who has completed the KYC process and activated their account. In a first step, all those countries are defined as new markets that can be opened via EU passporting. In a second step, all countries outside the EU passporting with corresponding market potential.

In the N26 Group's mobile banking solution, the card and account components are inextricably linked. This already includes a high level of security, since access to the account is only possible with the stored and registered mobile phone. Projects are being carried out to continuously optimize the security mechanisms. Meeting the latest security standards is our goal.

The continuous product development and product improvement the range of services of the N26. Different teams are constantly working on expanding the product range.

## **2. Economic report**

The business environment continued to develop well. Driven by the expansionary monetary policy of the European Central Bank, the continuous growth in Europe was able to continue. However, low interest rates continue to weigh on private investors' wealth position and banks' net interest income. Loan demand is rather weak in relation to the economic environment.

The N26 Group developed almost as planned in 2017. The course of business continues to be characterized by high investments in a scalable technical infrastructure and expenses for customer acquisition. Due to the high customer growth, the expenses for onboarding customers in relation to revenue are still relatively high. Existing customers are increasingly using the services offered, so that commission income and net interest income have developed positively. In addition, with the N26 Inc.

## Macroeconomic and industry-related framework conditions

### Economy

According to the IMF in the World Economic Outlook of October 2017, global economic growth will increase by 3.6% in 2017 and by 3.7% in 2018. A favorable global financial environment as well as the recovery of advanced economies and continued strong growth in China determine economic growth. In a global comparison, the European economy can assert itself. In the autumn forecast for 2017, the EU Commission expects growth to be somewhat lower for the US economy at 2.2% than for the EU with 2.3%.

According to the Deutsche Bundesbank's February 2018 monthly report, the German economy is experiencing a boom. The economic situation was characterized by strong economic growth in 2017. According to calculations by the Federal Statistical Office, the price-adjusted gross domestic product was 2.2% higher in 2017 than in the previous year, making the German economy the eighth year in a row. In 2017, growth impulses came primarily from Germany, where private consumer spending was 2.0% higher than a year earlier. The mood is extraordinarily good for both companies and private households, and the situation on the labor market has further improved. With almost 44.3 million people in employment, the highest figure has been reached since German reunification,

### Monetary policy

The international financial markets were shaped by the favorable economic environment, the US fiscal policy and the monetary policy of the FED and the ECB. The Governing Council left key interest rates unchanged in 2017. The main refinancing rate remains at 0%, the interest rates for the marginal refinancing and deposit facilities are 0.25% and -0.40%. As the Deutsche Bundesbank presents in the February 2018 monthly report, the Governing Council continues to assume that key interest rates will remain at their current level for a longer period.

Against the background of low interest rates and a flat interest structure, the build-up of sight deposits at N26 Bank GmbH continued in 2017.

### Regulatory

In 2017, in particular with the amendment of the minimum requirements for risk management (MaRisk), far-reaching extensions and tightening of the regulatory requirements were carried out. As part of the ongoing revision of the CRR and CRD IV, the regulations on the leverage ratio are also to be adopted. The date of first application will largely depend on when the amended legal acts are published in the Official Journal of the EU.

### Course of business

The development of the N26 Group and the parent company N26 GmbH in the financial year was largely shaped by developments at N26 Bank, since N26 GmbH provides the operational outsourced services.

In the financial year, N26 GmbH also invested in the development of the N26 brand through marketing measures and promoted the targeted increase in personnel. There was a significant increase in marketing costs and personnel expenses.

The financial year of N26 Bank GmbH was primarily characterized by the acquisition of new customers, the expansion of the product range and the continuing low interest rate environment. There was a significant increase in customers and, as a result, the expansion of our treasury activities.

In addition to the acquisition of new customers, the main focus of business activity in the past financial year was on optimizing banking processes and expanding staff.

The migration of existing customers from Wirecard Bank AG was successfully completed in January 2017 and the business relationship between the N26 group and Wirecard Bank AG ended in May 2017.

In all countries outside Germany, the market was processed via so-called EU passporting. N26 Bank GmbH operates out of its location in Berlin and currently has no further branches or representative offices.

The original product range from a free account in conjunction with a debit card was significantly expanded in 2016 and also in 2017 as part of the cooperation between N26 GmbH and Wirecard Bank AG. As of December 31, 2017, customers with their residence in Germany were able to use the most extensive range of products and services.

Product range of N26 Bank GmbH as of December 31, 2017 by country:

Product category	Product expression	DE	AT	FR	IT
account	Standard account	x	x	x	x
	Flex account	x			
	P account *	x			
Payments	Transfer	x	x	x	x
	Moneybeam	x	x	x	x
	Cash26	x			
	Foreign transfer	x	x	x	x
	Direct debits	x			
cards	Credit card (standard)	x	x	x	x

Product category	Product expression	DE	AT	FR	IT				
	Business	x	x	x	x				
	maestro card	x	x						
	N26 Black	x	x	x	x				
	N26 metal	x	x	x	x				
credit	Overdraft facility	x	x						
	Installment loan	x			x				
investment	N26 Invest	x							
	N26 Saving	x	x						
Assure	N26 Insurance	x							
Product category		IT	IE	GR	SK	NL	BE		
account		x	x	x	x	x	x		
Payments		x	x	x	x	x	x		x
		x	x	x	x	x	x		x
		x	x	x	x	x	x		x
cards		x	x	x	x	x	x		x
		x	x	x	x	x	x		x
		x	x		x	x	x		x
credit									
investment									
Assure									
Product category		PT	LT	LV	EE	FL	SV	LUX	
account		x	x	x	x	x	x	x	
Payments		x	x	x	x	x	x	x	x
		x	x	x	x	x	x	x	x
		x	x	x	x	x	x	x	x
cards		x	x	x	x	x	x	x	x
		x	x	x	x	x	x	x	x
		x	x	x	x	x	x	x	x
credit									
investment									
Assure									

\* [Basic account: Mandatory product range for all credit institutions](#)

The consequent focus of the business strategy on the "Mobile First Approach", ie the use of the product and service range via mobile devices, is implemented in the close interaction between account and card.

In addition to the usual payment transaction services, customers can use country-specific special N26 features that represent a key differentiator from competitors. Customers can use Cash26 to withdraw or deposit cash from over 7,000 trading partners in Germany using a barcode. With Moneybeam, transfers between N26 customers can be made in real time, so that the money recipient can immediately dispose of and dispose of the amount.

The basic needs of customers in the credit and investment area are also covered by the N26 disposition and installment loan as well as N26 Invest and N26 Savings. N26 Bank pursues a make-or-buy strategy to cover these areas of need. For this purpose, solutions from other innovative providers or established market participants are integrated into the N26 application.

With N26 Black, N26 Bank GmbH already offers a premium product in six countries. The customer also receives a comprehensive and powerful insurance package in addition to the monthly base price. As a further premium product with an extensive catalog of services, we introduced N26 Metal at the end of 2017, the planned product launch is 2018.

N26 Inc. commenced business in the second half of 2017 and had evaluated the possibilities of entering the US market by the balance sheet date.

Against the background of dynamic growth, the acquisition of new customers and the low interest rate policy, the course of business in 2017 is to be classified as satisfactory from the management's perspective and in line with expectations.

### Earnings position

The N26 Group's earnings in 2017 were largely determined by N26 GmbH and N26 Bank GmbH. Based on the consolidated income statement for 2017, the following income overview results:

#### Yield development

	2017 million €	2016 million €	Change in € million
Interest and commission surplus	1.00	-0.01	1.01
Net interest income	0.85	0.02	0.83
Commission surplus	0.15	-0.03	0.19
Administrative burden	31.81	18.52	13.29
Personnel expenses	12.73	6.25	6.48
Other administrative expenses	19.08	12.27	6.81
Depreciation on property, plant and equipment	0.35	0.08	0.27
Other operating income / expenses	0.25	0.38	-0.13
Operating profit before risk provisions	-30.91	-18.23	-12.67
Lending business valuation result	-1.25	-0.19	-1.06
Valuation result of receivables	0.11	0.00	0.11
Risk provisioning	-1.14	-0.19	-0.95
Operating profit after risk provisioning	-32.05	-18.43	-13.62
Extraordinary income / effort	0.00	0.00	0.00
annual surplus / annual shortfall	-32.05	-18.43	-13.62
Cost-income ratio in%	> 100	> 100	
Return on equity in%	n / A	n / A	

The previous year's figures were adjusted for subsequent bookings.

### Results of operations of N26 GmbH

The financial year of N26 GmbH was characterized by the takeover of operational outsourced services from N26 Bank GmbH, which largely determine the gross profit in the individual financial statements of EUR 11.8 million at EUR 17.3 million.

The continuous increase in personnel led to personnel expenses of N26 GmbH in the amount of 11.1 million euros, the other operating expenses in the amount of 13.1 million euros mainly consist of expenses for software and marketing used. Increased depreciation on property, plant and equipment in the amount of EUR 0.35 million also reflects the increase in personnel and the associated expenses for operating and office equipment. No risk provision was made for trade receivables in the financial year. will.

At the level of the single-entity financial statements, a loss for the year of EUR 12.9 million was achieved in line with expectations.

### Overall result in a dynamic environment in line with expectations

The business year of the N26 Group was mainly characterized by the acquisition of new customers, the expansion of the product range and the persistent low interest rate environment. Due to the significant increase in customers and the expansion of our treasury activities, both a positive commission result and interest result were realized in the 2017 financial year. The increased administrative costs reflect the costs for staffing and marketing. Taking into account the high dynamics of our business, the net loss for the year as a whole is in line with expectations.

### Net interest income shaped by lending business and treasury

As expected, the low interest rate policy continued in 2017. Nevertheless, a net interest income of EUR 0.85 million was generated for 2017, of which EUR 0.75 million was attributable to the lending business and EUR 0.10 million to the treasury business. Negative interest rates burden the net interest income by 0.12 million euros. The expected interest result was also not fully achieved due to conservative lending.

### Net commission income shaped by credit card business

According to the planning, the main drivers for the commission surplus of EUR 0.15 million, which was slightly below expectations, were the provision of payment transaction services and the card business.

### Administrative expenses characterized by increasing personnel and marketing

Administrative expenses, which consist of personnel expenses, other administrative expenses and depreciation of property, plant and equipment, amounted to EUR 31.81 million. Personnel costs accounted for the largest share of administrative expenses in 2017 and thus reflect the increase in personnel in 2017. The other administrative expenses are largely characterized by marketing and card production costs.

### Depreciation and value adjustments conservative

Write-downs of EUR 0.81 million and value adjustments of EUR 0.41 million were recognized for customer business (loan loss provisions and other risks).

The N26 Group took all discernible and latent risks into account by making value adjustments.

### Financial position

The N26 Group's financial position is largely determined by N26 Bank GmbH.

#### Balance sheet numbers

in € million	12/31/2017	12/31/2016	change	%
Cash reserve	60.10	72.79	-12.69	-17.4%
Loans and advances to banks	101.19	48.61	52.58	108.2%
Loans and advances to customers	203.32	30.59	172.73	564.7%
from customer loans	9.57	2.94	6.64	225.9%
from municipal loans	193.75	27.65	166.10	600.7%
Bonds and other fixed income securities	58.87	0.00	58.87	n / A
Liabilities to customers	411.80	128.74	283.06	219.9%
Reported equity	10.05	22.51	-12.46	-55.3%

### Financial position of N26 GmbH

The financial position of the parent company N26 GmbH is characterized by financial investments, which mainly amount to EUR 38.74 million for N26 Bank GmbH. Refinancing takes place through shareholder financing. N26 GmbH's total assets are EUR 40.90 million. Financial investments increased compared to the previous year due to capital increases. N26 GmbH's equity capital of EUR 32.97 million. has increased capital increases by shareholders by EUR 19.59 million and reduced due to accrued losses.

### Total assets in line with expectations

The consolidated balance sheet total as of December 31, 2017 was EUR 426.12 million (previous year: EUR 153.15 million) above expectations.

### Significant balance sheet items

The cash reserve held at the Deutsche Bundesbank as of the balance sheet date amounted to EUR 60.10 million (previous year: EUR 72.79 million).

Loans and advances to banks amounted to EUR 101.19 million (previous year: EUR 48.61 million). These were divided into loans and advances to banks due in EUR 4.98 million and other loans and advances to banks in the amount of EUR 96.22 million.

As of the balance sheet date, claims on customers amounted to EUR 203.32 million (previous year: EUR 30.59 million). These were divided into EUR 193.75 million in municipal loans and EUR 9.57 million in loans and advances to end customers from loans and overdrafts drawn on the balance sheet date - adjusted for risk provisions of EUR 1.14 million.

In 2017, work began on building up a portfolio of bonds and fixed-income securities to invest the existing deposit surplus of N26 Bank GmbH. As of the balance sheet date, the bonds and other fixed-income securities amounted to EUR 58.87 million (previous year: EUR 0.00 million).

As of the balance sheet date, the liabilities side of the N26 Group was characterized by two main balance sheet items, liabilities to customers and the equity position. As of December 31, 2017, daily customer deposits were EUR 411.80 million.

### Equity

As of December 31, 2017, the equity capital of the N26 Group was EUR 10.05 million (previous year: EUR 22.51 million). It consists of the share capital of EUR 0.08 million and a capital reserve of EUR 66.11 million less the accumulated losses.

N26 Bank GmbH always complied with the regulatory capital requirements (CRD IV / CRR, Solvency Regulation).

N26 Bank GmbH determines the regulatory capital base using the credit risk standardized approach, the market risk standardized approach and the basic indicator approach for operational risks. The underlying risks relate to counterparty default, market price and operational risks.

### Financial position

In the 2017 financial year, the N26 Group's total equity capital of EUR 10.05 million was largely capitalized by N26 GmbH through a capital increase of EUR 19.59 million. Taking the loss carryforward into account, equity as of December 31, 2017 amounted to EUR 10.05 million. There were no further capital contributions as of December 31, 2017.

There was always sufficient liquidity. The refinancing was mainly done through customer deposits and own funds.

## 3. Risk report

In addition to the bank-typical risks of N26 Bank GmbH, the risk that the product and development target cannot be achieved is significant for the risk situation of the N26 Group, with corresponding negative effects on the sales and the company result of N26 GmbH. The latter are monitored in particular through ongoing controlling and supported by the reporting system and appropriate control measures are derived.

### Organization / process organization and committees of the N26 group

The organizational structure of the N26 Group ensures that activities that are incompatible with one another and in which there is a conflict of interest are carried out by different employees in accordance with AT 4.3.1 Item 1 of the MaRisk (separation of functions), in particular with regard to the regulatory requirements of N26 Bank GmbH. Furthermore, tasks, competencies, responsibilities, controls and communication channels are clearly defined and assigned at N26 Bank GmbH (see AT 4.3.1 No. 2 of the MaRisk).

The competence regulations of N26 Bank GmbH are regularly checked by the internal auditors in accordance with risk-oriented audit planning in cooperation with the management. Essential IT authorizations and signing authorizations in connection with payment transaction accounts are checked regularly, at least annually, particularly critical IT authorizations are checked every six months. Other competencies granted are checked regularly, as well as in the event of changes in the functions of employees and when the company leaves the company, by the responsible management officer.

### **Management board**

The management board consists of the managing directors of N26 GmbH and N26 Bank GmbH. The management board of N26 Bank GmbH bears the overall responsibility for risk management of N26 Bank GmbH according to AT 3 of the MaRisk, regardless of the internal responsibility regulation.

In coordination with the advisory board, the management board defines the business and risk strategy and adopts downstream guidelines and work instructions. His tasks also include determining an appropriate organizational structure and process organization.

### **Advisory Board**

The advisory boards of N26 GmbH and N26 Bank GmbH act as control bodies for the management and, as such, monitor the regularity of the business. The Advisory Board discusses the business and risk strategy with the management and monitors compliance with regulatory requirements. The advisory board is informed by the management about the risk situation on a quarterly or event-related basis as well as about changes in the management of risk controlling, the compliance officer or the internal auditor of N26 Bank GmbH.

### **Risk management function**

Risk management at N26 Bank GmbH reports directly to the managing director at the back office. Risk management is responsible for the continuous monitoring of the overall risk position, the risk inventory, the risk analysis, the support of the management in the strategy process, as well as for risk reporting and professional documentation.

Risk management employees are responsible for operational risk identification, measurement, monitoring and reporting. This includes the risk and limit monitoring set out in the relevant guidelines as well as the continuous further development of the risk management and controlling processes. The employees responsible for risk management monitor the risks on the operational level by means of regular reports and evaluations, ad-hoc evaluations, ie on request or on special occasions

### **Internal revision**

The internal audit (see AT 4.4.3 Item 2 of the MaRisk) serves as an instrument for the management and is designed in accordance with the complexity and size of the N26 Bank GmbH (see AT 4.4.3 Item 1 of the MaRisk). The internal audit department supports the management and the advisory board in their control, steering and steering functions. As a process-independent component of the internal monitoring system, it is the responsibility of the internal audit to review all business processes on a regular basis, taking into account the scope and risk content of the business activity.

The internal audit is carried out independently and objectively as described in AT 4.4.3 Item 3 of the MaRisk. In addition, the internal audit supports the organization in achieving its goals by using systematic and targeted approaches to assess the effectiveness of risk management, risk controls and the established management and monitoring processes. The internal audit department is currently outsourced to the auditing firm Ernst & Young (EY).

### **Reporting**

The aim of the N26 Group's reporting is to provide and process data from accounting and controlling, risk measurement and assessment for external and internal target groups. A distinction must be made between regular risk reporting in monthly or quarterly frequency and event-related reporting (ad hoc reporting). In addition, the management is informed immediately if limits are exceeded or special changes are made.

### **Basic framework and risk management system**

The overarching goal of the N26 Group is to continuously increase the company's value through the expansion of the product range and through profitable customer growth. Due to this objective and the associated business activity, N26 Bank GmbH is exposed to risks customary in the industry.

The ongoing identification, measurement, monitoring and control of these risks represents a core element of risk management. In accordance with the requirements of MaRisk, N26 Bank GmbH has implemented processes that enable identification, appropriate measurement, planning, crediting against risk limits, reporting and management of the risks. It is an integral part of the business model of N26 Bank GmbH to take certain risks in a targeted manner and in accordance with the risk strategy and the existing risk cover funds.

Through an integrated and dynamic allocation process, capital, liquidity and other (especially regulatory) ancillary conditions are managed during the year to ensure efficient use, taking risk and return into account.

The aim of risk management is to identify significant risks and to provide appropriate risk cover to ensure risk-bearing capacity or to take mitigation measures.

In addition to strategic guidelines, the risk strategy includes the documentation of all identified significant risks in all areas of the company (risk inventory), including the presentation of all essential measures for analyzing, evaluating and managing or limiting

risks.

### **Risk inventory**

Risks that can have a material impact on the assets, earnings or liquidity situation (risk inventory) are reviewed at least annually and as required if necessary. It is discussed at least once a year during the management meeting. A systematic analysis and identification of risks also takes place as part of regular reporting.

### **Risk-bearing capacity**

To monitor and manage the risks, the company has set up an internal process to ensure risk-bearing capacity in accordance with AT 4.1 of the MaRisk.

This ensures that the main risks are covered by the risk coverage potential on an ongoing basis and that the risk-bearing capacity is therefore always available. The risk-bearing capacity is adequately taken into account when determining the business and risk strategy.

To determine the overall risk profile, the sub-risk types are added, taking into account the potential risk impact, and the implicit assumption of 1 is therefore used. N26 Bank GmbH's risk management measures the risk-bearing capacity using both the gone concern approach (liquidation principle) and the going concern approach (continuation principle).

At N26 Bank GmbH, the gone concern approach represents the primary control group for assessing risk-bearing capacity. To determine the risk-bearing capacity, the risk potential of the main risks is compared with the available or assigned risk coverage potential. N26 Bank GmbH is risk-bearing if the risk potential of the main risks is at most as high as the available risk coverage potential, even in the standard stress scenario.

At N26 Bank GmbH, the going concern approach represents the secondary control group for assessing risk-bearing capacity. In the going concern approach, the risk coverage potential is determined by the total capital minus the regulatory minimum capital for pillar I according to CRR. The quotient of the risk coverage potential and the sum of (i) the monthly planned return / loss and (ii) the economic risk potential on a monthly basis represents the survival period as the number of months and thus the duration of the ongoing risk-bearing capacity.

The risk-bearing capacity calculation is carried out on a quarterly basis as part of the preparation of the risk report by risk management and the results are presented in the quarterly risk report. The risk report also explicitly refers to the stress tests and their potential effects on the risk situation and the risk coverage potential of N26 Bank GmbH in accordance with MaRisk AT 4.3.2 Item 4.

### **Stress testing**

N26 Bank GmbH integrates a standard stress case for all major risks into the regular risk-bearing capacity calculation in order to continue to meet the risk-bearing capacity even in the case of unlikely but plausible events (see AT 4.3.3 of the MaRisk). In addition, other plausible stress cases are considered at least once a year. This includes in particular the inverse stress test (AT 4.3.3 No. 4) and the stress test to measure the effects of a severe economic downturn (AT 4.3.3 No. 6).

### **Risk management system in the individual risk types**

#### **Credit risk**

Credit risk is the risk of an unexpected loss of an on-balance sheet or off-balance sheet claim from a contract with a business partner or an issuer. N26 Bank GmbH also divides the credit risks into counterparty risk, migration risk and country risk. Possible concentrations within these types of risk are controlled and effectively limited by structural limits.

N26 Bank GmbH defines the counterparty risk as the risk of bad debts due to partial or complete non-fulfillment of the repayment claim for bad debts caused by a default > 90 days or bankruptcy or bankruptcy filing by the borrower.

N26 Bank GmbH controls default risks in an integrated approach. The default risk is classified as material and is taken into account in the risk-bearing capacity via a CVaR (Asymptotic Single Risk Factor Model according to Gordy).

The counterparty default risk also includes the migration risk. This includes the risk of a deterioration in creditworthiness (e.g. due to a scoring / rating deterioration) and thus an increase in the probability of default. Migration risk is understood by N26 Bank GmbH as the risk that the creditworthiness of a business partner deteriorates and, as a result, the need for economic capital and the associated calculatory risk costs increase. The bank generally has migration risks in the area of credit and securities.

In bulk business, N26 Bank GmbH has implemented an automated multi-stage credit decision model. This controls the granting of credit limits depending on the respective creditworthiness or rating class and income situation as well as other decision rules. As part of the monitoring, compliance with the defined rules and early warning indicators is continuously monitored and adjustments, including limit deletions, are made if necessary. Risk provisions are made according to the default probabilities assigned to the rating classes.

Migration risks outside the retail business generally exist in relation to Treasury investments. For N26 Bank GmbH, there is currently a comparatively low migration risk due to the implementation of the treasury strategy, especially due to the focus on good to very good credit ratings with a maximum medium term and sectors with high systemic importance. This risk is particularly represented in its systemic form in the context of market price risk measurement via the effect of credit spread changes in securities and credit indices on the VaR.

N26 Bank GmbH regards concentration risks as a risk of particularly severe loss as a result of the failure of individual or risk-related addresses. This affects concentrations vis-à-vis individual borrowers or regions. In bulk business, N26 Bank GmbH generally avoids concentration risks. The bank's business model is explicitly geared towards diversified retail banking across customers and regions. The spread through the mobile phone also reduced regional concentrations.

Individual concentrations that could arise from the granting of large loans, for example, are only entered into by N26 Bank GmbH as part of the Treasury business. The business is focused on good to very good debtors of a public-law nature (exempt from crediting against the large loan cap in accordance with CRR and GroMiKV), unsubordinated, secured and unsecured claims against regulated credit institutions with a short to maximum medium term as well as government bonds of member states of the Eurozone (except currently Greece). N26 Bank GmbH therefore does not consider the concentration risk to be material. However, there is an at least partially implicit consideration of the differentiated correlation assumptions as part of the Gordy approach to determine the counterparty risk (Pillar II).

Country risk is understood to mean the risk that foreign currency positions cannot be converted or can no longer be fully converted into EUR, or that monetary transactions abroad can be restricted by states (transfer risk). N26 Bank GmbH tries to avoid the transfer risk as much as possible by restricting it to debtors from industrialized countries and especially the EU and only takes positions in the major international currencies such as GBP, USD, SFR, ZIP and SEK. The unexpected change in economic conditions, the political environment or other negative influences on our foreign retail customers are already sufficiently taken into account in the country-specific risk analysis procedures (scoring, decision rules), so that no separate consideration is necessary. N26 Bank GmbH currently does not consider the country risk to be material. so that no separate consideration is required. N26 Bank GmbH currently does not consider the country risk to be material. so that no separate consideration is required. N26 Bank GmbH currently does not consider the country risk to be material.

### **Market price risk**

Market price risks arise when the performance of a business depends on the future development of foreign currency and share prices, raw material prices, credit spreads or interest rates. Due to the business model, there is primarily a potential interest rate risk for N26 Bank GmbH due to variable and fixed-interest retail loans and treasury investments (including central bank balances) on the assets side, in contrast to non-interest bearing and undermined deposits on the liabilities side.

The interest rate risk is considered essential by N26 Bank GmbH and measured in the risk-bearing capacity concept on the one hand using an economic value of equity (EVE) approach based on a 200 bps parallel interest rate shock and a VaR approach and taken into account as risk potential. The VaR calculation is carried out as a historical simulation with a confidence level of 99% and 250 successive measuring points. This calculation also takes into account the other market price-induced risks, in particular the credit spread-induced market price risk in the banking book.

### **Liquidity risk**

According to MaRisk BTR 3.1, N26 Bank GmbH is obliged to be able to meet its payment obligations at all times. N26 Bank GmbH also assumes this obligation for the N26 GmbH and the N26 Group. A distinction is made between liquidity risk and refinancing cost risk in the case of liquidity risk. The insolvency risk refers to the risk that the bank will no longer be able to meet payment obligations in full or on time. The funding cost risk relates to the risk of that additional refinancing funds can only be obtained at higher market interest rates - and thus higher refinancing costs. The insolvency risk is considered to be significant, but is not taken into account in the risk-bearing capacity, since the bank effectively secures this risk by providing appropriate crisis liquidity for at least 30 days (mapping of a temporary market access or market dysfunction). Furthermore, the quality and intrinsic value of the assets as a prerequisite for long-term refinancing are already reflected in the credit and market risk. In principle, there are restrictions to effectively hedge liquidity risk with additional capital.

At N26 Bank GmbH, the liquidity risk also consists of the risk of increased refinancing costs due to time mismatches in the liquidity commitment on the asset and liability side. If there is a meltdown of customer deposits at N26 Bank GmbH (call risk), N26 Bank GmbH must procure additional liquid funds on the market if there is a longer liquidity commitment on the assets side. This also applies to a tense market environment (see MaRisk BTR 3.4). Against the background of focusing on transaction-related,

### **Operational risks**

The operational risk arises as a result of inadequacies or the unexpected failure of people, internal processes or IT systems as well as external influences. Legal risks and outsourcing are included.

N26 Bank GmbH classifies operational risk as material and takes this into account in the risk-bearing capacity. In the risk-bearing capacity concept, these are measured using the basic indicator approach. In order to ensure that the actual major operational risks remain below the unexpected loss determined in the basic indicator approach, N26 Bank GmbH records losses in a loss database.

The bank implements a proactive approach to operational risk management; this concerns above all the very significant technology and outsourcing risks due to the business model.

### **Business risk**

Business risk generally describes the risk of unexpected fluctuations in earnings. N26 Bank GmbH divides the business risks into strategic, innovation, competition and corporate risks. The risk-bearing capacity concept is not explicitly taken into account because the risk of unexpected fluctuations in earnings is already largely contained in the market, credit and operational risk and therefore cannot be classified as material. In addition, the fluctuations in earnings are tightly controlled,

### **Other risks**

N26 Bank GmbH essentially combines model risks under other risks. Other intangible risks are also taken into account in this item. Under the model risk, N26 Bank GmbH describes the risk of possible losses that arise from incorrect or limited financial mathematical models and the decisions made from them. The model risk can also be a consequence of insufficient and / or incorrect amounts of data and the dependence on historical data and model assumptions.

Due to the comparatively low complexity of the financial mathematical models used, the other risk is not classified as material and is covered by a lump-sum capital buffer including any processing costs.

### **Overall statement on the risk situation**

The risk-bearing capacity was ensured throughout the 2017 financial year, even under stress conditions. The regulatory indicators were complied with at all times in the 2017 financial year. N26 Bank GmbH and the N26 Group were always solvent in the reporting period.

The procedures and processes of risk management have been and will be continuously further developed and adapted to new requirements resulting from the further development of the product range and the increasing regional diversification through the internationalization of the business model.

#### Overview of risk-bearing capacity:

	value	limit
Risk-bearing capacity		
Adjusted risk cover amount	EUR 14,270 thousand	N / A
Risk potential	EUR 5,650 thousand	EUR 7,400 thousand
Of which credit risk (retail)	EUR 967 thousand	1,200 kEUR
Of which credit risk (treasury)	EUR 3,275 thousand	EUR 3,700 thousand
Of which market risk	EUR 995 thousand	2,000 kEUR
Of which operational risk	EUR 412 thousand	EUR 500 thousand
Free risk cover pool	EUR 8,620 thousand	N / A

#### 4. Opportunity and forecast report

##### Assumptions for the development of the overall economy and the industry

Uncertainty regarding political and economic developments will continue in 2018.

The outlook for the global economy in 2018 has further improved. The pace of economic growth has increased and the recovery has continued to synchronize worldwide. In the advanced economies, stronger growth momentum and rising inflation have to some extent taken on a central challenge for central banks. Central banks could react more aggressively to higher inflation than is currently expected, which could lead to a drastic tightening of the financial framework.

For the euro area, the EU Commission is forecasting a significant increase in GDP of 2.3% for 2018 in the autumn forecast for 2017; for Germany, the German government is even forecasting a significant increase in price-adjusted gross domestic product of 2.4 percent in the 2018 annual forecast, and thus a continuation of the growth trend.

According to the Federal Statistical Office, inflation in the euro area was 1.5 percent in 2017. It is likely to remain at this level in 2018. According to the Bundesbank in its February 2018 monthly report, the ECB continues to assume that key interest rates will remain at their current level for some time to come. In addition, the expanded asset purchase program of EUR 30 million per month was extended to at least September 2018. The ECB announced that

2018 will also be characterized by further regulatory measures. In addition to expanded requirements in payment transactions by the PSD2, in the securities business by MIFID II or in data protection by the General Data Protection Regulation (EU GDPR), the revision of the CRR and CRD IV are the focus of the supervision. In particular, the introduction of the leverage ratio will have an impact on banks' business models.

##### Business development

The N26 Group and the parent company N26 GmbH continue to see themselves as very well positioned. The chosen path of expanding an internationally scalable infrastructure in connection with the internationalization of the business model offers additional opportunities, since there are attractive business opportunities in particular in the non-German-speaking markets in Europe and in the United States of America. Through the efficient continuous expansion of the product and service range, while the market potential of smartphone-savvy users of financial services is growing,

As in 2017, the targets for 2018 are predetermined by the planning. We continue to expect significantly increasing growth rates, especially in commission income, driven by card sales and the premium products N26 Black and N26 Metal from N26 Bank GmbH.

Due to the expansion into European markets and the expansion of our account functions, we expect the customer deposits of N26 Bank GmbH to increase significantly. Free cash and cash equivalents will therefore continue to be invested as part of the Treasury activities in order to reduce the effects of the negative deposit rate policy of the ECB. In addition, we anticipate a significant increase in the volume of loans granted, which in turn will lead to a correspondingly rising interest result.

We expect loan loss provisions to rise sharply in 2018 compared to 2017 due to the growing business. Administrative expenses will continue to be shaped primarily by the expected customer growth and the associated expenses, and will increase accordingly. We also expect personnel expenses to increase sharply compared to 2017, based on the planned increase in personnel at N26 GmbH and, in line with the increased international presence of the N26 brand, increasing expenses for marketing.

The further expansion of the product range, the customer growth and the planned opening of branches of N26 Bank GmbH in other European countries and the market entry of N26 Inc. in the United States of America will lead to a planned increase in the start-up loss of the group in 2018 to complete in 2017.

The financial performance indicators will be negative due to the planned start-up losses. The cost-income ratio is over 100% and the return on capital is still negative.

The N26 Group's equity base is sufficiently large and will be further strengthened in 2018 through a round of financing. All regulatory requirements for adequate capital resources and compliance with the regulatory indicators of N26 Bank GmbH are ensured at all times.

For the planned growth strategy, the N26 Group currently has a comfortable capital base, which was already raised through a financing round in 2018.

Register court District court Charlottenburg

Commercial register number HRB 151080 B

### Balance sheet as of December 31, 2017

#### N26 GmbH, Berlin

#### Active side

(€)	12/31/2017	12/31/2016
A. Fixed assets	40.137.241,21	26,989,990.07
I. Property, plant and equipment	1,181,087.45	749,990.07
1. Other equipment, operating and office equipment	732,928.80	486,914.95
2. Advance payment and facilities under construction	448,158.5	263,075.12
II. Financial investments	38,956,153.7	26,240,000.00
1. Shares in affiliated companies	38,956,153.7	26,240,000.00
B. Current assets	642,368.98	1,082,505.08
II. Receivables and other assets	414,289.3	528,672.47
1. Trade receivables	166,238.49	158,113.23
2. Claims against affiliated companies	27,934.53	49,274.70
3. Other assets	220,116.34	321,284.54
III. Cash and bank balances	228,079.2	553,832.1
C. Prepaid expenses	115,861.27	118,698.50
	40,895,471.46	28,191,193.65

#### Liabilities side

(€)	12/31/2017	12/31/2016
A. Equity	32,971,227.46	26,250,003.13
I. Drawn capital	77,569.00	71,101.00
Deposits made to implement the resolved capital increase II	0.00	1,023.00
III. Capital reserve	66,113,755.92	46,530,083.24
IV. Loss carryforward	-20,352,204.11	-5,611,920.58
V. Annual loss	-12,867,893.35	-14,740,283.53
B. Provisions	415,374.53	733,172.95
1. Other provisions	415,374.53	733,172.95
C. Liabilities	3,558,869.47	1,208,017.57
1. Trade payables	2,216,968.07	634,600.04
2. Liabilities to affiliated companies	794,417.89	407,643.73
3. Other liabilities	547,483.51	165,773.80
- thereof from taxes	187,649.93	61,665.18
- thereof within the framework of social security	1,157.66	0.00
D. Prepaid expenses	3,950,000.00	0.00
	40,895,471.46	28,191,193.65
Contingent liabilities		
a) Liabilities from guarantees and warranty contracts	10,000,000.00	10,000,000.00

### Income statement for the period from January 1, 2017 to December 31, 2017

#### the N26 GmbH

Income statement (€)	1.1. - December 31, 2017	1.1. - December 31, 2016
1. Gross result	11,816,575.97	-2,695,365.58
2. Personnel expenses	-11,143,754.34	-5,779,833.26
a) Wages and salaries	-9,443,453.83	-4,875,306.78
Social security contributions and expenses for pensions		
b) and support	-1,700,300.51	-904,526.48

Income statement (€)	1.1. - December 31, 2017	1.1. - December 31, 2016
3. Depreciation	-348,186.21	-83,311.52
a) on property, plant and equipment	-348,186.21	-83,311.52
4. Other operating expenses	-13,116,196.77	-6,166,132.07
5. Other interest and similar income	0.00	91.42
6. Expenses from loss assumption	-76,332.00	-15,718.94
7. Interest and similar expenses	0.00	-13.58
8. Earnings after taxes / annual loss	-12,867,893.35	-14,740,283.53

## Notes to the 2017 annual financial statements

### the N26 GmbH

#### I. General information

The annual financial statements as of December 31, 2017 have been prepared in accordance with the accounting regulations (classification, accounting and valuation regulations) of the Commercial Code and the GmbH Act. As of the balance sheet date, the company was classified as a medium-sized corporation in accordance with Section 267 (2) and (4) HGB.

Size-related facilitations in the preparation and disclosure of the annual financial statements are used accordingly.

The income statement is drawn up using the total cost method in accordance with Section 275 (2) HGB. The present annual financial statements have been prepared while maintaining the classification and valuation principles applied for the previous year. The approach, valuation and identification methods on which the previous year's financial statements as of December 31, 2016 are based, will basically be continued unchanged. Property, plant and equipment, which was reported separately in the previous year, was summarized in the financial year as "other equipment, operating and office equipment" and "advance payments and assets under construction".

The company continues to capitalize no development costs for internally generated intangible assets.

Unless otherwise stated, all amounts are stated in euros.

Assets, purchased services and other operating expenses in foreign currencies were converted into euros at the time of access to the middle spot exchange rate.

Receivables, bank balances and liabilities in foreign currencies are valued at the mean spot exchange rate of the European Central Bank on the balance sheet date, with remaining terms of more than one year taking into account the realization and imparity principle. With terms of up to one year, the realization and acquisition cost principles are not used in the valuation in accordance with Section 256a of the German Commercial Code.

#### II. Accounting, valuation and identification methods

##### Capital assets

Fixed assets are valued at acquisition cost. Scheduled depreciation is carried out for depreciable fixed assets. Fixed assets are depreciated over their normal useful life. The lower fair values are used where necessary.

Advance payments made on leasehold improvements are stated at nominal value. Additions are valued at cost.

Since 2017, no pool valuation for newly acquired low-value assets has been carried out. Collective items formed in previous years are amortized over the remaining useful life. Low-value assets with acquisition costs up to EUR 150.00 are fully depreciated in the year of acquisition.

Shares in affiliated companies are valued at market value, at most at acquisition cost. The results of the financing round concluded in early 2018 were used to determine the indicative market value.

##### Current assets

Receivables and other assets are stated at their nominal value.

Cash in hand and bank balances are shown at nominal values on the balance sheet date.

##### Liabilities and provisions

The liabilities are stated at their settlement amount. The other provisions are measured in the amount of their required settlement amount, which results in accordance with Section 253 (1) HGB in accordance with the principles of reasonable commercial judgment. Provisions with a remaining term of more than one year are discounted using the average market interest rate corresponding to their remaining term, which results from the past seven financial years.

##### Prepaid expenses

Accruals and deferrals are created in accordance with the provisions of Section 250 HGB for income and expenses that are to be allocated to future accounting periods.

#### III. Notes to the balance sheet

**Capital assets**

The composition and development of the fixed assets are shown in the following fixed asset schedule:

in EUR thousand	Acquisition or production costs as of January 1, 2017	Access	Finish	Rebooking	Acquisition or production costs as of December 31, 2017
Leasehold improvements	195.7	125.0	0.0	0.0	320.7
Other equipment, factory and office equipment	551.9	591.0	0.0	0.0	1,143.0
Geleistete Anzahlungen	70,0	66,6	0,0	0,0	133,2
Finanzanlagen	26.240,0	12.716,2	0,0	0,0	38.956,2
Gesamt	27.057,6	13.498,8	0,0	0,0	40.553,0

in TEUR	kumulierte Abschreibungen Stand 01.01.2017	Abschreibungen 2017	kumulierte Abschreibungen Abgang	kumulierte Abschreibungen Stand 31.12.2017	Restbuchwert Stand 31.12.2016	Restbuchwert Stand 31.12.2017
Mietereinbauten	2,6	3,2	0,0	5,8	193,1	315,0
Andere Anlagen, Betriebs- und Geschäftsausstattung	65,0	345,0	0,0	410,0	486,9	732,9
Geleistete Anzahlungen	0,0	0,0	0,0	0,0	70,0	133,2
Finanzanlagen	0,0	0,0	0,0	0,0	26.240,0	38.956,2
Gesamt	67,6	348,2	0,0	415,8	26.990,0	40.137,2

**Finanzanlagen**

Die Finanzanlagen in Höhe von EUR 38.956.153,76 setzen sich vollständig aus Anteilen an verbundenen Unternehmen nach § 271 Abs. 2 HGB zusammen. Die atypisch stille Beteiligung an der N26 Bank GmbH wurde im Geschäftsjahr um EUR 12.500.000,00 auf EUR 38.630.000,00 (Vorjahr: EUR 26.130.000,00) erhöht und nimmt entsprechend ihrem Anteil am Gesellschaftsvermögen der N26 Bank GmbH an deren Verlusten teil.

**Beteiligungen an Unternehmen:**

Beteiligungen an Unternehmen

Name und Sitz	Höhe des Anteils am Kapital	Eigenkapital	Letzter Abschluss	Ergebnis des letzten Geschäftsjahres
N26 Bank GmbH, Berlin	100%	38.630.000,00	31. Dezember 2017	0,00*
N26 Inc., Delaware	100%	215.053,76	na**	na**
N26 Verwaltungs UG, Berlin	100%	1.000,00	na**	na**

\* nach Ergebnisabführungsvertrag

\*\* Abschluss liegt noch nicht vor

**Restlaufzeiten von Forderungen und Verbindlichkeiten**

Forderungen und Verbindlichkeiten haben eine Restlaufzeit von unter einem Jahr. Mit Ausnahme der unter den sonstigen Vermögensgegenständen ausgewiesenen geleisteten Kautionszahlungen in Höhe von EUR 192.206,46 (Vorjahr: EUR 99.257,12) mit Restlaufzeiten von über einem Jahr.

**Rückstellungen**

Die sonstigen Rückstellungen in Höhe von EUR 415.374,43 (Vorjahr: EUR: 733.172,95) enthalten insbesondere Personalaufwendungen EUR 212.203,53 (Vorjahr: EUR 100.061,26) sowie Abschluss- und Prüfungskosten EUR 75.000,00 (Vorjahr: EUR 25.000,00).

N26 GmbH gewährt im Rahmen eines Virtual Option Programme (im Folgenden "ESOP") bezugsberechtigten Organmitgliedern und Mitarbeitern virtuelle Beteiligungen, welche unter der Voraussetzung der mehrheitlichen Veräußerung der Gesellschaft an einen Investor (Exit) dazu berechtigen, eine Auszahlung in bar zu erhalten. Entsprechend des Urteils des Bundesgerichtshofes BFH vom 15.3.2017 - I R 11/15 wurde auf die Bildung einer Rückstellung verzichtet.

**Verbindlichkeiten**

Die Verbindlichkeiten resultieren im Wesentlichen aus Verbindlichkeiten aus Lieferung und Leistung in Höhe von EUR 2.216.968,07 (Vorjahr: EUR 634.600,04). Verbindlichkeiten gegenüber verbundenen Unternehmen bestehen in Höhe von EUR 794.417,89 (Vorjahr: EUR 407.643,73), davon EUR 718.085,85 (Vorjahr: EUR 391.924,79) aus Verbindlichkeiten aus Lieferung und Leistung.

**IV. Erläuterungen zur Gewinn- und Verlustrechnung**

Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren (§ 275 Abs. 2 HGB) aufgestellt. Die Gesellschaft nutzt größenabhängige Erleichterung nach § 276 HGB und fasst die Posten § 275 Abs. 2 Nr. 1 bis 5 HGB zum Rohergebnis zusammen. Die Umsatzerlöse wurden ausschließlich im Inland erzielt. Im Rohergebnis sind Zahlungen in Höhe von EUR 17.386.285,73 aus der Leistungsverrechnung zwischen der N26 Bank GmbH und der N26 GmbH enthalten.

Aufwendungen aus der Währungsumrechnung in Höhe von EUR 285,89 werden in den sonstigen betrieblichen Aufwendungen ausgewiesen.

## V. Sonstige Angaben

### Allgemeine Angaben

Von den Erleichterungen nach §§ 276 und 288 HGB wurde Gebrauch gemacht.

### Haftungsverhältnisse und sonstige finanzielle Verpflichtungen

Zum Bilanzstichtag 31. Dezember 2017 bestand ein Patronat zugunsten der N26 Bank GmbH. Die unter der Bilanz ausgewiesene Bürgschaft besteht zur Sicherung bestimmter Forderungen der HypoVereinsbank gegen die N26 Bank GmbH.

Das Risiko der Inanspruchnahme wird aufgrund der wirtschaftlichen Entwicklung der N26 Bank GmbH als gering eingeschätzt.

Sonstige finanzielle Verpflichtungen bestehen aus zukünftig zu leistenden Mietzahlungen, dem Kreditkartengeschäft, dem ESOP, dem Vertrag zum Kernbankensystem der N26 Bank GmbH und aus der Exitvereinbarung mit der Wirecard in Höhe von insgesamt ca. EUR 17.100.000,00. Weitere sonstige finanzielle Verpflichtungen, die nicht in der Bilanz ausgewiesen sind und die für die Beurteilung der Finanzlage der Gesellschaft von wesentlicher Bedeutung sind, bestehen nicht.

### Mitarbeiter

Die Durchschnittliche Mitarbeiterzahl bei der N26 GmbH in den zurückliegenden vier Quartalen des Geschäftsjahres 2017 betrug 254 Mitarbeiter.

### Geschäftsführung

Herr Valentin Stalf

Beruf: Kaufmann

Sprecher der Geschäftsführung

Herr Maximilian Tayenthal,

Beruf: Kaufmann

Geschäftsführer (Finance, Operations, People Team, Legal, Data)

### Gesamtbezüge der Geschäftsführung

Auf die Angabe der Geschäftsführerbezüge wird gemäß §286 Abs. 4 HGB verzichtet.

### Beirat

Herr Andrew McCormack,

Beruf: Unternehmer

Valar Ventures Management  
LLC

Frances Kang

Beruf: Project Director

Horizons Ventures

Stefan Klestil

Beruf: Unternehmer

Belview Partners GmbH

Christian Nagel

Beruf: Unternehmer

Earlybird Verwaltungs GmbH

Valentin Stalf:

Beruf: Kaufmann

N26 GmbH

Maximilian Tayenthal:

Beruf: Kaufmann

N26 GmbH

Für die Tätigkeit des Beirats im Geschäftsjahr wurden keine Bezüge gewährt.

### **Nachtragsbericht**

Bis zur Aufstellung dieses Jahresabschlusses wurde eine Finanzierungsrunde in Höhe von EUR 110.000.000,00 abgeschlossen. Die Mittel werden zum weiteren Ausbau der Geschäftstätigkeit sowie zur Stärkung der Kapitalbasis der N26 Bank GmbH verwendet werden.

**Berlin, 31. Mai 2018**

***Valentin Stalf***

***Maximilian Tayenthal***

### **Bestätigungsvermerk des unabhängigen Abschlussprüfers**

An die N26 GmbH, Berlin

#### **Prüfungsurteile**

Wir haben den Jahresabschluss der N26 GmbH, Berlin, - bestehend aus der Bilanz zum 31. Dezember 2017 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar 2017 bis zum 31. Dezember 2017 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs und Bewertungsmethoden - geprüft. Darüber hinaus haben wir den Lagebericht der N26 GmbH, der mit dem Konzernlagebericht zusammengefasst ist, für das Geschäftsjahr vom 1. Januar 2017 bis zum 31. Dezember 2017 geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse:

- entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen handelsrechtlichen Vorschriften und vermittelt unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2017 sowie ihrer Ertragslage für das Geschäftsjahr vom 1. Januar 2017 bis zum 31. Dezember 2017 und
- vermittelt der beigefügte Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft. In allen wesentlichen Belangen steht dieser Lagebericht in Einklang mit dem Jahresabschluss, entspricht den deutschen gesetzlichen Vorschriften und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses und des Lageberichts geführt hat.

#### **Grundlage für die Prüfungsurteile**

Wir haben unsere Prüfung des Jahresabschlusses und des Lageberichts in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt "Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht zu dienen.

#### **Verantwortung der gesetzlichen Vertreter und des Beirats für den Jahresabschluss und den Lagebericht**

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zubilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Außerdem sind die gesetzlichen Vertreter verantwortlich für die Aufstellung des Lageberichts, der insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt. Ferner sind die gesetzlichen Vertreter verantwortlich für die Vorkehrungen und Maßnahmen (Systeme), die sie als notwendig erachtet haben, um die Aufstellung eines Lageberichts in Übereinstimmung mit den anzuwendenden deutschen gesetzlichen Vorschriften zu ermöglichen, und um ausreichende geeignete Nachweise für die Aussagen im Lagebericht erbringen zu können.

Der Beirat ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft zur Aufstellung des Jahresabschlusses und des Lageberichts.

### **Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts**

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist, und ob der Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss sowie mit den bei der Prüfung gewonnenen Erkenntnissen in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses und Lageberichts getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher - beabsichtigter oder unbeabsichtigter falscher Darstellungen im Jahresabschluss und im Lagebericht, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.
- gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem und den für die Prüfung des Lageberichts relevanten Vorkehrungen und Maßnahmen, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieser Systeme der Gesellschaft abzugeben.
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss und im Lagebericht aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser jeweiliges Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann.
- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens, Finanz und Ertragslage der Gesellschaft vermittelt.
- beurteilen wir den Einklang des Lageberichts mit dem Jahresabschluss, seine Gesetzesentsprechung und das von ihm vermittelte Bild von der Lage der Gesellschaft.
- führen wir Prüfungshandlungen zu den von den gesetzlichen Vertretern dargestellten zukunftsorientierten Angaben im Lagebericht durch. Auf Basis ausreichender geeigneter Prüfungsnachweise vollziehen wir dabei insbesondere die den zukunftsorientierten Angaben von den gesetzlichen Vertretern zugrunde gelegten bedeutsamen Annahmen nach und beurteilen die sachgerechte Ableitung der zukunftsorientierten Angaben aus diesen Annahmen. Ein eigenständiges

Prüfungsurteil zu den zukunftsorientierten Angaben sowie zu den zugrunde liegenden Annahmen geben wir nicht ab. Es besteht ein erhebliches unvermeidbares Risiko, dass künftige Ereignisse wesentlich von den zukunftsorientierten Angaben abweichen.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen.

**Berlin, den 17. August 2018**

**PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft**

***Mark Maternus, Wirtschaftsprüfer***

***ppa. Helma Rogalski-Hintermayer, Wirtschaftsprüferin***

**Feststellung des Jahresabschlusses**

The annual financial statements were approved by the shareholders on September 27, 2018.

---