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30/01/2019 – GBC Management interview with Juan Rodriguez, CEO of FinLab AG

Company: FinLab AG^{*5a,5b,6a,11}

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Date (time) of completion of german version: 28/01/2019 (11:32 am)

Date (time) of first distribution of german version: 28/01/2019 (3:00 pm)

Date (time) of completion of english version: 30/01/2019 (3:34 pm)

Date (time) of first distribution of english version: 30/01/2019 (4:00 pm)

**catalogue of potential conflicts of interests on page 4*

FinLab investment Iconiq Lab Holding GmbH has recently completed a seven-digit financing round with Hightech Gründerfonds (HTGF III) and FinLab AG. The money is to be used to further develop the Asset Management as a Service (AMaaS) platform. This platform is intended to help external asset managers to implement crypto strategies. GBC analyst Cosmin Filker spoke with the FinLab Management Board member Juan Rodriguez about the potential of this platform and the latest developments in other investments.

GBC AG: Mr Rodriguez, Iconiq Lab’s recent financing round is to be used to develop the Asset Management as a Service platform. Can you give us more details about this product?

Juan Rodriguez: AMaaS is a 360-degree service platform for crypto asset managers to optimize the execution of their own crypto investment strategies. The AMaaS ecosystem comprises a seamless portal through which managers may digitally launch regulated financial vehicles, execute transactions through an aggregated orderbook from global crypto exchanges, engage licensed crypto custodians as well as world-class auditors, banks, fund accountants and other vital fund service providers. The AMaaS platform is secured by the ICON Vault, a bespoke, secure digital wallet solution utilizing cold and hot storage solutions. AMaaS is the infrastructure supporting the Iconiq Funds’ crypto asset index funds and is now available to any external crypto asset manager.

GBC AG: The crypto markets have been characterised by negative trends in recent months (publicity, volatility, etc.). How do you assess the current market situation and what impact does this have on Iconiq Lab’s product?

Juan Rodriguez: Basically, your question is about crypto currencies, which we, like Iconiq Lab, do not generally invest in. FinLab has not invested in any crypto currency or token to date, and will not do so in the future. We only invest in companies that work and earn their money with a business model on or with blockchain. In the long run, blockchain will be the medium that reduces intermediaries and creates the greatest possible transparency.

Blockchain is an issue for the long-term. The internet did not emerge overnight either, so we consider our investments to be long-term. The negative headlines only result from the high volatility and extreme price fluctuations. But I will come back to your question specif-

ically. Iconiq Lab's product will in particular offer significant transparency and very high quality products to the end customer. At this time, crypto products are not necessarily characterised by a high degree of transparency and quality. They are rather more geared towards the speculative and short-term trading of crypto currencies. However, this must change in the short term. The quality and transparency of the markets will be improved as a result of institutional players, such as Vontobel, entering the market, in addition to the shift from ICOs (Initial Coin Offerings) to STOs (Security Token Offerings) and the associated increase in investor rights (e.g. voting and dividend rights). This should also result in greater price stability.

GBC AG: Deposit Solutions, which runs an Open Banking platform, is the flagship of your investment portfolio. The most recent financing round was conducted at a valuation of USD 500 million, whereas its value at the time of FinLab's initial investment was just USD 25 million. Deposit Solutions recently announced the entering in the US market. What potential do you see in this?

Juan Rodriguez: Deposit Solutions (Deposit) is currently active in Germany under the brand Zinspilot and in the Netherlands and Austria under the brand Savedo. It is also active in Switzerland since last week. Other European countries will follow in 2019. In addition to B2C business via the aforementioned channels, we have connected various large POS (Point of Sales) such as Deutsche Bank and FFB (Fidelity Fund Bank) to the platform.

By entering the Swiss market, we are opening up the funding channel for foreign currencies for our product banks. For example, a German bank can offer investments such as overnight and fixed-term deposits in Swiss francs (CHF). The same applies to the USA and the US dollar. Vice versa, US or Swiss banks could also offer their product range to European customers via Deposit. Ultimately, we are using Deposit's platform and the unique single-account solution to give B2C customers access to a wide range of products. The platform also simplifies the process of sourcing retail investments for product banks without using expensive proprietary retail infrastructure (e.g. branches and marketing).

GBC AG: The authentication solution from Darmstadt-based AUTHADA, another portfolio company, is being used for the first time by the direct bank comdirect. Should this be seen as a milestone?

Juan Rodriguez: The milestone is the solution behind it, which has been developed by AUTHADA. The solution meets all the requirements of the German Money Laundering Act, the German Banking Act and the Federal Office of Administration. To this end, the solution(s) guarantee(s) maximum security and is/are certified by the Federal Office for Information Security.

The authentication solution identifies the customer in seconds and they can be immediately activated by any bank or service provider. A major advantage is the elimination of the media disruption that occurs when using postal or video identities. Banks experience significantly reduced conversion and onboarding times, and thus incur far lower costs. As one of the leading online banks, comdirect recognised this at a very early stage and introduced it last year. In addition to comdirect, we have other banks – both online and offline – in the sales pipeline, ready to introduce our services in 2019.

GBC: Mr Rodriguez, thank you for speaking with us.

ANNEX

I.

Research under MiFID II

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