



## Summarised Annual Report 2022



BERLINER EFFEKTEGESELLSCHAFT  
AKTIENGESELLSCHAFT

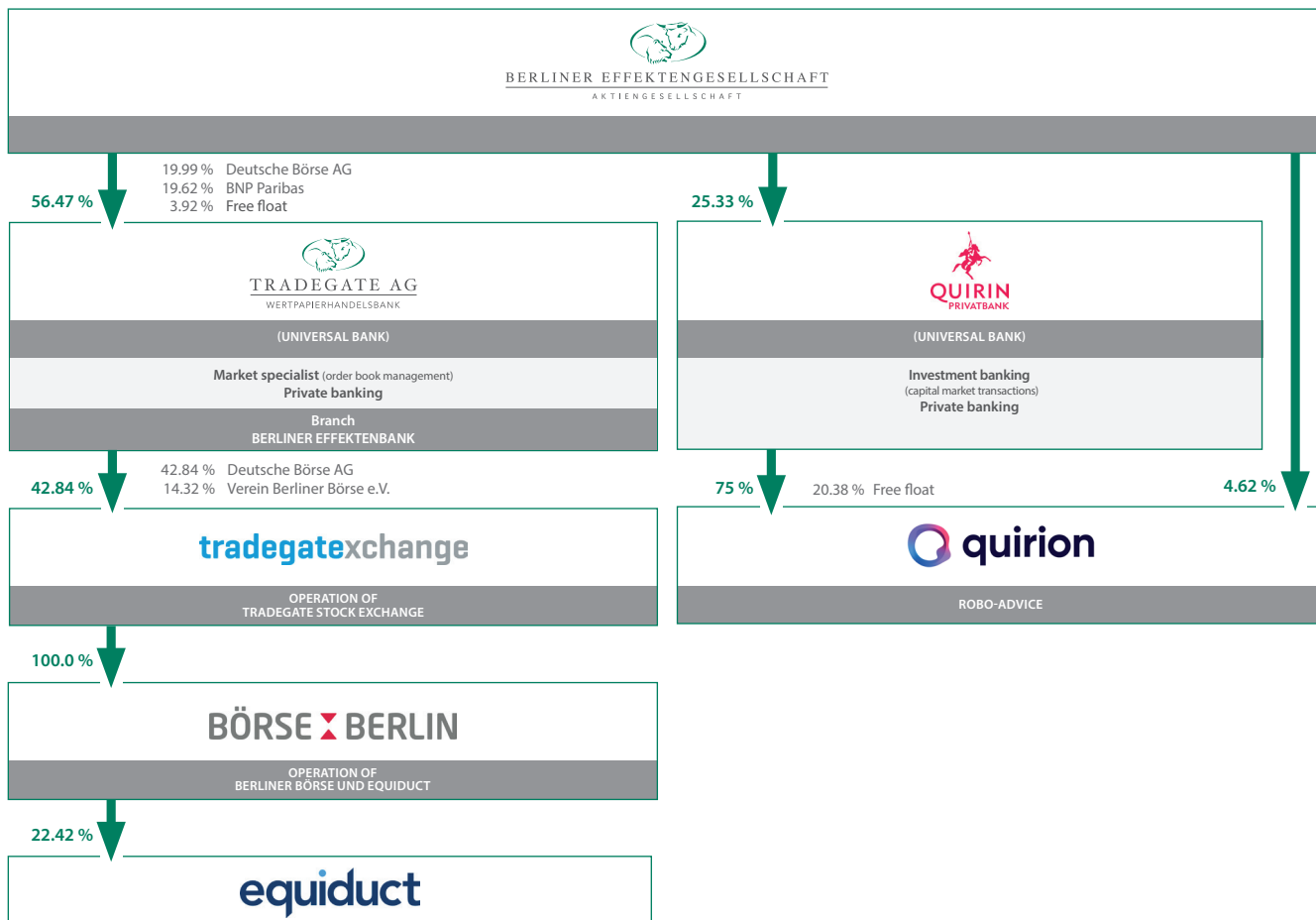


BERLINER EFFEKTENGESELLSCHAFT

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AKTIENGESELLSCHAFT

## GROUP STRUCTURE (31.12.2022)



WKN 522 130, ISIN DE0005221303 (quoted in Basic Board)

### SHAREHOLDERS' STRUCTURE AS AT 31 DECEMBER 2022

30.25 %	H.T.B. Unternehmensbeteiligungen GmbH
56.61 %	Holger Timm
13.14 %	Free float

### COMPANY DATA AS AT 31 DECEMBER 2022

Market capitalisation:	1,048 billion €
Number of shares:	13,328,290
Free float:	13.14 % = 1,751,236
Financial accounting:	HGB
Balance sheet total:	392,171,000 €
Number of employees:	158

### KEY FIGURES AS AT 31 DECEMBER 2022 (GROUP)

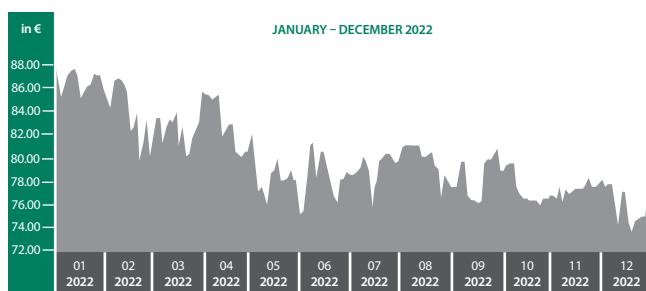
Result per share:	3.472 €
Dividend:	1.00 €
Interest surplus / gross profit:	- 0.3 %
Commission surplus / gross profit:	1.1 %
Trading result / gross profit:	99.2 %
Cost / Income-Ratio:	52.1 %
Equity ratio*1:	73.0 %

### KEY FIGURES AS AT 31 DECEMBER 2021 (GROUP)

Result per share:	9.118 €
Dividend:	1.00 €
Interest surplus / gross profit:	- 0.8 %
Commission surplus / gross profit:	1.1 %
Trading result / gross profit:	99.6 %
Cost / Income-Ratio:	31.5 %
Equity ratio*1:	73.2 %

## SHARE PRICE DEVELOPMENT

BERLINER EFFEKTEGESELLSCHAFT AG (WKN 522 130, ISIN DE0005221303)



## "NET-ASSET-VALUE"

OF THE LISTED GROUP COMPANIES AND HOLDINGS OF THE BERLINER EFFEKTEGESELLSCHAFT AG AS AT 30 DECEMBER 2022

	Number of shares BEG holds	Share price in Frankfurt 30.12.2022	Calculative value 30.12.2022
Tradegate AG	13,780,391	109.00 €	1,502,062,619 €
Quirin Privatbank AG	10,996,373	3.22 €	35,408,321 €
Number of BEG shares as at 30.12.2022			13,328,290
Calculative value of the two listed group companies / holdings 30.12.2022			1,537,470,940 €
Calculative value of each BEG share 30.12.2022			115.35 €
Price of the BEG share on 30.12.2022			78.60 €

## MANAGING BOARD AND SUPERVISORY BOARD

**Managing Board**  
Holger Timm, Chairman  
Karsten Haesen  
Max Timm

**Supervisory Board**  
Prof. Dr. Jörg Franke, Chairman  
Frank-Uwe Fricke  
Andre Dujardin

## CALENDAR OF EVENTS

16 June 2023 | 2 pm

Annual General Meeting in Berlin

1 December 2023 | 5 pm

Shareholders' Forum in Berlin

\*1 incl. fund for general banking risks





BERLINER EFFEKTEGESELLSCHAFT  
AKTIENGESELLSCHAFT

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GROUP BALANCE SHEET: ASSETS BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2022	in €	in €	in €	in '000 € last year
1. Cash reserve				
a) cash		171,459.71		127
b) balances with the Deutsche Bundesbank		82,991,066.67	83,162,526.38	49,523
2. Receivables from banks				
a) due daily				
3. Receivables from customers		185,804,457.96	185,804,457.96	295,094
<i>of which:</i>			1,186,661.77	2,780
<i>secured by mortgages € 0.00 (last year € 0.00)</i>				
<i>public sector loans € 0.00 (last year € 0.00)</i>				
<i>financial services institutions € 0.00 (last year € 0.00)</i>				
4. Shares and other non fixed-interest securities			810.00	1
a) Trading portfolio			8,608,639.63	13,622
5. Investments			559,707.00	2,034
<i>of which:</i>				
<i>in banks € 0.00 (last year € 0.00)</i>				
<i>in financial services institutions € 0.00 (last year € 0.00)</i>				
6. Investments in associated companies			30,648,404.64	19,637
<i>of which:</i>				
<i>in banks € 12,984,101.43 (last year € 12,755,447.54)</i>				
<i>in financial services institutions € 3,500,852.47 (last year € 2,427,399.68)</i>				



	in €	in €	in €	in '000 € last year
7. Intangible assets				
a) concessions, industrial property rights and similar rights and assets acquired against payment as well as licences in such rights and assets.		1,270,332.00		1,101
b) goodwill		8,203,118.00		7,068
c) advance payments		9,590,080.43	19,063,530.43	8,940
8. Tangible fixed assets			4,540,116.37	2,048
9. Other current assets			58,147,456.95	13,623
10. Prepaid and deferred expenses			145,881.95	191
11. Deferred tax assets			302,830.75	149
<b>Total assets</b>			<b>392,171,023.83</b>	<b>415,938</b>



GROUP BALANCE SHEET: LIABILITIES AND SHAREHOLDERS' EQUITY BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2022	in €	in €	in €	in '000 € last year
1. Liabilities to banks				
a) due daily		11,307,373.70	11,307,373.70	10,062
2. Liabilities to customers				
a) other liabilities				
aa) due daily	59,040,485.03	59,040,485.03	59,040,485.03	44,756
<i>of which:</i>				
<i>to financial services institutions € 0.00</i>				
<i>(last year € 0.00)</i>				
3. Trading portfolio			3,662,274.12	7,876
4. Other liabilities			2,352,489.20	4,232
5. Accruals and deferred income			9,805,714.28	87
6. Provisions and accruals				
a) tax provisions		0.00		20,549
b) other provisions		19,800,636.34	19,800,636.34	23,836
7. Fund for general banking risks			77,276,970.44	69,175
<i>of which: € 77,276,970.44 according to § 340g ICW § 34e (4) HGB</i>				
<i>(last year € 69,174,722.88)</i>				
8. Equity capital				
a) subscribed stock	13,328,290.00			13,426
own shares	-25,897.00	13,302,393.00		- 9
b) capital reserves		33,818,953.23		33,698
c) other revenue reserves		79,592,146.31		44,516
d) net profit of the Group		17,875,087.02		57,452
e) non-controlling interests		64,336,501.16	208,925,080.72	86,282
<b>Total liabilities and shareholders' equity</b>			<b>392,171,023.83</b>	<b>415,938</b>
1. Contingent liabilities				
a) Liabilities resulting from guarantees and warranties			55,202.64	55,202.64
				69







GROUP INCOME STATEMENT BERLINER EFFEKTEGESELLSCHAFT AG, Berlin for the period from 1 January to 31 December 2022	in €	in €	in €	in '000 € last year
1. Interest income from				
a) lending and money market transactions	588,247.87			853.0
<i>less negative interest from money market transactions</i>	<u>- 1,106,860.91</u>	- 518,613.04		- 1,206.4
2. Interest expenses		<u>- 1,317,319.29</u>	- 1,835,932.33	- 2,404.3
3. Result from associated companies			1,351,816.36	922.8
4. Commission income		2,010,655.29		3,286.2
5. Commission expenses		- 448,318.69	1,562,336.60	- 503.1
6. Net result from the trading portfolio			140,782,907.66	243,677.6
7. Other operating income			3,560,241.75	9,217.4
8. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	- 28,620,718.23			- 24,688.9
ab) social security payments and expenses for retirement provisions and for support	<u>- 2,177,909.38</u>	<u>- 30,798,627.61</u>		- 2,075.2
<i>of which: € 00.00 for retirement provisions (last year € 0.00)</i>				
b) other administration expenses		<u>- 39,984,163.81</u>	- 70,782,791.42	- 48,531.6
9. Write-offs and value adjustments on intangible assets and tangible fixed assets			- 3,190,022.75	- 1,789.6
10. Other operating expenses			- 1,476,376.31	- 22.8
11. Write-offs and value adjustments on receivables and certain securities as well as allocations to provisions for credit business			- 292,951.93	- 412.3
12. Earnings from write-ups to receivables and certain securities, as well as release of provisions in credit business			160,900.00	146.4



	in €	in €	in €	in '000 € last year
13. Write-offs and value adjustments on investments, shares in affiliated companies and securities treated as fixed assets			0.00	- 605.0
<b>14. Result from ordinary business activities</b>			69,840,127.63	175,864.20
15. Allocation to fund for general banking risks			- 8,102,247.56	- 19,330.7
16. Taxes on income and earnings			- 23,547,994.01	- 53,493.4
17. Other taxes not shown under item 10			- 11,582.92	53.1
<b>18. Net income of the Group</b>			<b>38,178,303.14</b>	<b>103,093.2</b>
19. Share of non-controlling interests in the net income			- 20,205,812.12	- 45,571.3
<b>20. Group profit</b>			<b>17,972,491.02</b>	<b>57,521.8</b>
21. Profit brought forward			44,058,575.40	44,902.3
22. Allocations to revenue reserves				
a) to other revenue reserves		-44,058,575.40	- 44,058,575.40	- 44,902.3
23. Allocations to capital reserves			- 97,404.00	-69.7
<b>24. Consolidated retained earnings</b>			<b>17,875,087.02</b>	<b>57,452.1</b>



## MANAGEMENT REPORT OF THE BERLINER EFFEKTEGESELLSCHAFT AG GROUP ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

### 1. Basic principles

#### 1.1 Preamble

The structure of the management report follows primarily the rules adopted by the German Accounting Standards Committee e.V., which are recorded in the German Accounting Standard 20.

#### 1.2 Organisation and business areas

The Berliner Effektengesellschaft AG acts as a financial holding and/or investment company without its own operational business. Through its majority-held group subsidiaries and significant interests in other companies it offers a range of services around the capital markets, in particular banking and financial services.

The individual direct and indirect operational subsidiaries are:

- **Tradegate AG Wertpapierhandelsbank, Berlin; holding 56.5 %**, licensed as a deposit bank. The main business is securities trading, particularly as market specialist on the tradegatexchange and market specialist and order book manager on the Frankfurt and Berlin stock exchanges respectively. Tradegate AG Wertpapierhandelsbank in turn holds a stake of almost 43 % in the operating company of the tradegatexchange, the Tradegate Exchange GmbH.
- **Ventegis Capital AG (in liquidation), Berlin; holding 100 %**, venture capital business and general financial and structuring advice.

In addition to the majority-held group companies, the company can also enter into minority holdings in national and foreign companies that supply banking or financial services, or in companies that offer support services for this field of business. The aim of such investments is the initiation, consolidation and enhancement of the business relations of the companies belonging to the Group. Apart from the investment in the Quirin Privatbank AG, there are currently no strategically relevant investments.

The shareholding of the Berliner Effektengesellschaft AG in the Quirin Privatbank AG, Berlin, is currently 25.3 %. The Quirin Privatbank AG thus continues to be an associated company within the meaning of the Commercial Code (HGB).

The shareholding of Berliner Effektengesellschaft AG in the quirion AG is currently 4.6 % directly and 19.4 % indirectly. The quirion AG is thus an associated company within the meaning of the Commercial Code.

Where necessary, the company also supports its subsidiaries in the central business areas of personnel, administration, organisation, accounting and controlling.

The main office of the company is based in Berlin. At the balance sheet date the management consisted of three board members (Max Timm, Karsten Haesen and Holger Timm) who work closely together in the areas of strategic planning, guidance of the operational subsidiaries and investment controlling. Although the Tradegate AG Wertpapierhandelsbank and the Ventegis Capital AG i. L. operate as public limited companies and the independence of the management is maintained, higher level planning and monitoring is ensured, in particular through overlaps in the board membership of all companies. Holger Timm is responsible for accounting, controlling and business administration. The latter especially concerns the personnel administration of the subsidiaries and certain areas of the buying-in of material and services. Besides this, he is the Chairman of the Board of the Tradegate AG Wertpapierhandelsbank and Chairman of the Supervisory Board of the Quirin Privatbank AG. Max Timm is responsible for treasury and investment controlling. Karsten Haesen coordinates the activities of the Group regarding capital market transactions and is responsible for its representation on the capital market. Furthermore, he is the Managing Director of Ventegis Capital AG i. L. and Member of the Board of Tradegate AG Wertpapierhandelsbank.

#### 1.3 Competitive position

As a financial holding the company combines, supports and optimises the activities of its individual subsidiaries. The competitive position is therefore largely dependent on the competitive position of the subsidiaries. Nevertheless, the comprehensive range of services offered by the Group can also contribute to the improvement of the competitive position of all individual companies, especially as there is no other structurally comparable competitor on the market.

The competitive position of the most important subsidiary, Tradegate AG Wertpapierhandelsbank, has remained stable since the establishment of the TRADEGATE® trading system as a stock exchange called tradegatexchange and the strategic partnership with the Deutsche Börse AG. After an increase of 200 % in the number of trades in shares and ETFs on the tradegatexchange in 2020 and a further increase of 14.5 % at a very high level in 2021, in 2022, for the first time in over twenty years, a drop of 29.7 % to 43,601,485 individual transactions was recorded. Since the decline in turnover – starting with the war in the Ukraine – is due to the dramatically changed market environment, all seven competitive exchanges were affected. The high market share of the tradegatexchange in the market segment equity trading remained stable at around 87.5 %. In contrast, the market share in the growing market segment ETPs and ETFs was further expanded from 78 % in the previous year to around 81.4 % most recently.



#### 1.4 Development of general market conditions

After the growth spurt of the years 2020 and 2021, the general market conditions for securities trading firms trading with private investors have suddenly deteriorated massively. Especially the rapidly rising inflation rate has contributed to the fact that it has become significantly more difficult to generate new customers for savings plans and for old-age provision and asset accumulation based on shares and ETFs. On the other hand, there is considerable uncertainty among existing customers as a result of the war in the Ukraine. Fears of recession or fears of an escalation of the war lead to a clear reluctance to make new investments. Even if the major indices have survived the past year with surprising stability, most investors who discovered the stock and ETF market for the first time in the previous two years will have incurred a book loss in total last year.

Due to the sharp decline in sales with private investors, the competitive pressure has increased significantly again after the slight easing in 2020 and 2021. The achievable trading margins have fallen as a result. Admittedly, various neobrokers and banks have been able to gain customers quickly with considerable marketing effort, but they are still far from a profitable business model. At the same time, new rounds of financing have become significantly more difficult or, if at all, only take place at significantly lower company valuations.

However, the successful business model of tradegatexchange and Tradegate AG Wertpapierhandelsbank as a market specialist remains excellently positioned and has many future-proof competitive advantages

## 2. Economic report

### 2.1 Business development

In 2022, the group subsidiary Tradegate AG Wertpapierhandelsbank reported a decrease of 56.3 % in the result of ordinary business activities from € 176.98 million to € 77.42 million.

The reserve in the fund for general banking risks increased from € 69.17 million to € 77.28 million due to the trading profits. In addition, the company has decided to propose for the 2022 financial year an almost full distribution to its shareholders of the net profit for the year after deduction of expenses for the holding of treasury shares. Therefore, the company may pay a dividend reduced from € 4.00 to € 1.70 per share.

Ventegis Capital AG i. L. reported a loss for the year of € 1,045,000. No dividend will be paid out for the year 2022.

The investment Quirin Privatbank AG generated a net profit of € 8 million in the company's individual financial statements. A dividend payment could be made in 2022.

As at 31 December 2022 the number of employees in the Group had risen, with 23 newcomers and 17 leavers. At the end of the year the Group employed 158 people. The age structure changed only slightly over time. The average age is about 44.5 (last year 47.3). The average length of service is 12.1 years (last year 13.9 years). More than half the employees have been with the company for ten years or more.

Each company in the Group attaches great importance to retaining well-trained and qualified employees even during less profitable times. The flexible increase or reduction of personnel according to the amount of business, e.g. by using temporary employees, is difficult in the industry and not desired. Through flexible remuneration models the group companies prefer to ensure that on the one hand no unacceptably high fixed salaries endanger them in difficult economic situations, and on the other that during successful periods the employees participate appropriately in the success of the business. Apart from their fixed monthly salary, the employees and board members receive variable remuneration from their respective company. The allocation to the individual employees and board members is based on various criteria, e.g. position in the company, length of service, special tasks etc. Of the total remuneration of € 28,621,000, € 14,199,000 was paid in the form of variable remuneration to all employees who were employed during the reporting period

In the past business year new investments were made in tangible assets, particularly to extend or renew established IT-systems. The investments made in intangible assets were for trademark rights, customer relations and software. Software is usually developed and maintained by the company itself. The personnel costs involved in this are not eligible for capitalisation. In the past year, new projects were also awarded to external work contracts. The capitalisation for intangible assets amounted to € 1,247,000. In the areas of networks, data banks, word processing, etc. standard software from leading providers is used.



## 2.2 Business outlook

### 2.2.1 Results of operations

For the financial year 2022, the Berliner Effektengesellschaft AG Group reports a consolidated net income of € 38,178,000, compared to € 103,093,000 in the previous year. The results of operations of the Group are influenced by the net earnings from the trading portfolio, which include the significant amount of earnings coming from specialist activities. The performance-based remuneration on the Frankfurt Stock Exchange is reported in the net commission income. Income from Private Banking has so far been too low to determine the net interest and commission income.

The table below shows the development of important positions of the profit and loss statements of the past three years.

	in,000 € 2020	in,000 € 2021	in,000 € 2022
Interest income	- 2,072	- 2,758	- 1,836
Result from associated companies	1,149	923	1,352
Commission income	2,506	2,783	1,562
Net earnings from trading portfolio	259,828	243,678	140,783
General administrative expenses	- 83,745	- 75,296	- 70,783
Result from ordinary business activities	181,426	175,864	69,840
Allocation to fund for general banking risks	- 21,680	- 19,331	- 8,102
Taxes on income and profit	- 55,242	- 53,493	- 23,548
Net income for the year	104,586	103,093	38,178

Net interest income as the balance of interest income and interest expenses has improved from € -2,758,000 to only € 1,836,000 due to the interest rate increases by the central banks, especially the ECB. The share of results in the companies included in the consolidated financial statements according to the at-equity method is higher than in the previous year. The commission result consists primarily of remuneration for brokerage and specialist activities. Commission expenses included in the net result of the trading portfolio decreased from € 104,068,000 to € 77,925,000. The background to this was the low turnover and the commission expenses that depended on it. The decrease in the number of completed trades in particular led to a 42 % reduction in the net result of the trading portfolio.

The continued good earnings situation again allowed the company to give employees a share in the results. Personnel expenses increased by a good 15 % due to the adjustment of fixed salaries and the change in the number of employees. Other administrative expenses decreased by € 8,547,000 due to material expenses, which depend on the business figures.



Other operating income mainly includes allocations to other companies.

The subsidiary Tradegate AG Wertpapierhandelsbank pays into the fund for general banking risks according to § 340e (4) Handelsgesetzbuch (German Commercial Code).

The taxes on income and profit decreased correspondingly due to the lower earnings compared with last year.

The following key figures can be derived from the development of results:

- A turnover equivalent, expressed as the sum of interest earnings, current income, result from associated companies, commission earnings, net earnings from securities held for trading and other operating profits,
- Cost income ratio (CIR), expressed as a percentage: the sum of general administrative expenses, write-offs and the sum of interest income, commission income and net earnings from securities held for trading,
- Return on equity (RoE), expressed as a percentage: net profit for the year plus the amount allocated to the fund for general banking risks divided by equity capital,
- Earnings per share (EpS), expressed as a percentage: net profit for the year plus the amount allocated to the fund for general banking risks divided by the number of shares at the balance sheet date.

	2020	2021	2022
Turnover equivalent	269,884,000 €	256,741,000 €	147,187,000 €
CIR	32.5 %	31.5 %	52.1 %
RoE	102.17%	60.67 %	20.83 %
EpS	9.356 €	9.118 €	3.472 €

The net result of the trading portfolio has reduced as trading turnover has decreased significantly. General administrative expenses did not decrease to the same extent, so that the cost/income ratio deteriorated to 52.1 %.

The earnings situation in the past financial year was significantly reduced compared to the two previous years, which were marked by the effects of the Corona pandemic.

### 2.2.2 Financial position

The Group continues to finance itself predominantly by equity and the fund for general banking risks. The fund is to be endowed with € 8,102,000 (last year € 19,331,000) due to the activity of a subsidiary and the resulting net result of the trading portfolio in 2022. The fund now contains € 77,277,000.

In 2022, the Group's companies continued to acquire and sell treasury shares in the course of trading activities. Treasury shares held directly by the parent company have been acquired for the purpose of cancellation at a later date. Compared with the previous year, the Group's return on equity decreased slightly from 56.6 % to 53.3 %. The lower profit in connection with the retention of part of the previous year's profits entails a smaller share of equity in the balance sheet total.

The main investments were made in intangible assets and in IT. No outside capital was raised for the investments.

The financial position of the company is in good order.

### 2.2.3 Liquidity

The liquidity situation of the Group is characterised by the good equity base and the investment of funds in bank accounts payable on demand. The credit balances are kept ready for the settlement of the extensive volume of business. A portion serves as collateral to cover the risk from transactions that have not yet been settled. Trading assets are turned over in the short term in the course of business and are also considered liquid. The dividend payments and the decline in earnings led to a corresponding outflow of cash and cash equivalents.

Within the framework of private banking, client deposits are held in liquid form or invested at most with matching maturities. The holdings are too small to carry out a significant maturity transformation. Details of the regulatory reference figures for liquidity may be found in the risk report.

In the past business year the company's ability to meet financial obligations was given at all times.



### 2.2.4 Net assets

The balance sheet total of the Group decreased by € 23,767,000 compared to the balance sheet date of the previous year. On the assets side, the main decrease was in bank balances. The liabilities side shows an increase primarily in the fund for general banking risks and liabilities to customers. Decreases occurred in particular in provisions and equity.

The Group's net assets are in good order.

## 3. Risk report, outlook, opportunities

### 3.1 Risk report

The risk report is geared towards internal risk controlling and based on information that is submitted regularly for the attention of the managing board and the supervisory board.

#### 3.1.1 Risk policy and risk management

The Group companies operate in an environment that is subject to strong fluctuations in terms of business volume on the one hand, and upheaval in the general conditions on the other. In this environment, it is necessary to continuously develop the means to manage, monitor and control the relevant risks. With the minimum requirements for risk management (MaRisk) a strict legal framework for the monitoring and control mechanisms and their documentation is in place. The Tradegate AG Wertpapierhandelsbank is legally defined as the highest level company in the Group. It has the task of making sure the Group has an appropriate risk control system in place.

In principle, risk is understood to be the negative difference between actual incidents and expected incidents. Damage is then the occurrence of a risk with negative consequences. As the Group with its subsidiary Tradegate AG Wertpapierhandelsbank sees itself as a liquidity provider or specialist, the creation and holding of securities positions with the expectation of positive price developments is not the approach of the business strategy. Rather the business activity is geared towards enabling as many dealings in securities as possible. In doing so, the company assumes an interim position as buyer or seller during the course of a day with the aim of settling most of these positions by the close of trading. The number of positions that are held until the start of trading on the next day is small compared with the trading volume. If any one position worthy of note is held open, then this happens strictly within the scope of investments in liquid assets.

Developments in the German and European stock market landscape are an important influencing factor for business activities and the related technical developments and surrounding conditions.

These trends must be monitored at an early stage for their impact on the Group's business areas and on technical necessities. Above all, wrong decisions can lead to high costs, loss of earnings and delays.

The basis of the risk management system is the classification of risks into market price risk, operational risk, counterparty default risk and liquidity risk. The risk management system distinguishes between the areas directly dealing with risks, risk management in the narrower sense and risk controlling.

The highest level of risk management, within the framework of competences under company law, is the entire managing board of the Tradegate AG Wertpapierhandelsbank whose members regularly discuss the general business conditions and the Group's development. Based on the guidelines and risk strategy adopted by the entire managing board, the operational divisions and Group companies are given room for manoeuvre and decision-making. The risk control department reports to the chairman of the board and monitors the risk situation and supports risk management, in particular with information on assumed risks. The risk control department is also largely responsible for the further development of the risk management system. The basis of the limit system is the expected result of the business year, taking into account the current equity capitalisation and the current result of the business year. In 2022, a new upper loss limit was determined at the beginning of the year.

#### 3.1.2 Institutional supervision

By virtue of its licence to provide banking and financial services, the Tradegate AG Wertpapierhandelsbank – and consequently the Berliner Effektengesellschaft AG Group – is subject to supervision by the Federal Financial Supervisory Authority and the German Federal Bank. Thereafter, an interim statement and the calculations for the Liquidity Regulation must be submitted on a monthly basis and, on a quarterly basis, the calculations for solvency, indebtedness, liquidity and reports on large and million loans. If any unusual events occur, they are to be reported separately. By virtue of its authorisation to carry out certain types of banking business the company is duty bound to hold an internal audit according to the minimum requirements for risk management.

In accordance with part 8 of the directive (EU) 575/2013 of the European Parliament dated 26 June 2013, also known as the Capital Requirement Regulation (CRR), certain information must be disclosed. The Tradegate AG Wertpapierhandelsbank fulfils this disclosure requirement in a separate report, which is available on the company's website at [www.tradegate.ag](http://www.tradegate.ag).





The financial holding group Berliner Effektengesellschaft AG must adhere to the group-level regulations of the CRR that govern consolidated monthly reports. It must also observe the regulations on submitting information on financial and risk-bearing capacity according to the German Banking Act. According to § 10a subsection 1 clause 2 of the German Banking Act the Tradegate AG Wertpapierhandelsbank is by law the highest-level company in the financial holding group. The regulatory group basically includes all companies that are also included in the commercial consolidated financial statements. The Quirin Privatbank AG group and its subsidiaries are included in the HGB consolidated financial statements at equity. For the purpose of regulatory reporting, it only represents a shareholding of the Berliner Effektengesellschaft AG. The Quirin Privatbank AG is an independent reporting institution. The shareholding in Quirin AG, which is included at equity in the HGB consolidated financial statements due to the size of the direct and indirect participation, represents a shareholding for regulatory purposes only. The Tradegate AG Wertpapierhandelsbank now has an almost 43 percent share in the Tradegate Exchange GmbH group, which is also included in the HGB consolidated financial statements at equity. For the purpose of regulatory reporting, Tradegate Exchange GmbH only represents a shareholding of the Tradegate AG Wertpapierhandelsbank.

Own funds of the financial holding group are made up of the subscribed stock of the Berliner Effektengesellschaft AG, its capital reserves and other reserves, insofar as they are not reduced as part of the equity consolidation. Own shares, asset-side differences from capital consolidation and intangible assets are deducted from this. The item intangible assets includes software and acquired assets. The Group's own funds consist of core capital and supplementary capital. For 31 December 2022, the own funds requirements and own funds are composed as follows:

	Amount in '000 €
<b>Capital requirements for</b>	
Counterparty default risks	69,762
Market price risks	32,509
Operational risks	363,235
Risk of a credit valuation adjustment	189
<b>Total</b>	<b>465,695</b>



	Amount in '000 €
<b>Description</b>	
Paid-in capital	13,328
Capital reserves	33,819
Own shares	- 2,138
Retained earnings	77,869
Special item for general banking risks	39,083
Minority interests	14,246
Temporary provisions for minority interests	0
Goodwill	- 8,465
Intangible assets	- 10,804
Other adjustments	- 1,031
<b>Common equity tier 1</b>	<b>155,907</b>
Additional tier 1 capital	3,054
<b>Core capital</b>	<b>158,961</b>
Tier 2 capital	4,059
<b>Own funds</b>	<b>163,020</b>

The financial holding group Berliner Effektengesellschaft AG is reported according to the CRR. The total capital ratio according to CRR at group level was between 29.75 % and 41.97 % from January to December 2022.

### 3.1.3 Market price risks

Market price risks are understood to be the negative differences of the expected market price development. Market prices are interest rates, stock prices and foreign exchange rates. Any change brings about changes in the value of the financial instruments within the portfolio, such as stocks, bonds or bank balances in foreign currency which in turn can lead to write-offs affecting results. Since one focal point of business activities lies in the trading and relaying of transactions of shares in foreign companies, especially US-American stocks, an indirect foreign currency risk also has an effect. For example, in an ideal market, changes in the US-\$ exchange rate bring about corresponding changes in the stock price in €. In the context of the risk management system of securities trading, the risk arising from securities transactions is considered to be implicit in the share price risk.

Last year the controlling limits were monitored in line with supervision requirements. Due to the earnings forecast for 2022 and the equity capitalisation, a new absolute upper loss limit was decided by the managing board for all companies in the Group. Furthermore, risk limits were allocated to the other companies belonging to the Group in consultation with their managements. One part of this upper loss limit was divided as a control limit between the individual trading areas. Using these control limits, pending losses from open positions were limited. The pending losses are calculated from the value of the open position and the current value on the basis of a reference price. This reference price is determined on an ongoing basis and entered into the control system. In 2022, when considering the reference price, there were very rare, short-term breaches of



the limits, which were usually only used to a limited extent. In nearly all cases, the reason for exceeding the limit was that the monitoring system was provided with incorrect reference prices. If risk control notifies a limit exceedance, the cause is investigated and the board member responsible for controlling in the superordinate company under supervisory law is informed accordingly. The board member responsible for controlling discusses the steps to be taken with the board member responsible for trading, and informs risk control of the result. If losses that exceed a certain threshold value are actually incurred, the limit concerned is lowered automatically. In a subsequent comparison of the actual and planned result of the Group, a decision is made on the retention or change of the limit alignment. In addition, based on the historical development of the DAX and supplementary information, a value-at-risk is determined for the end of the day. This is then compared to the assigned loss limit. In 2022 there were no adjustments to the controlling limits for trading securities portfolios. A limit breach was recorded on two days due to a public holiday and very high trading volumes as well as in connection with the start of the Russian invasion.

A further controlling limit exists for receivables from and liabilities to banks, customers and suppliers, provided these are not denominated in euros. Risks from US dollar balances held at domestic banks are particularly noteworthy here. Limit overruns occurred due to the partly higher trading volumes. The board members responsible for controlling and trading were informed of the limit overruns and they then decided on a course of action.

#### 3.1.4 Operational risks

Operational risks are understood to be such risks arising out of inappropriate or faulty company operations or those caused by employees, systems or external occurrences, legal risks included.

As part of a risk inventory, on the one hand the identified potential claims were checked, particularly with regard to their classification in terms of the frequency of damage and the extent of the damage, and on the other hand the risks to the company were identified and evaluated and their materiality or immateriality determined using suitable criteria for the overall risk profile of the company. If there were any new findings, adjustments were made. In order to get an overview of the damage occurring, the employees were required to report cases of damage that exceeded a defined minimum limit to risk controlling. The resulting damage consisted primarily of increased workload and trade losses. They were addressed appropriately and operational processes were adjusted. In the area of IT-operations, a list of system changes, faults and failures is kept which is regularly checked against the loss event database. Last year, there were no significant faults that caused definable or noteworthy damages.

The management of operational risks is the responsibility of the respective management or department heads. They monitor the work processes and, if necessary, intervene or make adjustments. Within the revised risk strategy, a graduated procedure to determi-

ne the upper loss limit was followed and part of the risk coverage potential was reserved for operational risks. The graduated procedure determines the upper loss limit on the basis of various assessment parameters, which from the company's point of view are key drivers of operational risk.

#### 3.1.5 Sustainability risks

Sustainability risks or ESG risks are understood to be events or conditions from the areas of environment, social issues and corporate management (Environmental, Social and Governance, ESG), the occurrence of which can actually or potentially have negative effects on the assets, financial and earnings situation as well as on the reputation of the Tradegate AG Wertpapierhandelsbank. The sustainability risks represent drivers for the other risks mentioned and can affect their materiality. The company examines how the sustainability risks affect the identified risks. There are two perspectives for sustainability risks. On the one hand, the risks have a direct effect on the values of the company and can lead to impairments. On the other hand, the company itself contributes to sustainability risks, e.g. through its energy consumption. Public and customer perceptions of how the company deals with sustainability risks can in turn promote business risks, such as reputational risks or earnings risks.

Operational risks in particular will be affected by sustainability risks occurring in the future. In particular, expenses for adapting processes to climate change or unexpectedly increasing expenses, e.g. for electricity, are likely to play a role here. Market price risks are also influenced by sustainability risks. Climate change is more long-term. Due to the company's activities and the related short-term holding period of the securities, the impact of climate-induced market price risks is limited.

#### 3.1.6 Other risks

The other risks include counterparty default risks and liquidity risks. The counterparty default risk is the danger that liabilities are fulfilled too late, incompletely or not at all. The Group has predominantly receivables from banks. The most important bank relations are with the Quirin Privatbank AG and the BNP Paribas S.A. Group. Because of its associated relationship to the group, the Quirin Privatbank AG is integrated into the monthly reports and Mr. Timm is a member of the supervisory board of the bank, so sufficient real-time information on the economic situation is always available. Apart from these bank accounts, which are used for payment transactions and cash deposits, the company has receivables from tax repayments and receivables from other brokers for securities transactions. The risks here are considered to be low as they are regulated by stock exchange systems and the market participants are subject to supervision by the stock exchanges and the Federal Financial Supervisory Authority.

In the business segment Private and Business Customers, counterparty default risks generally arise from the granting of Lombard loans. As these loans are always fully secured by securities, the risks can be regarded as minimal. Appropriate procedures to control the limits and the value of the collateral are in place.



Liquidity risk is understood to be the danger that payment obligations might be made not at all, too late or incompletely, or that due to illiquid markets assets cannot be sold, or sold at the expected price. The management of the willingness to pay is decentralised in the individual companies. Among other things, the incoming and outgoing payments for the following twelve months are estimated within the framework of planning. The first quarter is reported on a monthly basis, thereafter reports are made on a quarterly basis. If there are any shortfalls, reports are made more often than usual. In the last year, there were no shortfalls of these self-imposed limits. Financial institutions have to fulfil a liquidity coverage ratio (LCRDR) and provide for a stable funding ratio. Within the requirements of the liquidity coverage ratio banks are required to hold liquid assets at least to an amount that covers the total value of liquidity outflow defined in the liquidity coverage ratio, less the inflow of liquidity under stress conditions also defined therein. For the business year, the ratio of liquid assets to the net liquidity outflow at group level was between 3.12 and 12.36. The purpose of the stable funding ratio is to make sure that the long term liabilities of financial institutions are backed appropriately by stable funding. Due to the structure of the business and the available equity, long-term refinancing was guaranteed at all times during the financial year. The market liquidity risk is controlled and monitored through the choice of where to trade, consideration of the current market situation when completing transactions and the limitation of open positions. In addition, the change in the number of transactions is considered as a benchmark.

### 3.1.6 Reporting

The entire managing board of the superordinate company receives a risk report on a daily basis that contains the realised results of the last day of trading, the current month and the current year, as well as information on limit adjustments and special issues such as significant exceedance of limits and unusual transactions as regards business partners, volume or conditions. Information on other significant risks is also included in the report. In particular, information on loss events from operational risks, special incidents and measures taken are included in the report. This daily risk report is supplemented by a monthly economic development report and a quarterly Group risk report. This risk report complements the economic development report supplied to the managing board each month. Apart from the balance sheet and profit and loss statement, the report contains employee statistics, the development of securities transactions and some key business figures. Additionally, a summarised report for all main types of risk is produced every quarter. This report contains information on limits, capacity utilisation and possible damages as well as the results of scenario analyses. The report is made available to all managing board members and the supervisory board.

### 3.2 Outlook and opportunities

The Group currently has no plans to significantly change its business strategy. The outsourcing of the different operative business areas with different risks, different required licences and different capital requirements, which can also be covered by taking on new shareholders on a case-by-case basis, has proven to be correct and practicable.

In last year's management report the following main statements were made for the business year 2022:

- For the 2022 financial year, the Tradegate AG Wertpapierhandelsbank expects a significantly lower operating result overall than in the two atypical years 2020 and 2021. Business with private investors is expected to be stable or could possibly even grow moderately. The company does not expect to achieve a new turnover record.
- The Ventegis Capital AG is to be merged into the Berliner Effekten-gesellschaft AG or liquidated, as it no longer operates an independent business.
- For the further development of the Quirin Privatbank AG, the faster-growing fintech offshoot called quiron with robot advice for smaller private customers is increasingly decisive.

All of the key estimates regarding the Tradegate AG Wertpapierhandelsbank initially materialised in the course of the financial year, although the significant decrease in turnover caused by the war as of the second quarter of 2022 could not be predicted and projects could not be completed as planned in 2022. It was decided to liquidate the Ventegis Capital AG. Quirin Privatbank AG was able to pay a dividend again.

Tradegate AG Wertpapierhandelsbank remains Berliner Effekten-gesellschaft's most important Group company in the long term.

For the 2023 financial year, the Tradegate AG Wertpapierhandelsbank must initially assume a turnover level that corresponds to the last nine months of 2022. Since the first quarter was still very strong in terms of turnover in 2022, there would currently be a further decline in sales and profit for the year as a whole.

In the event of a declining result of the Tradegate AG Wertpapierhandelsbank in 2023, a declining dividend payment by Tradegate AG Wertpapierhandelsbank is to be expected from Berliner Effekten-gesellschaft's point of view. No significant effects on earnings from other participations are expected.

The Ventegis Capital AG i. L. is in liquidation.

The third significant holding of the Berliner Effekten-gesellschaft is the Quirin Privatbank AG. For the further development of the Quirin Privatbank AG, the faster-growing fintech offshoot called quiron with robot advice for smaller private customers is increasingly decisive. The quiron AG therefore received € 13 million in growth capital through a capital increase in which Berliner Effekten-gesellschaft AG participated.

Overall, the Group therefore also conservatively assumes a lower operating result.



Berliner Effektengesellschaft AG itself does not need a capital inflow in the medium term to implement its strategic goals and is therefore not planning any capital increases. The liquidity already available and any possible cash inflows are to be used in part for the payment of appropriate dividends and for further share buybacks at favourable price levels. On the other hand, part of the liquidity will remain in the company as an investment reserve in order to maintain room for manoeuvre for the strategic development of the business at all times.

With its operating subsidiaries or investments in the financial sector, the Group remains highly dependent on the capital market environment. The interest rates that are available at the moment are generally not positive for equity investments. In all likelihood, however, no further significant increase in interest rates is to be expected that could compensate for the loss of wealth due to higher inflation rates. In this respect, investments in shares or ETFs remain indispensable for asset accumulation and retirement provision in the medium term. The Tradegate AG Wertpapierhandelsbank and Quirin Privatbank AG/quirion AG business models are therefore still well positioned in a growth market.

Berlin, 11 April 2023

Berliner Effektengesellschaft AG

*Holger Timm*

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