



KaratCoin Bank Whitepaper

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IMPORTANT NOTICE

The purpose of this Whitepaper is to present KARATCOINBANK COIN and the related KARATCOINBANK WORLD ecosystem to potential customers in connection with the proposed ICO. The information set forth below may not be exhaustive and does not imply any elements of a contractual relationship. Its sole purpose is to provide relevant and reasonable information to potential purchasers of the KARATCOINBANK COIN for them to determine whether to undertake a thorough analysis of the KARATBIT FOUNDATION, the KARATCOINBANK WORLD ecosystem and the companies belonging to it with the intent of purchasing the KARATCOINBANK COIN.

Nothing in this Whitepaper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction, which are designed to protect investors.

The KARATCOINBANK COIN is a utility token. It is not intended to constitute securities or financial instruments in any jurisdiction.

This Whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the seller of the KARATCOINBANK COIN (the “KaratcoinBank Coin Provider”) to purchase any KARATCOINBANK COIN, nor shall it, or any part of it, nor the fact of its presentation form the basis of or be relied upon in connection with any contract or investment decision. It has not been registered under the Securities Act or any other securities laws of any state of the United States or the securities laws of any other country, including the securities laws of any jurisdiction in which a potential coin holder is a resident. No regulatory authority has examined or approved of any of the information set out in this Whitepaper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this Whitepaper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

The KARATCOINBANK COIN cannot be used for any purposes other than those provided in this Whitepaper.

The KARATCOINBANK COIN is not intended for sale or use in any jurisdiction where sale or use of digital tokens may be prohibited.

The KARATCOINBANK COIN confers no other rights in any form, including but not limited to, any ownership, distribution (including but not limited to profit), redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights, other than those specifically described in this Whitepaper.

Certain statements, estimates and financial information contained in this Whitepaper constitute forward-looking statements or information. Such forward-looking statements or information involve known and unknown risks and uncertainties, which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements. This Whitepaper can be modified to provide more detailed information.

This English language Whitepaper is the primary official source of information about the KARATCOINBANK COIN. The information contained herein may from time to time be translated into other languages or used during written or verbal communications with existing and prospective customers, partners etc. During such translation or communication, some of the information contained herein may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies between such translations and communications and this official English language Whitepaper, the provisions of this English language original document shall prevail.



Note:

United States of America citizens, residents (tax or otherwise) or green card holders as well as residents of Canada, the Republic of Singapore, Japan, South Korea or the Socialist Republic of Vietnam are not eligible to participate in the KARATCOINBANK COIN ICO. The United States of America includes Puerto Rico, the U.S. Virgin Islands, and any other possessions of the United States.

1. THE KARATCOINBANK ICO - SUMMARY

1.1 KARATCOINBANK COIN

The KARATCOINBANK COIN is a blockchain-based cryptocurrency using ERC20 technology. The KARATCOINBANK COIN is the gateway to the KARATCOINBANK WORLD which is complementary to the KaratGold Ecosystem (for further information see www.karatgold.io). While the KaratGold Ecosystem provides for the KaratGold Coin as a CashGold linked payment system, serves the KARATCOINBANK WORLD with the KARATCOINBANK COIN two functions:

Rendering the services of the first full blockchain based and cryptocurrencies related bank which shall become the core of the global cryptoworld banking system; and

Execution of treasury functions for the KaratGold Ecosystem and the cryptocurrencies, in particular, safekeeping of the gold and CashGold (including holding the gold mine in Madagascar) on which the KaratGold Ecosystem is based will be deposited with or held (directly or indirectly) by the KARATCOIN BANK.

The KARATCOINBANK WORLD is planned to comprise:

The KARATCOIN BANK, which shall become the first globally acting crypto bank which uses to the fullest extent possible the blockchain technology for the rendering of its services. It will provide accounts for the crypto industry, e.g. for cryptocurrency exchanges, for merchants and servicers and, in particular, the KARATCOIN BANK COIN and the KaratGold Coin. These accounts shall also be provided for CashGold transactions. As the world's principal cryptobank, it will manage accounts in CashGold, KaratGold Coins, KARATCOINBANK COINS and in virtually all other cryptocurrencies and FIAT currencies. Furthermore, it will render asset management services with respect to cryptocurrencies and other blockchain based or digitized assets, including issuance of certificates based on a basket of cryptocurrencies and offering of funds which invest in cryptocurrencies or digitized securities commodities or other assets. Also financing of investments related to cryptocurrencies or blockchain based technologies and applications shall become a part of the business of the KARATCOIN BANK. It will be an acquiring bank providing a debit card, the so called KARATCOINBANK CREDITCARD (license contract with Mastercard and Visa Card to be concluded) in order to facilitate that merchant servicers can offer and accept credit cards. Also a cash back card shall be offered by KARATCOIN BANK under the name of KARATCOIN BANK PROFITCARD. In addition, KARATCOIN BANK will install and globally operate KARATCOIN BANK ATMs accepting the CashGold, KARATCOINBANK COIN and the KaratGold Coin, but also other cryptocurrencies. Finally, it will establish and hold the KARATGOLD SECURITY HOUSE as well as the KARATPAY.

KBC FOUNDATION GOLDMINE in Madagascar which is all ready part of KARAT COIN BANK by JV agreement. It produces the gold in Madagascar only for the purpose of maintaining the KARATGOLD ECOSYSTEM. Produced gold will be held in safekeeping by the KARATGOLD SECURITY HOUSE in cooperation with FORT KNOX.

KARATGOLD SECURITY HOUSE is a future subsidiary of KARAT COIN BANK and will act as a security house for the storage of produced gold, the KARATCOINBANK COIN and the KaratGold Coin and other cryptocurrencies.

KARATPAY is a subsidiary of Karatbars Singapore. It acts as an online platform developed by Karatbars International GmbH. Currently, it facilitates the electronic registration of CashGold. If someone wants to exchange the KaratGold Coins for CashGold, they must transfer the corresponding amount to the KaratGold eWallet and register the CashGold; after that the CashGold will be delivered. The KARATPAY shall be acquired by KARAT COIN BANK and, thereafter, expand its range of services to a blockchain based payment system fully integrated in the KARATCOIN BANK. On a midterm basis, it shall become a global payment system processing FIAT and cryptocurrencies, but in particular KARATCOINBANK COIN and KaratGold Coins as well as CashGold.

KARATGOLD EXCHANGE will be established as a subsidiary of KARAT COIN BANK. It will facilitate the exchange of CashGold for FIAT currencies, KaratGold Coin and KARATCOINBANK COIN and other cryptocurrencies.

KARATCOINBANK ATMs accepting CashGold, KaratGold Coin and KARATCOINBANK COIN and other cryptocurrencies as well as FIAT currencies shall be installed and operated by KARATCOIN BANK.

The KARATCOIN BANK PROFITCARD is another service rendered by KARAT COIN BANK. It is a “cash-back” card. If used for payments with CashGold, KaratGold Coin and KARATCOINBANK COIN, the owner of this card earns bonus points which can be exchanged for CashGold, KaratGold Coins and KARATCOIN BANK COINS. The KARATCOIN BANK PROFITCARD will be accepted by all point of acceptances CashGold and KaratGold Coins which are already existing. Immediately after its introduction, KARATCOIN BANK will provide the first 1,000,000 purchaser of the KARATCOIN BANK PROFIT CARD with particularly favorable conditions for the purchase of CashGold.

The KARATCOINBANK COIN is a payment and utility coin. It shall become the predominant payment means within the KARAGOLD BANK WORLD, entitling its owners to receive bonuses and discounts if payments are made with the KARATCOINBANK COIN. It can be transferred borderless, cost-efficiently, securely and in real-time. The KARATCOINBANK COIN is based on the Ethereum blockchain protocol. Therefore, it is safe, cost-efficient and fast, and allows for the use of smart contracts.

1.2 Background

The KaratGold Coop., the Karat Coin Bank in Miami and its owner Harald Seiz introduced in April/May 2018 the KaratGold Coin a new »Cryptocurrency« based on ERC20 blockchain technology. This coin is linked to physically deposited gold in the form of the so-called CashGold, a true gold standard. A certain number of KaratGold Coins can be exchanged for the corresponding amount of CashGold at any time.

The idea for the creation and establishment of the KaratGold Coin was to set a counterpoint to the global payment system. The finding was that the current payment system, which is controlled by conventional banks, is inefficient, inhomogeneous, fragmented, expensive and time consuming. Furthermore, the tender currencies used as payment means are mainly based on the trust that governments of the respective countries are stable and provide an economy that satisfies the value of the tender currencies issued. However, they can simply increase the number of their respective currencies, if there is a need for it. This leads to inflation and people losing their money.

The question was whether there is a possibility to offer the world a better, more trustworthy payment means.

KaratGold, together with the KaratGold Ecosystem, has developed a globally workable solution: a solution connected to gold. Gold has a stable and generally accepted value and is one of the oldest payment means. While, in former times, it was used as a payment means in the form of gold coins, the KaratGold Ecosystem has developed the CashGold and the KaratGold Coin.

With the KaratGold Coin and the KaratGold Ecosystem, everybody can pay for goods and services anywhere and anytime. In addition, the CashGold can be used as a gold bearing note similar to bank notes.

The KaratGold Ecosystem will comprise the following functions, services and applications:

- KaratGoldk Coin
- Karatbit Foundation
- CashGold
- KaratGold
- eWallet KaratPay
- Karat Points of Acceptance



In order to complete this ecosystem and to make the gold coverage of the KaratGold Coin manageable for everyone, the Karat Coin Bank shall be established. This cryptocurrency bank will be incorporated in Miami, USA. The company, which will operate the bank, has already been formed. The application for the financial institution license is in process and will be held by a New Zeland affiliated company.

CASHGOLD

State-of-the-Art Security

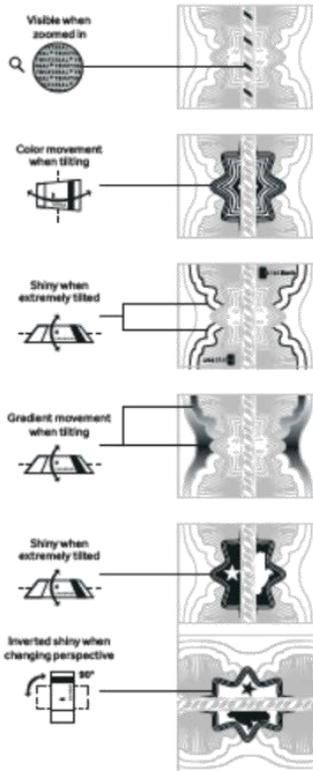
CASHGOLD provides maximum safety features comparable to those described by the European Technical and Scientific Centre (ETSC).

Each CASHGOLD will be protected against counterfeiting due to the use of state-of-the-art visible and invisible security features, which are extremely difficult to copy. Our security features in detail:



KINEGRAM®

The KINEGRAM® security element we use for our CASHGOLD consists of a proprietary, non-holographic, vector-based technology. This enables the currently best and most secure solutions for product safety (In cooperation with KURZ, a worldwide leader in hot stamping and coating technology).



Nanotext (TRUSTSEAL®, matte)

The text „TRUSTSEAL“ appears in the field, which appears grey and colorless in the central viewing position, with letters that are ~75 microns (~0,075 mm) in height. This additional security feature can be verified using a magnifying glass (min. 8x) or a microscope.

Color Movement

By tilting the design about the vertical axis, resp. from left to right, a color movement in the indicated area can be seen.

Diffractive Black

The Logo and the indicated design elements appear dark in contrast in nearly all viewing positions. By tilting the TRUSTSEAL® security device about the horizontal axis and viewing the sample at an oblique angle, the design elements appear in a bright blue-green color.

Dynamic Matte

A stylized image of the indicated outline and the background in various shades of grey can be seen in the central viewing position. When the sample is tilted left and right, that is, about the vertical axis, the shades of grey are seen to vary and the image of Outline and the Background appear to change dramatically.

Latent ConTrust

This effect is superposed over the entire TRUSTSEAL® design in a second independent plane. When the TRUSTSEAL® design is tilted strongly forward, the images of the Star and the Bird appear bright against a dark background. When the TRUSTSEAL® in the oblique position is rotated by 90°, the contrast will flip; the back-ground now appears bright while the images of the Star and the Bird are dark.

BLACKLIGHT™

Every piece of CASHGOLD is provided with precise black-light markings which are only visible in UV light. Requires an UV light source for verification.

DNA™

Every gold bar is imprinted with security DNA. The unique code on the DNA can be verified with our optional SDNA-Reader - no complicated forensic investigation necessary.

All products and technologies described (except for *) are subject to copyright or industrial property rights owned by OVD Kinegram® and KURZ (as of 2016).



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1.3 ICO Details

This Whitepaper highlights the key stages and features of the KARATCOINBANK WORLD ecosystem and the future trajectories in which all products and services will be developed.



Further details of the ICO and the potential benefits of the KARATCOINBANK COIN ownership are provided below. The binding terms and provisions of the KARATCOINBANK COIN sale will be outlined in the Terms & Conditions provided at <https://karatcoinbank.io/> (the “Website”).

The KARATCOINBANK COIN ICO will be made available at: www.karatcoinbank.io

Maximum KARATCOINBANK COINS produced (technical limit): 50 billion

Maximum KARATCOINBANK COINS for sale: 50 billion

Fundraising goal: USD 1.0 billion

Pre-ICO: 4th of July 2018 (00:00 CET) – 4th of September 2018 (23:59 CET)

ICO: 4th of September 2018 (00:00 CET) – 4th of September 2019 (23:59 CET)

KARATCOINBANK COINS sold during the ICO will immediately be distributed to the provided address inside the KARATCOINBANK COIN Client Area and be made visible and accessible at the KaratGold eWallet.

Name of the Coin: KARATCOINBANK COIN

Ticker Symbol: KCB

Currency Symbol Image: KCB

Price Pre-ICO: 1 KCB for USD 0.07

Minimum Purchase: 1,000 KARATCOINBANK COINS

Secured methods of KARATCOINBANK COIN purchase: Bitcoin (BTC), Ethereum (ETH) and FIAT payments

Accepted Nationalities: Every nationality, except: United States of America citizens, residents (tax or otherwise) or green card holders, as well as residents of Canada, the Republic of Singapore, Japan, South Korea or the Socialist Republic of Vietnam. The United States of America includes Puerto Rico, the U.S. Virgin Islands, and any other possessions of the United States. More information in the Terms & Conditions of the ICO.

1.4 Bonus System Pre-ICO

Depending on the day of purchase during the Pre-ICO period, a bonus will be granted. The bonus will be paid in the form of the transfer of additional KARATCOINBANK COINS. In case that the calculation of the bonus results in a split of a KARATCOINBANK COIN, the KARATCOINBANK COIN will be rounded up. The bonus will be granted as follows:

Event	Date	Percentage %
Pre - ICO	4 th (00:00 CET) – 11 th (23:59 CET) of July 2018	40%
Pre - ICO	11 th (00:00 CET) – 18 th (23:59 CET) of July 2018	38%
Pre - ICO	18 th (00:00 CET) – 25 th (23:59 CET) of July 2018	36%

Pre - ICO	25 th (00:00 CET) of July – 1 st (23:59 CET) of August 2018	34%
Pre – ICO	1 st (00:00 CET) – 8 th (23:59 CET) of August 2018	32%
Pre – ICO	8 th (00:00 CET) – 15 th (23:59 CET) of August 2018	30%
Pre – ICO	15 th (00:00 CET) of August – 22 nd (23:59 CET) of August 2018	28%
Pre – ICO	22 nd (00:00 CET) – 29 th (23:59 CET) of August 2018	26%
Pre – ICO	29 th (00:00 CET) of August – 4 th (23:59 CET) of September 201	24%

1.5 Bonus System ICO

Depending on the day of purchase during the ICO period, a bonus will be granted. The bonus will be paid in the form of the transfer of additional KARATCOINBANK COIN. In case that the calculation of the bonus results in a split of an KARATCOINBANK COIN, the KARATCOINBANK COINS will be rounded up. The bonus will be granted as follows:

Event	Date	Percentage %
ICO	4 th (00:00 CET) of September – 4 th (23:59 CET) of October 2018	22%
ICO	4 th (00:00 CET) of October – 4 th (23:59 CET) of November 2018	20%
ICO	4 th (00:00 CET) of November – 4 th (23:59 CET) of December 2018	18%
ICO	4 th (00:00 CET) of December 2018 – 4 th (23:59 CET) of January 2019	16%
ICO	4 th (00:00 CET) of January – 4 th (23:59 CET) of February 2019	14%
ICO	4 th (00:00 CET) of February – 4 th (23:59 CET) of March 2019	12%
ICO	4 th (00:00 CET) of March – 4 th (23:59 CET) of May 2019	10%
ICO	4 th (00:00 CET) of May – 4 th (23:59 CET) of June 2019	8%
ICO	4 th (00:00 CET) of June – 4 th (23:59 CET) of July 2019	6%
ICO	4 th (00:00 CET) of July – 4 th (23:59 CET) of August 2019	4%
ICO	4 th (00:00 CET) of August – 4 th (23:59 CET) of September 2019	2%

2. REGULATORY, REPORTING & RISK FACTORS

2.1 Regulatory

The KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem comprise a large set of activities that may be subject to regulatory scrutiny in various territories. To the extent required by the respective applicable laws, activities undertaken, and services performed shall be regulated. However, it cannot be excluded that the need of a regulation will not be recognized for a number of reasons. The KARATBIT FOUNDATION, which issues the KARATCOINBANK COIN and is based in Belize, is unregulated.

The legal structure set up for the ICO and the post-ICO area has been and will be constantly reviewed and approved by the legal advisors of the KARATBIT FOUNDATION to ensure that they are compliant with the existing laws and regulations. As far as the KARATBIT FOUNDATION or its advisors will encounter legal uncertainties, these will be resolved with the responsible regulatory bodies involved to the extent legally possible and practicable. By sorting out any legal or regulatory exposures from the very beginning, the group is aiming for full transparency towards investors as well as regulators in order to achieve the highest level of investor confidence as well as legal and regulatory compliance possible.

2.2 Reporting

The KARATBIT FOUNDATION will provide a reporting structure that gives holders of the KARATCOINBANK COIN appropriate transparency on what has been achieved with the proceeds from the ICO, as well as the status of the projects. The KARATBIT FOUNDATION will provide coin holders with the most current information which will be made accessible on its website and will include:

2.2.1 Use of ICO proceeds

- Establishment and development of KARATCOIN BANK
- Development iT-Platform for the KARATCOIN BANK
- Development of the KARATCOIN BANK CREDITCARD
- Investment in the KBC FOUNDATION GOLDMINE in Madagascar
- Global roll out of KARATCOINBANK ATMs
- Development of KARATGOLD PROFITCARD
- Formation of the KARATGOLD SECURITY HOUSE and cooperation with FORT KNOX
- Development of KARATPAY
- Establishment of the KARATGOLD EXCHANGE
- Marketing
- General expenses
- Other costs

2.2.2 Project Milestones

- Reporting of project status and milestones

2.3 Risk Factors

The purchase of the KARATCOINBANK COIN involves a high degree of risk, including but not limited to the risks described below. Before acquiring the KARATCOINBANK COIN, it is recommended that each participant carefully weighs all the information and risks detailed in this Whitepaper, and, specifically, the following risk factors. Please, further note that the KARATCOINBANK WORLD ecosystem may be subject to other risks not foreseen and the risk of a total loss of the funds invested in the KARATCOINBANK COIN cannot be excluded.

2.3.1 Dependence on Computer Infrastructure

The KARATCOINBANK WORLD ecosystem depends on the functioning of the software applications, computer hardware, and the internet. This implies that no assurances can be given that a system failure

would not adversely affect the use of the KARATCOINBANK COIN. Despite the intended implementation of all reasonable network security measures, the processing center servers are vulnerable to computer viruses, physical or electronic break-ins or other disruptions of a similar nature. Computer viruses, break-ins or other disruptions caused by third parties may result in interruption, delay or suspension of services, which would limit the use of the KARATCOINBANK COIN.

2.3.2 Smart Contract Limitations

Smart contract technology is still in its early stages of development, and its application is of an experimental nature. This may carry significant operational, technological, regulatory, reputation and financial risks. Consequently, it cannot be ensured that smart contract to the extent used will properly work or that it contains no flaws, vulnerabilities or issues which could cause technical problems and, thereby causes damages.

2.3.3 Insufficient Penetration of the Market

The success of the KARATCOINBANK COIN depends on the ability to be accepted as a payment means by a substantial number of users within the KARATCOINBANK WORLD ecosystem banking & finance system. Although the KARATCOINBANK COIN has access to the KaratGold Ecosystem and thereby access to far more than 480,000 people who invested in Gold and in the KARATGOLD COIN, it cannot be excluded that the required penetration of the global market and a substantial market capitalization of the KARATCOINBANK COIN will not be achieved. For example, users might not be convinced that the KARATGOLD BANK and the other elements of the KARATCOINBANK WORLD ecosystem is attractive for its use by consumers worldwide and preferable in comparison to other payment means and cryptocurrencies, or it may turn out that the use of the KARATCOINBANK COIN is not convenient because the number of points of acceptance will not be sufficient. In such case, the value of the KARATCOINBANK COIN would suffer; also, a total loss cannot be excluded.

2.3.4 Risk of the establishment of KARAT COIN BANK

The KARAT COIN BANK shall be established as the first fully blockchain based global bank dealing with cryptocurrencies and digitized assets. Since this bank shall render the full scale of cryptocurrency services, it needs to be furnished with a full banking license. There is the risk that the competent financial market supervisory authorities will not approve the operation of such a bank. In particular, the risks related to cryptocurrencies, e.g. their high price volatility, money laundering issues, could be a reason for the rejection of the approval of the application of the required banking license. If this risk totally or partially materializes, a total loss of investment can be suffered. Furthermore, even if the KARAT COIN BANK will be approved, it cannot be excluded that the approval will be revoked later on because of mismanagement, insufficient risk management or because of a lack of compliance with anti-money laundering or other laws and regulations. Also such under such circumstances one has to face the risk of a total loss.

2.3.5 Risk of KARATCOINBANK CREDITCARD

The KARAT COIN BANK intends to offer its own creditcard in cooperation with Mastercard and Visa. However, it cannot be excluded that Mastercard and Visa will not be prepared to cooperate with KARAT COIN BANK. Possible reasons therefor could be, in particular, but not limited to, the general risks related to cryptocurrencies, e.g. non-compliance with anti-money laundering requirements, security risks related to transaction with cryptocurrencies. If this risk materializes, the banking services rendered by the KARAT COIN BANK would not be complete. This could detrimentally affect the credibility and acceptance of the KARAT COIN BANK. As a result, the price of the KARATCOINBANK COIN could suffer. A total loss cannot be excluded.

2.3.6 Risks related to the KARATGOLD PROFITCARD

The KARATGOLD PROFITCARD shall provide its users with bonus point if they use it for payments. However, merchants, vendors and servicers could reject to accept this card because they are already bound by other bonus cards providers, the lack of profitability or the value risks in case of an acceptance of this card. All these circumstance could have an negative influence on the general acceptance of the KARATCOINBANK COIN and, lead to a decrease of its price and, finally, to a total loss.

2.3.7 Risks related to the KBC FOUNDATION GOLD MINE

The KBC FOUNDATION GOLD MINE is located in Madagascar and shall produce gold that will be required by the KaratGold Ecosystem. For example, the gold shall be used for the CASHGOLD, which shall have a link to the KaratGold Coin. Whether and to which extent the gold mine exists, whether its managers are professional, how the license situation is and whether it will produce substantial quantities of gold and at market conform prices, is open. Therefore, there is the risk that this gold mine will not provide the sufficient supply for the KaratGold Ecosystem or at prices that are not reasonable. If such risks materialize, the KaratGold Ecosystem and with it the KaratGold Coin as well as the KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem could collapse. A total loss of the funds invested in the KARTCOINBANK COIN could be the consequence.

2.3.8 Risks related to the KARATGOLD EXCHANGE

The KARATGOLD EXCHANGE shall be developed in order to facilitate exchanges of CashGold, KaratGold Coin, KARATCOINBANK COIN and other cryptocurrencies and FIAT currencies. This exchange shall be integrated into the KARAT COIN BANK, the KARATCOINBANK WORLD ecosystem and the KaratGold Ecosystem. Such exchange has also to be approved by the competent authorities. Whether and under which conditions such an exchange will be approved in the future, is uncertain. Since this exchange is also a key element of the KARATCOINBANK WORLD ecosystem, the failure to establish this exchange would have a detrimental effect on the value of the KARATCOINBANK COIN. A total loss cannot be excluded.

2.3.9 Risks related to the KARATGOLD ECOSYSTEM

The KARATCOINBANK WORLD is complementary to the KaratGold Ecosystem. While the KaratGold Ecosystem shall provide for the KaratGold Coin as a CashGold linked payment system, the KARATCOINBANK WORLD with the KARATGOLD BANK shall serve the following two functions:

- Rendering the services of the first full blockchain based and cryptocurrencies related bank which shall become the core of the global cryptoworld banking system; and
- Execution of treasury functions for the KaratGold Ecosystem and the cryptocurrencies, in particular, safekeeping of the gold and CashGold (including holding the gold mine in Madagascar) on which the KaratGold Ecosystem is based will be deposited with or held (directly or indirectly) by the KARATGOLD BANK.

The KARATCOINBANK COIN will be usable within the KaratGold Ecosystem and the KaratGold Coin will be used within the KARATCOINBANK WORLD ecosystem. Therefore, there exists an interdependency between the two coins and ecosystems. If the one system is failing, the other will be affected by this. For example, the risk that the KaratGold Coin might not be covered or linked to CashGold or other forms of gold, could influence the value of the KARATCOINBANK COIN, because the realization of the aforementioned

risk could at least cause destabilization and a crisis of trust in both coins and system. This could lead to a total loss of the funds invested in the KARATCOINBANK COIN.

2.3.10 Regulatory Risks

Blockchain technology, including but not limited to the issue of coins, may be a new concept in some jurisdictions, which may then apply existing laws or introduce new regulations regarding Blockchain technology-based applications, and such regulations may conflict with the current KARATCOINBANK COIN and KARATCOINBANK WORLD ecosystem concept. This may result in the need to make substantial modifications, and the suspension or termination of all KARATCOINBANK COIN functions. It cannot be ruled out that services and projects described in this document will have to be adjusted or modified in certain countries because of the regulatory environment. It also cannot be ruled out that some services will be impossible to provide in certain jurisdictions. This can cause a total loss of the invested funds in the KARATCOINBANK COIN.

2.3.11 Taxes

Holders of the KARATCOINBANK COIN may be required to pay taxes associated with the transactions contemplated herein. It will be a sole responsibility of KARATCOINBANK COINs holders to comply with the tax laws of the jurisdictions applicable to them and pay all relevant taxes.

2.3.12 Force Majeure

The performances under the KARATCOINBANK WORLD ecosystem may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this Whitepaper, force majeure shall mean extraordinary events and circumstances which could not be prevented and shall include acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged short-age or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond KaratBit Foundation's control, which were not in existence at the time of Whitepaper release.

2.3.13 Disclosure of Information

Personal information received from holders of the KARATCOINBANK COIN, the information about the number of coins owned, the wallet addresses used, and any other relevant information may be disclosed to law enforcement, government officials, and other third parties when the KARATBIT FOUNDATION is required to disclose such information by law, subpoena, or court order. The KARATBIT FOUNDATION shall at no time be held responsible for such information disclosure.

2.3.14 Value of KARATCOINBANK COIN

Once purchased, the value of the KARATCOINBANK COIN may significantly fluctuate due to various reasons. The investment in the KARATCOINBANK COIN can even lead to a total loss.

There is no guarantee that users can acquire sufficient KARATCOINBANK COINs for their usage within the KARATCOINBANK WORLD ecosystem and external platforms and neither is there a guarantee that users can cash out their KARATCOINBANK COINs via external platforms. Furthermore, every KARATCOINBANK COIN holder naturally carries the risk of volatile exchange rate fluctuations of the KARATCOINBANK COIN towards both other cryptocurrencies and Fiat money exchange rates.

2.3.15 Bitcoin and Ethereum Volatility

The KARATCOINBANK COIN may be significantly influenced by digital currency market trends and the KARATCOINBANK COIN value may be severely depreciated due to non-KARATCOINBANK COIN related events in the digital currency markets. Cryptocurrencies exchange rate volatility may impact the

company's ability to provide services at the indicated prices. Assumptions with respect to the foregoing involve, among other things, judgments about the future economic, competitive and market conditions and business decisions, most of which are beyond the control of the KARATCOINBANK COIN team and are therefore difficult or impossible to accurately predict.

2.3.16 Lack of funds from ICO proceeds

The KARATBIT FOUNDATION may not reach the target sale amount and may not have sufficient funds to execute its business plan. Furthermore, the KARATBIT FOUNDATION may not succeed in creating the necessary momentum and acceptance for the KARATCOINBANK COIN, which may result in low liquidity and depletion of trades. The positions and plans outlined in this Whitepaper may be altered as the project progresses. It cannot be excluded that because of a lack of funds the KARATGOLD BANK or other substantial elements of the KARATCOINBANK WORLD ecosystem cannot be established. Each of these circumstances can cause a total loss of the invested funds.

2.3.17 Delayed Projects & Competition

Although the KARATCOINBANK COIN team believes that its assumptions underlying its forward-looking statements are reasonable, any of these may prove to be inaccurate. As a result, the forward-looking statements contained in this Whitepaper could prove not to be accurate. In light of the significant uncertainties inherent in the forward-looking statements contained herein, the inclusion of such information may not be interpreted as a warranty on the part of the KARATBIT FOUNDATION or any other entity belonging to the KARATCOINBANK WORLD ecosystem that the objectives and plans of the KARATCOINBANK COIN project will be successfully achieved.

Competition may introduce the same or better prediction market solutions and cause the KARATBIT FOUNDATION to lose market share and eventually fail to deliver on its business goals.

Each of these circumstances can cause a total loss of the invested funds.

2.3.18 Non-compliant use or misuse of funds generated

Funds generated by the KARATCOINBANK ICO shall be used in compliance with this Whitepaper. However, for different reasons, the generated funds may not be distributed accordingly. The order of as well as the amounts of the distributions may be changed. This may be caused for good reason, but also because of negligence. Also the misuse of the generated funds cannot be excluded. This may harm the value of the KARATCOINBANK COIN and lead to a total loss of the invested amounts.

2.3.19 Non-realization of the KARATCOINBANK WORLD ecosystem or parts thereof

The establishment and operation of the KARATGOLD BANK, the KARATCOIN EXCHANGE, the KARATCOINBANK DEBIT CARD, the KBC GOLD MINE, the KARATGOLD SECURITY HOUSE. The KARATCOINBANK ATMs, the KARATPAY and the KARATGOLD PROFITCARD can fail for regulatory reasons, for reasons of insufficient financial means, because of a poor management, the non-availability of appropriate managers or other human resources and for other reasons.

2.3.20 The total loss risk

There is a risk that investments in the KARATCOINBANK COIN lead to a total loss of the invested capital for each of the reasons mentioned above or for any other reason.

3. THE VISION & MISSION OF THE KARATCOINBANK WORLD

The vision and mission is to establish the KARATCOIN BANK WORLD ecosystem catering the needs of a fully blockchain based and cryptocurrencies oriented banking & finance system. It shall comprise a first fully licensed cryptobank, the KARAT COIN BANK. It shall provide accounts for everybody in cryptocurrencies and make transaction in cryptocurrencies available in the future. Also digitized securities, commodities and other assets shall be managed by this bank in favor of its customers. It will provide credit, debit and cash back cards, operate a securities house for the safekeeping of gold and cryptocurrencies and other assets. Also the asset management of digitized assets and cryptocurrencies shall be possible in the future.

Through the Karat Coin bank we will cover the KBC coin with gold. Each coin will be covered with 0,1 gram of the gold 999,9 purity. The KARAT COIN BANK will use 20% of proceeds in ICO phase and after ICO phase it will use 30% from profit to buy gold which will be used for covering KBC coin.

In particular, the KARATCOINBANK WORLD ecosystem shall comprise a gold mining company and operate KARATCOINBANK ATMs worldwide. All these applications and functions have a background. It is the KaratGold Ecosystem to which it will be complementary. The KaratGold Ecosystem will accept the KARTCOINBANK COIN and the KARTCOINBANK WORLD ecosystem will accept the KaratGold Coin. While the KaratGold Ecosystem is more focused on the provision of a CashGold linked mass suitable payment system, the KARATCOINBANK WORLD ecosystem will serve the functions of full blockchain based cryptofriendly banking & finance service and of a treasury of the KaratGold Ecosystem. It will hold in safekeeping the KBC GOLD MINE and other assets which play a relevant role within the KaratGold Ecosystem.

On the long run, the purpose of the GOLD MINE “Fort Dauphin” in Madagascar is to produce gold for the supply of the KaratGold Ecosystem with the idea to provide for the gold coverage of a virtual currency belonging to the KARATCOINBANK WORLD and the KaratGold Ecosystem which will be made available for an exchange under certain conditions which will be determined in the future.

4. PATENT AND TRADE MARK RIGHTS

Currently, the following patent and trade mark rights for CashGold/KaratGold/KaratPay are available:

Property Right	Country	Date of registration	
CashGold: Patent Right	Germany	14 December 2016	
CashGold: Patent Right	USA	18 January 2017	
CashGold: Word Mark	USDopean Union	2014	Reg.No. 015910672
CashGold: Word & Figurative Mark	USDopean Union	2014	Reg.No. 16068521
CashGold: Design Protection 0.1 Gram	Germany	2015	
CashGold: Design Protection 0.2 Gram	Germany	2015	
CashGold: Design Protection 0.4 Gram	Germany	2015	
CashGold: Design Protection 0.6 Gram	Germany	2015	
CashGold: Design Protection	Canada	2017	
CashGold: Design Protection	China	2017	
CashGold: Design Protection	Australia	2017	
CashGold: Design Protection	Argentina	2017	
CashGold: Design Protection	Brazil	2017	
CashGold: Design Protection	Mexico	2017	
CashGold: Design Protection	USA	Application for registration	
CashGold: Design Protection	EU	Application for registration	
CashGold: Design Protection	EU	2016	
KaratPay: Word Mark	EU	2016	
KaratGold: Word Mark	EU	2016	

5. THE KARATCOINBANK WORLD ECOSYSTEM

5.1. Overview

The global financial and banking systems are controlled by conventional banks. Their service is mainly aligned with traditional financial products and FIAT currencies. In this conventional financial and banking systems, central banks are the institution responsible for the monetary policy of a currency area or state. This currency-specific and regional limitation restricts its room for maneuver with regard to currencies that are outside these limits. In particular, alternative currencies such as digital currencies that have established themselves outside of this conventional financial and banking systems lack the direct link to such systems. However, with increasing acceptance and dissemination of these alternative currencies a connection to such systems or alternative systems is becoming increasingly important in order to offer users an added value compared to traditional financial products and FIAT currencies.

To close this gap in demand, the vision and the concept of the KARATCOINBANK WORLD ecosystem has been developed, where the KARAT COIN BANK shall become the first globally acting crypto services which uses to the fullest extent possible the blockchain technology for the rendering of its crypto banking services. In order to create a holistic and sovereign system, the integrated safety-preservation concept with treasury functions shall protect this ecosystem from external influences and irritations.

With the KARATCOINBANK COIN as the gateway to and planned future predominant payment means of the KARATCOINBANK WORLD ecosystem, everybody can pay for goods and services anywhere and anytime.

The KARATCOINBANK WORLD ecosystem will comprise the following functions, services and applications:

- KARAT COIN BANK
 - KARATBIT FOUNDATION
 - GOLD MINE
 - KARATGOLD SECURITY HOUSE
- KARATPAY
 - KARATGOLD EWALLET
 - KARATGOLD EXCHANGE
 - KARATCOINBANK ATMs
 - KARATCOIN BANK PROFITCARD
 - KARATCOINBANK COIN

5.2 KARATCOIN BANK

The KARAT COIN BANK shall become the first globally acting crypto bank which uses to the fullest extent possible the blockchain technology for the rendering of its services. It will provide crypto bank accounts for the crypto industry, e.g. for cryptocurrency exchanges, for merchants and servicers and, in particular, the KARATCOINBANK COIN and the KaratGold Coin. These accounts shall also be provided for CashGold transactions. As the world's principal cryptobank, it will manage accounts in CashGold, KaratGold Coins, KARATCOINBANK COINS and in virtually all other cryptocurrencies and FIAT currencies. Furthermore, it will render asset management services with respect to cryptocurrencies and other blockchain based or digitized assets, including issuance of certificates based on a basket of cryptocurrencies and offering of funds which invest in cryptocurrencies or digitized securities commodities or other assets. Also financing of investments related to cryptocurrencies or blockchain based technologies and applications shall become a part of the business of the KARAT COIN BANK. It will be an acquiring bank providing a debit card, the so called KARATCOINBANK CREDITCARD (license contract with Mastercard and Visa Card to be concluded) in order to facilitate that merchants and servicers can offer and accept credit cards. Also a cash

back card shall be offered by KARAT COIN BANK under the name of KARATCOIN BANK PROFITCARD. In addition, KARAT COIN BANK will install and globally operate KARATCOIN BANK ATMs accepting the CashGold, KARATCOINBANK COIN and the KaratGold Coin, but also other cryptocurrencies. Finally, it will establish and hold the KARATGOLD SECURITY HOUSE as well as the KARATPAY.

5.3 KARATBIT FOUNDATION

The KARATBIT FOUNDATION is a foundation established under the law of Belize. It is the issuer of the KARATCOINBANK COINS and the editor of this Whitepaper. It takes the responsibility for the correctness and completeness of all what is set forth the Whitepaper and oversees and manages the KARATCOINBANK WORLD ECOSYSTEM.

It has created the 50 billion KARATCOINBANK COINS and guarantees that these coins are based on the Ethereum blockchain protocol and that the number of coins is limited by encryption.

The KARATBIT FOUNDATION does not have shareholders. It is a self-regulated organism having a foundation board and a foundation charter. The foundation board consists of the following 3 persons: Michael Frank (Chief IT Officer), Thomas Peter Brenner (Director of International Affairs) and Thomas Valet (Project Management).

5.4 KBC FOUNDATION GOLDMINE

The GOLD MINE “Fort Dauphin” shall be acquired by KARAT COIN BANK in the future and invest at least USD 500 million. It is located in the southeastern part of Madagascar, more precisely in Anosy region, districts of Ambosary Atsimo, in the rural commune of Tranomaro where the mining permits of type PE n 15745 and n 39756 are spread over an area of 75 km². The Anosy region is known for its gold resources. Experts estimate the local gold production volume there for the next ten years at over 6,000 tons of gold. In addition to gold, the mine also has deposits of copper and silver. Total reserves are estimated to be 22,123.41 tons of copper, 36,241.41kg of silver and 22,987.41kg of gold. The end of the mining activities is forecasted around the year 2070.

The mine is already producing but is not yet fully developed. It is expected to complete the construction and an increase of the capacity by the end of 2018. Then almost 700 skilled workers shall be employed daily to mine the gold deposits, to process them in the mine's own refinery and to initiate further transport of the noble metal for its storage. Produced gold shall be safe kept by the KARATGOLD SECURITY HOUSE in cooperation with FORT KNOX.

The gold extracted from the GOLD MINE shall serve the consistent increase of the bank's gold reserves and thereby preserve its full capacity to act and its sovereignty for the purposes of maintaining the KaratGold Ecosystem. In addition, the participation in further gold mines around the world is planned as well as the continuous purchase of gold from other sources.

5.5 KARATGOLD SECURITY HOUSE

The KARATGOLD SECURITY HOUSE is a future subsidiary of KARAT COIN BANK and will act as a security house for the storage of produced gold, the KARATCOINBANK COIN and the KaratGold Coin and other cryptocurrencies. The own security house shall serve the protection of the KARATCOINBANK WORLD ecosystem and protect it from manipulation and other negative external influences. The goal in this way is to ensure independence and own ability to act with the best possible deposit security.

The renowned security company FORT KNOX shall become a cooperation partner in the future in order to meet highest security standards with respect to the storage of gold and other assets. Negotiations are

ongoing with representatives of FORT KNOX. Furthermore, own secure depots and storage facilities for the gold shall be arise under the direction of the security house, among others in Germany.

5.6 KARATPAY

KaratPay is currently a subsidiary of Karatbars Singapore. It operates as an online platform which has been developed by Karatbars International GmbH. Currently, it facilitates the electronic registration of the CashGold. If someone wants to exchange the KaratGold Coins into CashGold, they need to transfer 10,000 or a multiple of it to the KaratGold eWallet and register the 0.1g CashGold or the respective multiple; thereafter, the CashGold will be delivered.

The previous planning of the Karatbars Singapore, as the current owner, is that in the future, it will facilitate the electronic transfer of the KaratGold Coin, as well as the application for an exchange of KaratGold Coins into CashGold. KaratPay will also be available as KaratPay App for Android mobile phones.

CashGold, which forms the basis of the KaratPay system, is integrated as follows:



0.1g of gold = 1 Unival = Unit Value (measurement unit)

0.1g of gold = 1000 Micro = Micro Value (measurement unit)

In order to make use of the KaratPay system, one has to open a KaratPay account. This can be easily done free of charge by accessing the website www.karatpay.net. After the registration, it is possible to purchase CashGold at any time, and to electronically transfer it to anybody, anywhere. It is also possible to request the transfer of physical CashGold via the KaratPay account. The ordered CashGold will be delivered by courier (FedEx, DHL, etc.) or can be picked up at one of the points of acceptance; this network will be constantly increased and extended to 120 different countries.



CashGold can be purchased through immediate bank to bank transfers or by using Bitcoins or other acknowledged cryptocurrencies. KaratPay accounts can be credited and used for payments either online, or at the different points of acceptance.

5.6.1 KaratPay Transaction Cost Structure

- 1) Payments into KaratPay account via immediate bank to bank transfer: FREE
- 2) Transfers account to account: 0.5% of the transaction amount
- 3) Payments to online merchants: 1.5% of the transaction amount
- 4) Purchase and delivery of CashGold: 2.0% of the transaction amount

The APIs for the technical integration of merchants and servicer are already prepared. Therefore, shops and online shops as well as service providers can be connected and accept payments with CashGold. In case of a payment, the price will be displayed in tender currency as well as in CashGold.

The KARATPAY shall be acquired by KARAT COIN BANK and, thereafter, in shall be integrated in the crypto banking & finance services provided by the KARATCOIN BANK and, furthermore, it shall expand its range of services to a blockchain based payment system. On a midterm basis, it shall become a global

payment system processing FIAT and cryptocurrencies, but in particular KARATCOINBANK COIN and KaratGold Coins as well as CashGold.

5.7 KARATGOLD E-WALLET

The KARATCOINBANK COIN will be transferred into and via the KaratGold eWallet for the use within the KARATCOINBANK WORLD ECOSYSTEM and the KaratGold Ecosystem. It will facilitate that the user can conveniently convert KaratGold Coin (KBC), Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC), Dash, XEM or FIAT from one to another, and from and into the KARATCOIN BANK COIN by simply using his personal KaratGold eWallet. The planned application facilitates the storage of the mentioned cryptocurrencies, the easy management of crypto-portfolios, simple transfers of funds between peers, and a multitude of other functionalities.

The KaratGold eWallet plays a central role in the KARATCOINBANK WORLD ecosystem. It serves as a secure wallet for its users, which allows for the deposit and exchange of cryptocurrencies and fiat money. The KARATCOIN BANK COIN will serve as the universal base currency, as well as all upcoming products within the KARATCOINBANK WORLD ecosystem. The web, and later mobile application, will facilitate all functionalities of the KARATCOINBANK WORLD ecosystem. Moreover, the KaratGold eWallet will be connected to the leading crypto-exchanges.

KaratGold eWallet is a web app blockchain-based wallet that permits users to buy, sell, hold and manage various cryptocurrencies together with cryptonymized assets. The wallet allows users to make P2P transfers and companies to make B2B transactions. The wallet is free to download at KaratGold.io. Users will also be able to download the wallet after they complete the ICO registration process. After downloading the wallet, they can create an account and receive a private key. The private key and password users create will give them access to the wallet. The wallet has an interface that is user-friendly and simple to operate. Users do not need to have a bank account to set up a KaratGold eWallet account. The interface allows users to connect and communicate with nodes on the Ethereum network. The information that is displayed on the KaratGold eWallet is information that is received from the nodes. The wallet is secure by design, has a decentralized consensus and can be backed up. KaratGold eWallet is also a blockchain explorer for the KARATCOINBANK WORLD ECOSYSTEM and the KaratGold Ecosystem. Being a blockchain explorer, users can view their history of transactions. This creates a transparent ecosystem that detaches the need of financial reporting. The KaratGold eWallet addresses are base-32 encoded. The wallet has innovative online banking encryption standards.

The wallet can be utilized for personal use through private accounts. Simultaneously, it can be used for large scale business purposes via multi-signature accounts.

5.7.1 KARATGOLD EWALLET Functions

The product advantages of the KaratGold eWallet are the following:

- Multi-asset (compatible with major cryptocurrencies and accepted by the KaratGold eWallet)
- Best available foreign exchange and transaction fees (with no other charges)
- Decentralized and risk-free storage
- Personal accounts for private purposes
- Multi-signature accounts for large scale businesses
- KaratPay will be connected to the KaratGold eWallet

5.8 KARATGOLD EXCHANGE

The KARATGOLD EXCHANGE will be established as a subsidiary of KARAT COIN BANK. It will facilitate the exchange of CashGold for FIAT currencies, KaratGold Coin and KARATCOINBANK COIN and other cryptocurrencies. In this way, the KARATCOINBANK WORLD ecosystem offers its participants a holistic solution to operate and manage across currencies and assets. It creates an integrated secure platform where participants are provided with the required exchange services to participate in this new financial system.

5.9 KARATCOINBANK ATMs

The KARATCOINBANK ATM accepting CashGold, KaratGold Coin and KARATCOINBANK COIN and other cryptocurrencies as well as FIAT currencies shall be installed and operated by KARAT COIN BANK. The goal is a dense network of around 10,000 ATMs worldwide. This way, it shall give users the same convenience as conventional banks with its ATMs, but with the extension that transaction processing is not limited to FIAT currencies, but also includes new digital currencies.

5.10 KARATCOIN BANK PROFITCARD

The KARATCOIN BANK PROFITCARD is another service rendered by KARAT COIN BANK. It is a “cash-back” card.

If used for payments with CashGold, KaratGold Coin and/or KARATCOINBANK COIN for the payment of fees, which will be charged by the KARAT COIN BANK or other entities of the KARATCOINBANK WORLD banking & finance system (e.g. account opening fees, asset management fees, fees caused by the use of KARATCOINBANK ATMs, investment consultancy fees), the owner of this card earns bonus points which can be exchanged for CashGold, KaratGold Coins and KARATCOINBANK COINS. The “cash-back” bonus points earned amount to 10% for the respective fees charged.

If the KARATCOIN BANK PROFITCARD is used for purchases or services of retail & service POS beyond the KARATCOINBANK WORLD, the user earns 1% “cash-back” bonus points of the KCB turnover caused.

All “cash-back” bonus points earned will be credited to the KARATCOIN BANK PROFITCARD and is exchangeable for CashGold, KaratGold Coins and KARATCOIN BANK COINS.

Further points of acceptances shall follow so that users shall generate a sustainable benefit.

Immediately after its introduction, KARATCOIN BANK will provide the first 1,000,000 purchasers of the KARATCOIN BANK PROFIT CARD with particularly favorable conditions for the purchase of CashGold.

5.11 KARATCOINBANK COIN

A total of 50 billion KARATCOINBANK COINS will be created and issued on the Ethereum blockchain protocol using a smart contract. The KARATCOINBANK COINS will be freely transferable. With its advanced functions and active ecosystem, Ethereum fits the KARATCOINBANK COINS. The coins contain high confirmation speeds and are 99.99% immune to fraudulent activities.

The KARATCOINBANK COINS does not indicate ownership of a company. Therefore, holders of the KARATCOINBANK COINS will neither participate in profits or revenues generated by the KARATCOINBANK WORLD ecosystem, nor any kind of dividends or interest. However, the value of the KARATCOINBANK COIN is expected to strongly increase. The market capitalization of the KARATCOINBANK COIN will reflect the billion USD business of creating the first global cryptoworld banking system and the execution of treasury functions for the KARATCOINBANK WORLD ecosystem and the cryptocurrencies, in particular, safekeeping of the gold and CashGold (including holding the gold mine in Madagascar) on which the KaratGold Ecosystem is based. The limitations of the conventional banking system and the new opportunities created by cryptocurrencies and the blockchain-technology, which have the need for their own banking system, offer the business concept an incomparable growth potential.

The global acceptance and recognition of cryptocurrencies, the blockchain-technology gold as a safe and secure harbor will make the KARATCOINBANK COIN one of the leading payment means worldwide. Therefore, holders of KARATCOINBANK COIN will not only enjoy protection against inflation and vague governments and economies, but also have the opportunity to participate in the value increase which will be



achieved in the future. Such value increase can be realized by everybody through the sale of the KARATCOINBANK COIN, or through the purchase of goods and services.

The KARATCOINBANK COIN is a speculative digital coin that is available worldwide. It has a quantity commitment of 60 billion coins. The initial price of the KARATCOINBANK COINS applicable in the beginning of the Pre-ICO is USD 0.07. However, depending on the day of purchase during the Pre-ICO period, a bonus will be granted. The bonus will be paid in the form of the transfer of additional KARATCOINBANK COINS.

The KARATCOINBANK COINS will be available on major cryptocurrency exchange platforms such as Poloniex, Bithumb, Bitfinex, Bittrex, etc. The coins will be permitted to float and be traded p2p. The price of the KARATCOINBANK COIN will be determined by market forces and cryptocurrency exchange mechanisms. Users will be able to buy and sell the KARATCOINBANK COIN using fiat currencies and cryptocurrencies. The KARATCOINBANK COIN is integer and is not available in fractional amounts.

The value of the KARATCOINBANK COIN will reflect the degree of penetration of the worldwide payment systems. The more KARATCOINBANK COIN will be used – thus driving customer adoption – the greater the demand for the KARATCOINBANK COIN will be. The popularity of the KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem will most probably grow very fast.

5.2.1 The future advantages of the KARATCOINBANK COIN:

- Gateway to the KARATCOINBANK WORLD ecosystem
- Facilitation of real-time payments anywhere and anytime
- Cost-efficient
- FIAT, Bitcoin and other cryptocurrencies can be used for the purchase of the KARATCOINBANK COIN
- Free and borderless transferable
- Increasing large number of points of acceptance
- Low fees payable by merchants for the use of the KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem

5.2.2 The functions and characteristics of the KARATCOINBANK COIN

The KARATCOINBANK COIN is a means facilitating making mass payments. It is the gateway to the KARATCOINBANK WORLD ecosystem which comprises all elements of a new finance & banking system which is blockchain based. The value of the KARATCOINBANK COIN depends on its future dissemination and acceptance by merchants and servicers. The number of retail & services points of sale (POS) plays a predominant role for its dissemination. Everybody, who purchases the KARATCOINBANK COIN and uses it as a payment means, contributes to its price development. Holders of the KARATCOINBANK COIN are incentivized to make use of the KARATCOINBANK COIN because of the KARATCOINBANK PROFITCARD, which provides for a substantial “cash-back”. Furthermore, each purchaser of the KARATCOINBANK COIN is urged to participate in the KARATCOINBANK REFERRAL PROGRAM, which incentivizes specifically the use of the KARATCOINBANK COIN and the acquisition of POS.

5.2.3 Comparison of KARATCOINBANK COIN with other tokens

The KARATCOINBANK COIN is exchangeable for CashGold and KaratGold Coins at any time. Furthermore, the KARATCOINBANK COIN will be exchangeable for legal tender and other recognized cryptocurrencies, e.g. Bitcoin, Ethereum, Litecoin, Dash, XEM, etc.

6. THE DISSEMINATION OF THE KARATGOLD COIN

The dissemination of the KARATCOINBANK COIN is driven by the need of market participants to have a value-stable and generally accepted blockchain based cryptocurrency friendly banking and finance system available. This need is met by KARATCOINBANK WORLD ecosystem and the KARATCOINBANK COIN as the gateway to this system as well as to the KaratGold Ecosystem.

The KARATCOINBANK COIN has already access to the KaratGold Ecosystem and thereby to far more than 480,000 people who invested in Gold and in the KARATGOLD COIN. Since the KARATCOINBANK WORLD ecosystem provides, complementary to the KaratGold Ecosystem, full banking services to all who purchase and hold the KARATCOINBANK COIN, the KaratGold Coin and other cryptocurrencies, whereby the KARATCOINBANK COIN holders will have to pay lower fees and enjoy further benefits it can be expected that the required penetration of the global market and a substantial market capitalization of the KARATCOINBANK COIN will be achieved.

It has to be considered that the KARATBIT FOUNDATION already maintains a network of prospect points of acceptance of the CashGold. It is the aim of KARATBIT FOUNDATION to achieve that the members of this network will gradually accept the KARATCOINBANK COIN and will be offered the advantages of fully integrated banking & finance system with the KARATCOINBANK WORLD ecosystem that meets all needs of the cryptocurrency community. The finding is that current conservative banking system is overregulated, outdated, slow, costly and extremely burdensome. It is not at all servicing the cryptocurrency industry and the holders of cryptocurrencies of as payment means. The services and possibilities by the KARATCOINBANK WORLD ecosystem will set a counterpoint with the KARATGOLD BANK and the

KARATCOINBANK COIN. If and to the extent that this new bank and ecosystem is established, there will be a high interested in it not only by holders of cryptocurrencies, but also all those who are currently in a wait-and-see position. Everybody will recognize the advantages of the new banking & finance system. If one considers the potential of the KARATCOINBANK WORLD ecosystem in cooperation with the KaratGold Ecosystem, the conclusion is satisfied that the KARATCOINBANK COIN will be accepted by masses of individuals and industries. Sure, to establish the total new system and its global roll out will require a considerable amount of capital. For these purposes, the KARATBIT FOUNDATION has reserved 50 billion KARATCOINBANK COINs.

Because of the existing client basis, the network of points of acceptance and the attractiveness of the KARATCOINBANK WORLD ecosystem to which the KARATCOINBANK COIN is the key, the KARATBIT FOUNDATION is convinced that the KARATCOINBANK COIN will achieve a strong position within the world of different cryptocurrencies.

7. THE MARKET

7.1 The Market for the KARATCOINBANK WORLD ECOSYSTEM

The KARATCOINBANK WORLD ecosystem aims to build a stable ecosystem in which the market of FIAT currencies, financial products and other assets together with the new market of digital currencies is combined in a new financial system. The focus is always on the optimization of processes as well as the safety of the participants. The KARATCOINBANK WORLD ecosystem seeks to create framework conditions for such a new financial system while at the same time providing the same services as the conventional financial systems in addition to extensions. This new financial system based on the cryptocurrency and blockchain technology shall lead the global financial industry into a new era.

Digital currencies are already an integral part of international payments. However, users in this area have so far no functioning and above all secure banking and transaction system available. Among other things, this is due to the fact that traditional finance systems and conventional banks have so far hesitated to deal with this new market and offer no holistic solution. However, looking at the growth of the digital currency market and its international demand, it is more than clear that it is precisely this market that needs an ecosystem like the KARATCOINBANK WORLD ecosystem with its advantages.

The financial sector is in a state of upheaval. The roles are redistributed. Digitization is changing business models and offering new opportunities. The new financial products are attacking the traditional global payment system and its financial services. And this new products bring along many advantages and a high degree of customer benefit.

The traditional banking system suffers from over-regulation. Transactions are often slow and in international contexts often involve difficulties and high fees. Digital currency transactions are largely non-integrated. In addition, large parts of the global population, especially in developing and emerging countries, are for the most part excluded from traditional financial systems. Especially for these groups, access to international financial markets is difficult or impossible.

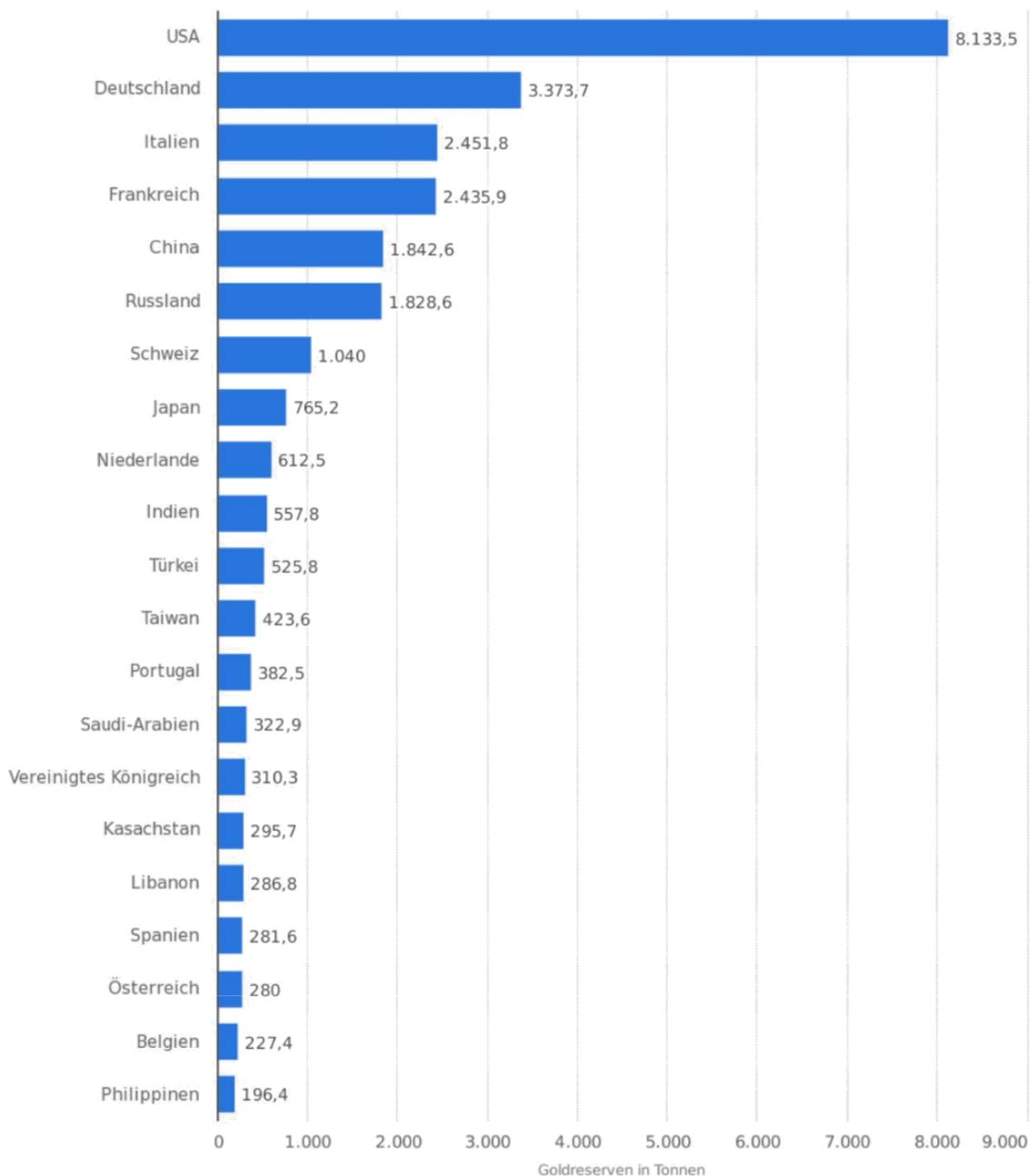
Embedded in a new financial system, which of course complies with the strictest KYC (KYC = Know your customer is the process of a business verifying the identity of its clients and assessing potential risks of illegal intentions for the business relationship) requirements, digital currencies and blockchain can provide an efficient alternative to existing financial systems and, in addition, maximize benefits for all participants. Blockchain's ability to efficiently manage decentralized processes offers tremendous opportunities to promote innovation, enable direct exchange between people without the existing intermediaries, and facilitate state processes in the interests of citizens. Business and industry can benefit greatly from this technology. The Blockchain enables the application and traceability of electronic contracts directly between the parties without the participation of third parties thereby creates a completely new and efficient way of doing business and transactions. Regional or social exclusion is minimized through easy access. In this way, target groups can be reached and participate in the new financial system, which have been previously denied access to financial systems, which increases the market potential immensely.

KARATCOINBANK WORLD ecosystem's aspiration in this new financial system is to take the central role and offer it the full range of services of a bank as well as the execution of treasury functions for the KaratGold Ecosystem and the cryptocurrencies, in particular, safekeeping of the gold and CashGold (including holding the gold mine in Madagascar) on which the KaratGold Ecosystem is based will be deposited with or held (directly or indirectly) by the KARAT COIN BANK.

7.2 The global Market of Gold reserves

The historical function of gold reserves has been to fully cover, and in practice at least substantially cover, a circulating currency. Today, gold reserves are part of the international reserves of a country and serve primarily as a financial reserve, which can be quickly liquidated in case of financial emergency. The largest gold reserves are owned by the United States, Germany, China and Russia. These are the countries with the fastest rising gold reserves. However, the actual amount of gold holdings alone has only a limited significance. The gold possession of a central bank becomes interesting only if one sets this in relation to the currency reserves. In today's international monetary system of free exchange rates, gold reserves serve the states as a security and financial reserve, but have lost their currency-covering function.

Länder mit den größten Goldreserven (in Tonnen; Stand: November 2017)



Quelle
World Gold Council
© Statista 2018

Weitere Informationen:
Weltweit; November 2017

However, this turns out to be an uncertainty factor. The principal monetary role of gold as part of foreign reserves was confirmed by the European Central Bank and 14 central banks of European states in 1999 through the Central Bank Gold Agreement (CBGA), which has been renewed every five years. Under this agreement, the sale of gold by the signatory states was limited to 400 tons per year.

In particular, there was a global change because of the financial crisis in 2007. Central banks became net buyers instead of net sellers of gold. Leading buyers are mainly located in emerging countries. The signatories of the CBGAs reduced their annual gold sales from over 350 tons in 2008 to almost 0 in 2012. Since then they have not played a key role as sellers or buyers of global gold.

This shows that the majority of global currencies cannot provide adequate gold coverage by their central banks, what can be a threat to banks and currency systems at any time.

The KARATCOINBANK WORLD ecosystem prevents these risks. By owning its own GOLD MINE, it can already guarantee a higher level of gold coverage than most global central banks. To make this gold coverage transparent, the gold reserves of the GOLD MINE shall be mined and then stored with the KARATGOLD SECURITY HOUSE. Within the mining period of 10 years and the production of 6000 tons of gold, the ecosystem is in second place among the central banks with the largest gold reserves behind the USA and before Germany. Paired with a transparent and conservative own bank policy, which always aims to ensure 100% coverage of the cryptocurrencies issued by the KARATCOINBANK WORLD ecosystem and the KaratGold Ecosystem.

With the creation of own gold-based digital world currencies, the KARAT COIN BANK will become the central crypto currency bank for the world on blockchain basis. In addition to the advantages mentioned under point 7.1 compared to the traditional financial systems, the KARATCOINBANK WORLD ecosystem has clear competitive advantages through its 100% gold coverage ratio compared to the existing central banks.

7.3 The Market of the KARATCOINBANK COINS

The KARATCOINBANK COIN is a new blockchain-based coin. It is a utility coin. The market of new emerging coins is challenging. Which of the currently existing 2,000 payment coins will survive in the future is hard to predict. All depends on the acceptance of a cryptocurrency. Most of the current new cryptocurrencies have no specific use, i.e. there are no points of acceptance; they only have a speculative character. However, the KARATCOINBANK COIN can be used for payments in the very beginning. Everybody who purchases the KARATCOINBANK COIN can use it for the purchases within the existing KaratGold Ecosystem.

However, as KARATCOINBANK WORLD ecosystem evolves, its scope and acceptance will multiply. As the coin of the first ecosystem, rendering the services of the first full blockchain based and cryptocurrencies related bank which shall become the core of the global cryptoworld banking system in addition to the execution of treasury functions, it is expected to become one of the world's leading cryptocurrencies.

8. FUTURE PROSPECTS

The KARATBIT FOUNDATION has already entered into a memorandum of understanding with the owner of the crypto currency bank which shall be acquired by and transformed in the KARAT COIN BANK. The application for the financial licenses which are required for the purposes of the KARAT COIN BANK will be filed in July 2018. Mrs. Anna Krimshstein, Esq., is an experienced lawyer, is responsible for the filing for the approval of the financial license and overseeing the filing and financial licence approval procedure.

KARAT COIN BANK will establish a KARTCOIN SECURITY HOUSE and will cooperate with FORT KNOX in order to provide a proper safekeeping of gold and cold storages for cryptocurrencies. Negotiations are ongoing with representatives of FORT KNOX.

The KBC GOLD MINE in Madagascar will be transferred to the company which will operate the KARAT COIN BANK. Since this company has already been formed on the 4th of June 2018, the transfer of the mine will happen in the next few months.

The dissemination of the KARATCOINBANK COIN will be promoted through the KaratGold Ecosystem as well as the creation of platforms, such as chat groups and other social media applications

for smartphones and the mobile internet. Smartphones and the mobile internet are major sectors for billings and payments which have an increasing impact.

9. DISTRIBUTION OF THE KARATCOINBANK COIN

50 billions KARATCOINBANK COIN, which is 83,4% of all generated KARATCOINBANK COINS, will be offered during the pre-ICO and ICO. A few of the remaining KARATCOINBANK COINS will partially be distributed among legal and business advisors, the team and bounties. The major part of the remaining KARATCOINBANK COINS will be blocked and kept as a reserve. The following graphic shows the planned distribution of the tokens:

- 83.4% of the total KARATCOINBANK COINS are for sale during Pre-ICO and ICO
- 1.6% of the total number of KARATCOINBANK COINS are reserved for legal and business advisors, the team and bounties
- 1% shall be distributed to referrals
- 2% shall be assigned to media & fair partners
- 12% shall be blocked and kept as a reserve

10. USAGE OF GENERATED FUNDS

The funds raised during the Pre-ICO and the ICO is intended to be used as follows:

- Establishment and development of KARATCOIN BANK
- 20% Buying gold for gold deposit
- 10% Development iT-Platform and software for the KARAT COIN BANK
- 10% Establishment of subsidiaries and branches of the KARAT COIN BANK worldwide
- 10% Investment in the KBC FOUNDATION GOLDMINE in Madagascar
- 10% Global roll out of KARATCOINBANK ATMs
- 1% Development of the KARATCOIN BANK CREDITCARD
- 1% Development of KARATGOLD PROFITCARD
- 1% Formation of the KARATGOLD SECURITY HOUSE and cooperation with FORT KNOX
- 1% Development of KARATPAY
- 1% Establishment of the KARATGOLD EXCHANGE
- 10% Marketing/solicitation of points of acceptance
- 10% further IT development and implementation
- 5% Legal advice and commercial advice
- 5% Blockchain engineering and testing
- 1% Licensing and regulatory requirements
- 1% Salaries and wages
- 1% Research & development
- 1% Social media
- 1% General expenses

11. THE MANAGEMENT TEAM



Harald Seiz, CEO

- Founder, Owner and CEO of Karatbars International GmbH
- Senator of Federal Association for Economic Development and Foreign Trade



Thomas Valet, Head of Marketing & Sales

- Head of Marketing & Sales of Karatbars International GmbH
- Economist for Hotel Management & Gastronomy
- European Financial Consultant



Martina Tag, Chief Operating Officer

- Chief Operating Officer
- Member of the German Economic Council
- Experience in Event Management, Human Resource



Michael Frank, Chief Information Officer

- Chief Information Officer at Karatbars International GmbH
- IT Specialist in Application Development
- 14 years of experience in object-oriented programming, administration of Linux servers and networks



Golam Hafiz Khan, Software Developer (Team Lead)

- Software Developer (Team Lead) at Karatbars International GmbH
- Handles Project Management at Karatbars
- B.Sc. (Eng.) in Computer Science & Engineering, Shahjalal University of Science & Technology, Bangladesh

12. THE KARATGOLD ADVISORY TEAM



Christopher A. Runge

- Owner and CEO of the BETTERTRUST GmbH, Berlin
- German opinion leader in reputation management and PR
- Clients from politics, international corporations as well as several companies in the areas of Corporate Communication, Branding and CEO Communication



Jeannette Franz

- Head of Support & Communications at Karatbars International GmbH Stuttgart
- Project Management, Content Management & Think Tank at pier11 TV, Stuttgart
- Project Management & Accounting at listen! Soundstudios, Stuttgart



Nina Rezac

- Managing Director Karatbars International Dubai
- MBA in Valuation, Portfolio und Risk Management
- Experience in Finance and Management (Mercedes-Benz, Ernst & Young, Takeda Pharmaceuticals)

Anna Krimshstein, Secretary of KARAT COIN BANK

- M&A Lawyer, founder of Law Offices of Anna Krimshstein, PLC
 - Experienced in international corporate, securities and real estate transactions, and compliance
 - Certified to practice law in Florida and admitted to the Florida Bar.
-
- President, Chairman Board of Directors, BeepMagnet International Group
 - Member of Certified Management Consultants (CMC)
 - Fellow, Institute of Management Consultants (FIMC)
 - Institute of Management and Technology (IMT), Enugu



Ronald Stephan

- Head of PR, Karatbars International GmbH, Stuttgart
- Consultant for international Marketing Agencies (Customers like Porsche, Philips, IBM, etc.)
- Master of Media Science, University of Mannheim / Siegen



Susanna Epli

- Project Management Consultant
- Sales Management Consultant
- Master of Business Administration



Ute Sailer

- Senior Sales Coordinator Photovoltaic and Real Estate, InnPro GmbH Stuttgart
- CFO, Relias Consulting GmbH Stuttgart
- COO, ChefCoach Unternehmensberatung GmbH Stuttgart



Uwe Heller

- Founder & COO InnPro GmbH Renewable Energies, Stuttgart
- Project & Sales Manager Renewable Energies, Stuttgart
- Founder Real Estate Cooperative, Stuttgart
- Project & Sales Manager Real Estate Agency, Stuttgart



- Director and Manager at RS Security Systems GmbH
- MBA, University Mannheim
- World President and Head coach Germany Semi Contact, WKF Kickboxing

Winfried Raithel



Andreas Houf

- Master Consultant in Finance
- Experience in Management, Internet marketing, Web design, and Automated Payment Systems (Internet and Social Media)

13. THE KARATCOINBANK REFERRAL PAYMENT SYSTEM



With the KARATCOIN BANK Referral Payment System, people are rewarded when they refer other potential purchasers to buy KARATCOINBANK COIN or point of sales (POS) that accept the KARATCOINBANK COIN in the future. After signing up for the ICO, users will be presented with a tab in their personal client token sale area called "Earn KARATCOINBANK COINS". For every sign-up for the purchase of the KARATCOINBANK COIN or for the acceptance of the KARATCOINBANK COIN, the system generates a personal referral link which will be displayed prominently in the token sale area. By sharing this links through e-mail, social media or common mobile messengers, this link will lead to the ICO landing page <https://www.karatcoinbank.io>.

The affiliate software tracks every referred user and assigns this user to its referrer. Besides that, users can track the status of each referred friend in real time.

The commission rules for referrals of purchasers are as follows:

- You will be paid a 5% bonus of the token amount that your friend bought to your token balance.
- Your friend must follow your personal link, registering on the KARATCOINBANK ICO website and verify the e-mail address.
- The minimum purchase amount of your referral is 10,000 KARATCOINBANK COINS to qualify for the 5% referral bonus.

As stated in the token sale diagram, the referral pool is limited to 1,000,000,000 KCB. If the referral pool is exceeded there will be no further referral bonuses paid. In this event, you will be informed via e-mail, the Token Sale webpage and via the client area.

Example calculation:

Amount of KCB your referral has bought	Your bonus credited to your KaratGold eWallet
10,000 KCB (minimum)	500 KCB
100,000 KCB	5,000 KCB
1,000,000 KCB	50,000 KCB
10,000,000 KCB	500,000 KCB
100,000,000 KCB	5,000,000 KCB
1,000,000,000 KCB	50,000,000 KCB

Please note: The referral bonus will be credited to your KaratGold eWallet account.

The commission rules for referrals of POS are as follows:

- You will be paid a minimum of 5,000 KCBS for each referral POS.
- In addition, you receive 5% of the turnover of the referral POS during the first 12 months after its implementation.

The referral pool for POS referrals is limited to 1,000,000,000 KCB. If the referral pool is exceeded there will be no further referral bonuses paid. In this event, you will be informed via e-mail, the Token Sale webpage and via the client area.

14. THE PARTNERS

The KARATBIT FOUNDATION maintains a broad and deep network of media partners and fair organizers, merchants & servicers as well advisors. These partners shall become business partners accepting the KARATCOINBANK COIN as a payment means and, furthermore, they shall promote the KARATCOINBANK COIN. To incentive these partners to introduce and promote the KARATCOINBANK COIN, the following incentive program is available:

Rewards for the introduction of the KARATCOINBANK COIN:

Merchants & Servicers receive an appropriate payment of KARATCOINBANK COIN for the technical integration of the KARATCOINBANK COIN and KARATCOINBANK WORLD ecosystem (50% after signing of a binding agreement for the introduction of the KARATCOINBANK COIN and the remaining 50% on or before the date the integration work starts) which has to be negotiated in each individual case.

Promoting the merchants & servicers for free by displaying free advertisements on the Websites of the KARATCOINBANK WORLD ecosystem.

15. THE KARATGOLD CLUB

The KaratGold Club memberships are a great way to receive additional benefits and rewards when using the KARATCOINBANK COIN or the services of the KARATCOINBANK WORLD ecosystem.

15.1 How to Join

To join the KaratGold Club, the purchase a specific amount of KARATCOINBANK COIN during the pre-ICO or ICO will be required, which will automatically generate eligibility for a club membership (for details on amount and tier eligibility, please refer to the table below). Alternatively, the membership tiers can be purchased for a set amount after the ICO stages (also depicted in table below).

15.2 Membership Tiers and Benefits

	Bronze	Silver	Gold
Initial amount of coins to be purchased to receive membership	100,000	500,000	1,000,000
Initial free membership length	1 year	2 years	5 years
Access to conferences and web-Seminars	25% off	50% off	FREE
Safe and cost-efficient transactions	YES	YES	YES
Personalized engraved KaratGold medallion	NO	YES	YES
Large network of acceptance partners	YES	YES	YES
FREE access to KaratMAG (Karatbars Magazine)	YES	YES	YES
Member referral bonus	100 KCB	500 KCB	1000 KCB
Membership price after ICO	1,000 €	5,000 €	10,000 €

16. ROAD MAP

The following deployment plan shall be followed in the future:

16.1 Phase 01 2018

June:

Creation of the KARATCOINBANK COIN

July:

Pre-ICO (4 July – 4 September)

Application for the licensing of KARAT COIN BANK

Acquisition of a majority share of the KARATGOLD EXCHANGE

Integration of the KARATCOINBANK COIN in the KARATGOLD eWallet

August:

Integration of the KARATCOINBANK COIN in the KARATGOLD APP

Finalization of a Memorandum of Understanding for the acquisition of a substantial share for the KBC FOUNDATION GOLDMINE “Fort Dauphin” in Madagascar.

September:

ICO (4 September 2018 – 4 September 2019)

Begin of first negotiation with the financial market authorities with respect to the banking license for the KARATCOIN BANK.

December:

Begin of the development of KARATCOINBANK ATMs

Establishment of the KARATGOLD SECURITY House and conclusion of a cooperation agreement with FORT KNOX

16.2 Phase 02 2019

March:

Begin of the development of the crypto currency banking software for the KARATCOIN BANK

October:

Approval the KARAT COIN BANK as a fully licensed financial institution

Listing of the KARATCOINBANK COIN on the KARATGOLD EXCHANGE

Investment in the KBC FOUNDATION GOLDMINE “Fort Dauphin” in Madagascar

December:

Begin of the global roll out of the KARATCOINBANK

ATMs Creation the KARATCOINBANK CREDITCARD

Integration of the KARATGOLD PROFITCARD

16.3 Phase 03 2020

February:

Begin of the operation of the KARATCOINBANK SECURITY HOUSE in cooperation with the FORT KNOX

May:



Begin of the expansion of the KARAT COIN BANK activities into other countries by the establishment of branches and subsidiaries.

August

Full development of the KBC FOUNDATION GOLDMINE “Fort Dauphin” in Madagascar and employment of up to 700 employees.

Preparation and begin of the acquisition of further gold mines

17. DISCLAIMER

- IMPORTANT NOTICE -

PLEASE READ THIS SECTION AND THE FOLLOWING SECTIONS ENTITLED “DISCLAIMER OF LIABILITY”, “NO REPRESENTATIONS AND WARRANTIES”, “REPRESENTATIONS AND WARRANTIES BY YOU”, “CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS”, “MARKET AND INDUSTRY INFORMATION AND NO CONSENT OF OTHER PERSONS”, “NO ADVICE”, “NO FURTHER INFORMATION OR UPDATE”, “RESTRICTIONS ON DISTRIBUTION AND DISSEMINATION”, “NO OFFER OF SECURITIES OR REGISTRATION” AND “RISKS AND UNCERTAINTIES” CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).

The KARATCOINBANK COIN is not intended to constitute securities or financial instruments in any jurisdiction.

This Whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. This Whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the seller of the KARATCOINBANK COIN (the “Token Provider”) to purchase any KARATCOINBANK COIN nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

The KARATCOINBANK COIN provider will be the KARATBIT FOUNDATION, Belize, and will deploy all proceeds of sale of the KARATCOINBANK COINs to fund the herein described cryptocurrency project, businesses and operations. No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the KARATCOINBANK COIN and no cryptocurrency or other form of KARATCOINBANK COIN is to be accepted on the basis of this Whitepaper.

Any agreement as between the Token Provider and you as a purchaser, and in relation to any sale and purchase, of the KARATCOINBANK COIN (as referred to in this Whitepaper) is to be governed by only a separate document setting out the terms and conditions (the “T&Cs”) of such agreement. In the event of any inconsistencies between the T&Cs and this Whitepaper, the former shall prevail. You are not eligible and not allowed to participate in the KARATCOINBANK COIN ICO (as referred to in this Whitepaper) if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America, or a green card holder as well as a resident of Canada, the Republic of Singapore, Japan, South Korea or the Socialist Republic of Vietnam. The United States of America include Puerto Rico, the U.S. Virgin Islands, and any other possessions of the United States.

No regulatory authority has examined or approved of any of the information set out in this Whitepaper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this Whitepaper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

There are risks and uncertainties associated with the KARATCOINBANK COIN, the different elements of the KARATCOINBANK WORLD ecosystem and their respective services, businesses and operations (each as referred to in this Whitepaper). This Whitepaper, any part thereof and any copy thereof must not be taken or transmitted to any country where distribution or dissemination of this Whitepaper is prohibited or restricted. No part of this Whitepaper is to be reproduced, distributed or disseminated without including this section and the following sections entitled “Disclaimer of Liability”, “No Representations and Warranties”, “Representations and Warranties By You”, “Cautionary Note On Forward-Looking Statements”, “Market



and Industry Information and No Consent of Other Persons”, “Terms Used”, “No Advice”, “No Further Information or Update”, “Restrictions On Distribution and Dissemination”, “No Offer of Securities Or Registration” and “Risks and Uncertainties”.

DISCLAIMER OF LIABILITY

To the maximum extent permitted by the applicable laws, regulations and rules, the KARATBIT FOUNDATION or any entity or person being a part of the KARATCOINBANK WORLD ecosystem shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you.

NO REPRESENTATIONS AND WARRANTIES

The KARATBIT FOUNDATION and any entity or person being a part of the KARATCOINBANK WORLD ecosystem does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Whitepaper.

REPRESENTATIONS AND WARRANTIES BY YOU

By accessing and/or accepting possession of any information in this Whitepaper or such part thereof (as the case may be), you represent and warrant to the KARATBIT FOUNDATION or any entity or person being a part of the KARATCOINBANK WORLD ecosystem as follows:

- (a) you agree and acknowledge that the KARATCOIN BANK COIN does not constitute securities in any form in any jurisdiction;
- (b) you agree and acknowledge that this Whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities in any jurisdiction or a solicitation for investment in securities and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment have to be accepted on the basis of this Whitepaper;

(c) you agree and acknowledge that no regulatory authority has examined or approved of the information set out in this Whitepaper, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dis-semination of this Whitepaper to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;(d) you agree and acknowledge that this Whitepaper, the undertaking and/or the completion of the ICO of the KARATCOINBANK COIN, or future trading of the KARATCOINBANK COIN on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the KARATBIT FOUNDATION or any entity or person being a part of the KARATCOINBANK WORLD ecosystem;

(e) the distribution or dissemination of this Whitepaper, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to the KARATBIT FOUNDATION or any entity or person being a part of the KARATCOINBANK WORLD ecosystem;

(f) you agree and acknowledge that in the case where you wish to purchase any KARATCOINBANK COIN, the KARATCOINBANK COIN is not to be construed, interpreted, classified or treated as:

- any kind of currency other than cryptocurrency;
- debentures, stocks or shares issued by any person or entity
- rights, options or derivatives in respect of such debentures, stocks or shares;
- units in a collective investment scheme;
 - units in a business trust;
 - derivatives of units in a business trust; or
 - any other security or class of securities.

(g) you are fully aware of and understand that you are not eligible and not allowed to participate in the KARATCOINBANK COIN ICO or to purchase the KARATCOINBANK COIN (as referred to in this Whitepaper) if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America, or a green card holder as well as a resident of Canada, the Republic of Singapore, Japan, South Korea or the Socialist Republic of Vietnam. The United States of America includes Puerto Rico, the U.S. Virgin Islands, and any other possessions of the United States;

(h) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, block-chain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;

(i) you are fully aware and understand that in the case where you wish to purchase any KARATCOIN BANK COIN, there are risks associated with the KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem and their respective services, business and operations;

(j) you agree and acknowledge that neither KARATBIT FOUNDATION nor any entity or person being a part of the KARATCOINBANK WORLD ecosystem is liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but

not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you; and rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;

(k) all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this Whitepaper or such part thereof (as the case may be).

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Whitepaper, statements made in press releases or in any place accessible by the public and oral statements that may be made by KARATBIT FOUNDATION and/or any entity or person being a part of the KARATCOINBANK WORLD ecosystem, including their respective directors, executive officers or employees acting on behalf of them that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding the KARATBIT FOUNDATION’s financial position, business strategies, plans and prospects and the future prospects of the industry which the KARATBIT FOUNDATION and/or any other entity or person being a part of the KARATCOINBANK WORLD ecosystem is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to KARATBIT FOUNDATION’s or the KARATCOINBANK WORLD ecosystem revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this Whitepaper are matters that are not historical facts, but only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of the KARATBIT FOUNDATION and the KARATCOINBANK WORLD ecosystem to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

(a) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem conducts its respective businesses and operations;

(b) the risk that the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem may be unable or execute or implement their respective business strategies and future plans;

(c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;

(d) changes in the anticipated growth strategies and expected internal growth of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem;

(e) changes in the availability and fees of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem in connection with their respective businesses and operations;

(f) changes in the availability and salaries of employees who are required by the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem to operate their respective businesses and operations;

(g) changes in preferences of customers of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem;

(h) changes in competitive conditions under which the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem operate, and the ability of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem to compete under such conditions;

(i) changes in the future capital needs of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and the availability of financing and capital to fund such needs;

(j) war or acts of international or domestic terrorism;

(k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem;

(l) other factors beyond the control of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem; and

(m) any risk and uncertainties associated with the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and their businesses and operations, the KARATCOINBANK COIN, the KARATCOINBANK COIN Pre-ICO, KARATCOINBANK COIN ICO, the KARATCOINBANK COIN CREDIT CARD, the KARATGOLD PROFITCARD and the KaratGold eWallet (each as referred to in the Whitepaper).

All forward-looking statements made by or attributable to the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem or persons acting on behalf of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem to be materially different from that expected, expressed or implied by the forward-looking statements in this Whitepaper, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this Whitepaper.

Neither the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem will be as discussed in those forward-looking statements. The actual results, performance or achievements of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem may differ materially from those anticipated in these forward-looking statements. Nothing contained in this Whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem. Further, the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

MARKET AND INDUSTRY INFORMATION AND NO CONSENT OF OTHER PERSONS

This Whitepaper includes market and industry information and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and publications generally state that the information that they contain has been obtained from

sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

Save for the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and their respective directors, executive officers and employees, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in this White-paper and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

While the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, the KARATBIT and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem have not conducted any independent review of the information extracted from third party sources, verified the accuracy or completeness of such information or ascertained the underlying economic assumptions relied upon therein. Consequently, neither the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem, nor their respective directors, executive officers and employees acting on their behalf makes any representation or warranty as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

TERMS USED

To facilitate a better understanding of the KARATCOINBANK COIN being offered by the KARATBIT FOUNDATION for purchase, and the businesses and operations of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this Whitepaper. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

NO ADVICE

No information in this Whitepaper should be considered to be business, legal, financial or tax advice regarding KARATCOINBANK COIN, the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem, the KARATCOINBANK COIN Pre-ICO, the KARATCOINBANK COIN ICO, the KARATCOINBANK CREDITCARD, KARATCOINBANK PROFITCARD and the KaratGold eWallet (each as referred to in the Whitepaper). You should consult your own legal, financial, tax or other professional adviser regarding the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and their respective businesses and operations, the KARATCOINBANK COIN, the KARATCOINBANK COIN Pre-ICO, the KARATCOINBANK COIN ICO, the KARATCOINBANK CREDITCARD, KARATGOLD PROFITCARD and the KaratGold eWallet (each as referred to in the Whitepaper). You should be aware that you may be required to bear the financial risk of any purchase of KARATCOINBANK COIN for an indefinite period of time.

NO FURTHER INFORMATION OR UPDATE

No person has been or is authorized to give any information or representation not contained in this Whitepaper in connection with the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and their respective businesses and operations, the KARATCOINBANK COIN, the KARATCOINBANK COIN Pre-ICO, the KARATCOINBANK COIN ICO, the KARATCOINBANK CREDITCARD, KARATGOLD PROFITCARD and the KaratGold eWallet (each as referred to in the Whitepaper) and, if given, such information or representation must not be relied upon as having been authorized by or on behalf of KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem. The KARATCOINBANK COIN Pre-ICO and the KARATCOINBANK COIN ICO (as referred to in the Whitepaper) shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has

been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem or in any statement of fact or information contained in this Whitepaper since the date hereof.

RESTRICTIONS ON DISTRIBUTION AND DISSEMINATION

The distribution or dissemination of this Whitepaper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this Whitepaper or such part thereof (as the case may be) at your own expense and without liability to KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem. Persons to whom a copy of this Whitepaper has been distributed or disseminated, provided access to or who otherwise have the Whitepaper in their possession shall not circulate it to any other persons, reproduce or other-wise distribute this Whitepaper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

NO OFFER OF SECURITIES OR REGISTRATION

This Whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. No person is bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this Whitepaper. Any agreement in relation to any sale and purchase of KARATCOINBANK COINs (as referred to in this Whitepaper) is to be governed by only the T&Cs of such agreement and no other document. In the event of any inconsistencies between the T&Cs and this Whitepaper, the former shall prevail.

You are not eligible to purchase any KARATCOINBANK COIN in the KARATCOINBANK COIN Pre-ICO or the KARATCOINBANK COIN ICO (as referred to in this Whitepaper) if you are a citizen, resident (tax or otherwise) or green card holder of the United States of America or a citizen or resident of Peoples Republic of China or the Republic of Singapore.

No regulatory authority has examined or approved of any of the information set out in this Whitepaper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this Whitepaper does not imply that the applicable laws, regulatory requirements or rules have been complied with.

RISKS AND UNCERTAINTIES

Prospective purchasers of KARATCOINBANK COINs (as referred to in this Whitepaper) should carefully consider and evaluate all risks and uncertainties associated with the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem and their respective businesses and operations, the KARATCOINBANK COINs, the KARATCOINBANK COIN Pre-ICO, the KARATCOINBANK COIN ICO, the KARATCOINBANK CREDITCARD, KARATGOLD PROFITCARD and the KaratGold eWallet (each as referred to in the Whitepaper), all information set out in this Whitepaper and the T&Cs prior to any purchase of KARATCOINBANK COINs. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of the KARATBIT FOUNDATION and/or any other entity being a part of the KARATCOINBANK WORLD ecosystem Provider could be materially and adversely affected. In such cases, you may lose all or part of the value of the KARATCOINBANK COINs.

JURISDICTION AND GOVERNING LAW

The ICO, any related material and especially the content of this Whitepaper, the Whitepaper itself and any associated documents and material and any conflict arising from it or in relation to it shall be exclusively governed by the laws of Belize. The courts of Belize shall have the whole and exclusive jurisdiction.