



Summarised Annual Report 2015



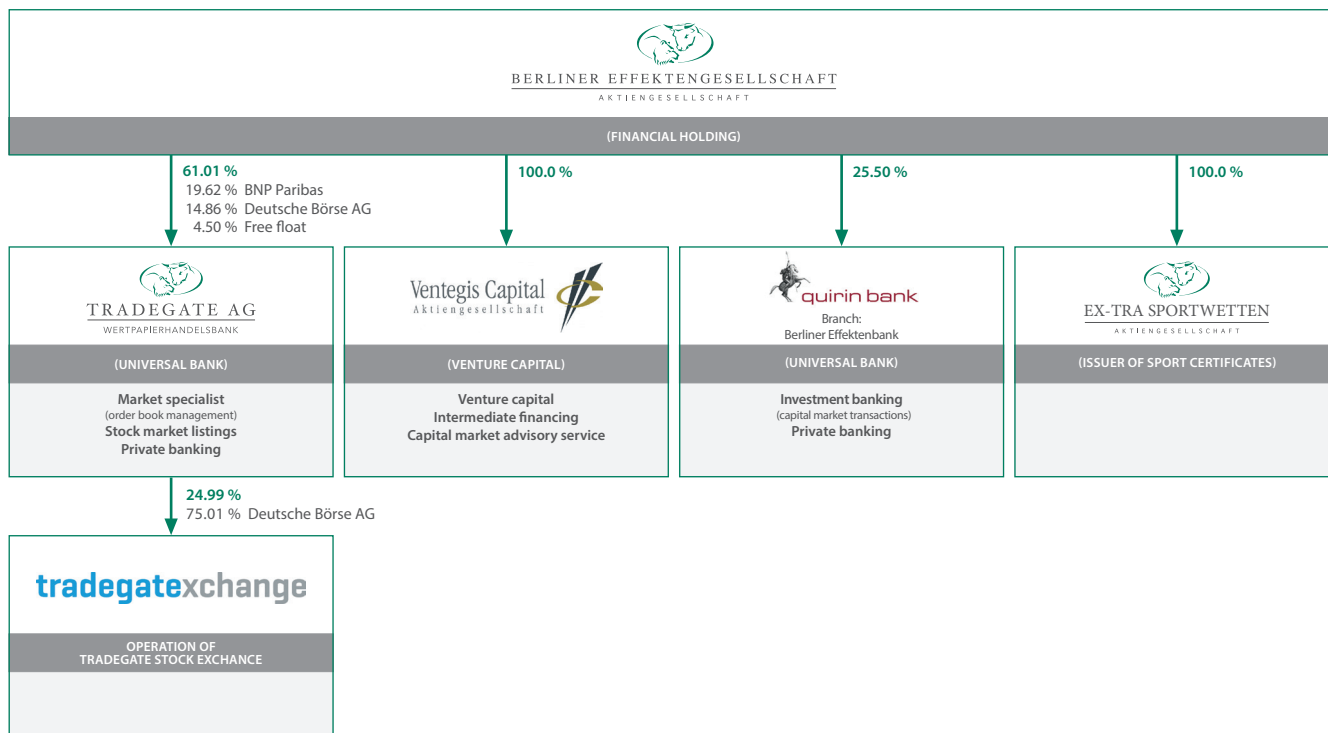
BERLINER EFFEKTEGESELLSCHAFT
AKTIENGESELLSCHAFT



BERLINER EFFEKTEGESELLSCHAFT

AKTIENGESELLSCHAFT

GROUP STRUCTURE (31.12.2015)



WKN 522 130, ISIN DE0005221303 (quoted in Entry Standard)

SHAREHOLDERS' STRUCTURE AS AT 31 DECEMBER 2015

32.53 %	H.T.B. Unternehmensbeteiligungen GmbH
48.38 %	Holger Timm
19.09 %	Free float

COMPANY DATA AS AT 31 DECEMBER 2015

Market capitalisation:	92,245,000 €
Number of shares:	13,872,337
Free float:	19.09 % = 2,647,651
Financial accounting:	HGB
Balance sheet total:	110,120,000 €
Number of employees:	111

KEY FIGURES AS AT 31 DECEMBER 2015

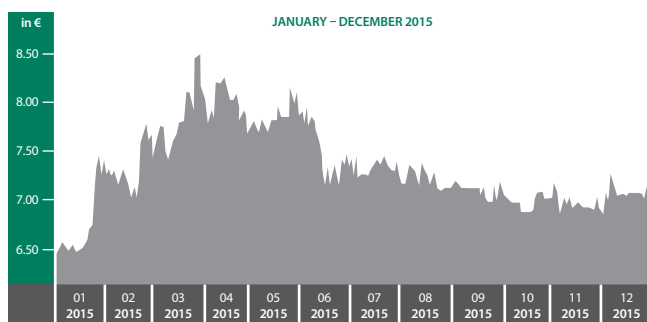
Result per share:	0.911 €
Dividend:	0.40 €
Interest surplus / gross profit:	2.7 %
Commission surplus / gross profit:	1.9 %
Trading result / gross profit:	95.4 %
Cost / Income-Ratio:	63.9 %
Equity ratio*1:	74.4 %

KEY FIGURES AS AT 31 DECEMBER 2014

Result per share:	0.949 €
Dividend:	0.20 €
Interest surplus / gross profit:	2.5 %
Commission surplus / gross profit:	3.1 %
Trading result / gross profit:	94.3 %
Cost / Income-Ratio:	68.6 %
Equity ratio*1:	87.9 %

SHARE PRICE DEVELOPMENT

BERLINER EFFEKTENGESELLSCHAFT AG (WKN 522 130, ISIN DE0005221303)



"NET-ASSET-VALUE"

OF THE LISTED GROUP COMPANIES AND HOLDINGS OF THE BERLINER EFFEKTENGESELLSCHAFT AG AS AT 30 DECEMBER 2015

	Number of shares BEG holds	Share price in Frankfurt	Calculative value 30 · 12 · 2015
Tradegate AG	14,888,799	7.60 €	113,154,872 €
quirin bank AG	10,996,373	1.46 €	16,054,705 €
Ventegis Capital AG	3,569,270	2.70 € *2	9,637,029 €
Number of BEG shares as at 30.12.2015			13,872,337
Calculative value of the three listed group companies / holdings 30.12.2015			138,846,606 €
Calculative value of each BEG share 30.12.2015			10.01 €
Price of the BEG share on 30.12.2015			7.01 €

MANAGING BOARD AND SUPERVISORY BOARD

As at: 01.05.2016

Managing Board
Holger Timm, Chairman
Karsten Haesen

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

CALENDAR OF EVENTS

9 June 2016 2 pm	Annual General Meeting in Berlin
2 December 2016 5 pm	Shareholders' Forum in Berlin



BERLINER EFFEKTEGESELLSCHAFT
AKTIENGESELLSCHAFT

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**Dear shareholders and valued business partners,
Dear friends of Berliner Effektengesellschaft,**

As the Chairman and majority shareholder of Berliner Effektengesellschaft I would like this year to make an exception to the usual practice and address a few words to you in a short preamble to the company's annual report for 2015.

The reason for writing this preface is that during a spontaneous clear out of my desk and filing cupboards I recently happened to stumble across two small anniversaries that I had forgotten about. The first one was 2nd January 2016, my own thirty year company anniversary. On 2nd January 1986 I started the business together with one other colleague and under a different company name. Eleven years later, in 1997, the then Berliner Freiverkehr (Aktien) GmbH was converted to an incorporated company and made a successful debut on the stock exchange. Next year we will be able to celebrate twenty years as a public limited company.

Certainly, the passing of time as such is no particular reason to celebrate and it is not in my nature to reminisce or to look to the past rather than to the future, so I will spare you a detailed description of the developments in the ever changing history of the Berliner Effektengesellschaft. The second anniversary, however, is more significant and definitely worth a mention. Fifteen years ago we decided to develop our own trading platform called TRADEGATE®, which today is the most important company in the group and represents the operative backbone of our small financial business.

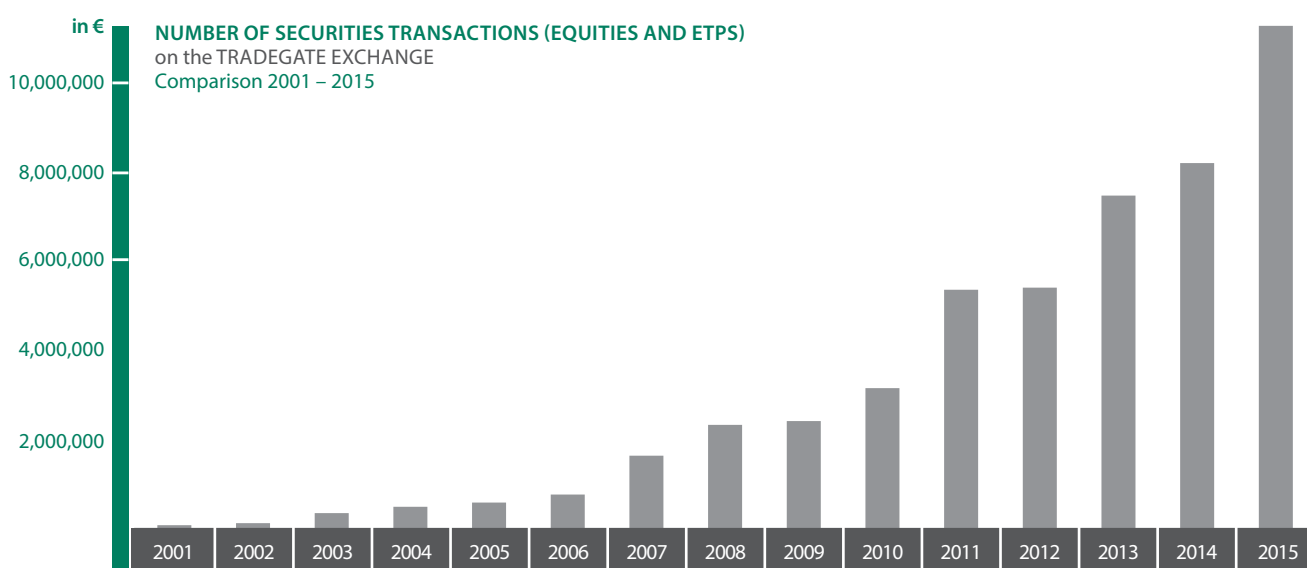
Back in the year 2000 the meaning of this long-term fundamental decision went almost unnoticed by the public. The enormous turnover at that time, especially from retail investors, afforded many broker companies and stock exchanges excellent business

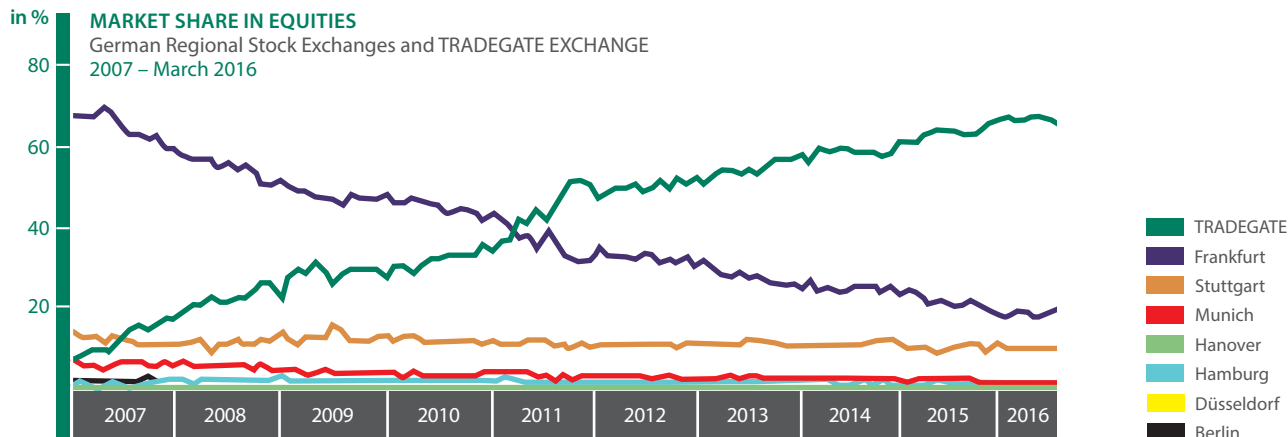
results. In our opinion, however, signs were already appearing of the revolutionary changes to come on the international capital markets and in the financial sector in general, but these were not recognised by everyone. Today, in 2016, everyone is talking about investments in so-called fintech companies with their innovative technology for the financial industry. This entrepreneurial boom with its numerous start-ups reminds me a little of the bubble in the market commonly known as the "Neuer Markt" (new market) at the end of the nineties. In practice, only very few fintech start-ups will be able to transform their interesting new business approaches into economic success.

I believe we can claim to have been acting as an innovative and successful fintech company for fifteen years already, and during this time we have basically revolutionised the German capital market for retail investors. Since 2000 a large and growing number of our employees are working in IT operations and particularly in software development. The reorganisation in 2000 of our group company, Tradegate AG, and the huge investments in our future in the years thereafter were not only courageous but also far-sighted and absolutely necessary.

I am especially pleased that in our case a long-term strategic business plan has turned out to be successful in practice.

From my point of view the continuous growth in turnover on TRADEGATE EXCHANGE is impressive, especially when one considers that after the collapse of the "Neuer Markt" in 2000 equity sales from retail investors fell dramatically by about 90 percent. Our growth in turnover with retail investors is therefore due exclusively to winning market share from competitors, i.e. the other seven comparable stock exchanges in Germany.





Our success is in fact simple to explain. The large stock exchanges of this world have always been geared towards the needs of institutional investors. As far as the big market players are concerned, business from retail customers is nothing more than insignificant “peanuts”. As a so-called “start-up” we were thus free to expand in a seemingly inconsequential market niche by addressing the particular needs of the up-to-date, active retail investor. Thanks to the availability of continuous market access for all market participants in the past our rivals had an enormous competitive advantage, while we had to work long and hard to get as many custodian banks as possible connected to our modern IT infrastructure. Today most of them do not have competitive IT systems and must allow themselves to be measured by our contemporary standards.

I am particularly proud of the fact that the conceptual design and the increasing success of TRADEGATE® during the last fifteen years have been instrumental in reducing the transaction costs for retail investors. Right from the beginning TRADEGATE® dispensed with all stock exchange fees and broker commissions. What is more, through our systems, the clearing and settlement costs for custodian banks connected to our platform have been reduced by up to 80 percent. As a result these banks have been able to offer their customers more attractive conditions. Back in the year 2000 for example, a customer placing an order of € 5,000 (including additional costs) had to pay between € 50 and € 100 because in many cases the order was part-executed, causing extra fees. Unfortunately the customer had no influence over this. Today, depending on the provider, the same order costs only between € 5 and € 10, at least if it is executed on TRADEGATE EXCHANGE. It should be noted that this cost reduction of ca. 90 percent is very significant for private investors’ capital accumulation and retirement provisions, especially in the current phase of low interest.

At this point I would also like to mention another of our important group investments, the quirin bank AG, which through its business concept of commission free and independent asset management and investment advisory services has also contributed to a customer-friendly development in German banking. The bank has now

established a fintech branch called quiron that offers the advantages of its commission free investment model to a wider audience with smaller investment amounts.

A review of the last fifteen years just goes to show how unbelievably persistent old and inefficient structures can prove to be, especially in the financial industry. We have learnt the hard way that many strategic decisions, though timely and correct, sometimes need much more time than one would expect to be turned into an economic success. But we will not let this stop us from paying out an attractive dividend and at the same time continually investing a large part of our profits from the Effektengesellschaft Group in our future. To this end, apart from their daily business our directors and employees always have the realisation of our mid and long-term goals in mind.

On the occasion of my jubilee I would like to say a big thank you to all colleagues and employees who work well together as a team and have made our success possible. Many of them celebrated their fifteenth anniversary with Tradegate AG last year, so have been with the company from day one. Another word of thanks goes of course to our often long standing shareholders, who especially in the first phase of investment after 2000 had to go without a dividend payment. They have been incredibly patient and awarded us their trust, and I am very confident that we will continue to justify this in the future. Finally, I would like to address a special thank you to our long-time business partners and customers. Without satisfied customers and solid business relations with reliable partners, entrepreneurial success is not possible. As an experienced stock market trader and as part of our business philosophy I have for thirty years always said to all colleagues and employees of the Berliner Effektengesellschaft Group that “my word is my bond” and the needs and satisfaction of our customers must be the yardstick for our actions.

Holger Timm



GROUP BALANCE SHEET: ASSETS BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2015	in €	in €	in €	in '000 € last year
1. Cash reserves				
a) cash balance		201,348.36		1
b) balance at Deutsche Bundesbank		10,128,050.25	10,329,398.61	5,148
2. Receivables from banks				
a) due daily		69,270,988.74		52,539
b) other receivables		2,070,000.00	71,340,988.74	2,070
3. Receivables from customers				
<i>of which:</i>			1,107,374.32	278
<i>secured by land charges € 0.00</i>				
<i>local authority loans € 0.00</i>				
<i>financial services institutions € 1,754.09</i>				(26)
4. Bonds and other fixed-interest securities				
a) commercial papers				
aa) from other issuers	0.00	0.00		0
<i>of which lendable at the Deutsche Bundesbank € 0.00</i>				
b) bonds and debentures				
ba) from public sector issuers	0.00			0
<i>of which lendable at the Deutsche Bundesbank € 0.00</i>				
bb) from other issuers	246,987.62	246,987.62	246,987.62	688
<i>of which lendable at the Deutsche Bundesbank € 0.00</i>				
5. Shares and other non fixed-interest securities				
a) Securities held for trading			25,250.00	115
			7,194,560.70	4,247
6. Investments				
<i>of which:</i>			3,824,097.06	3,626
<i>in banks € 0.00</i>				
<i>in financial services institutions € 0.00</i>				



	in €	in €	in €	in '000 € last year
7. Investments in associates			11,873,220.43	10,707
<i>of which:</i>				
<i>in banks € 11,520,352.26</i>				(10,422)
<i>in financial services institutions € 0.00</i>				
8. Shares in affiliated companies			0.00	0
<i>of which:</i>				
<i>in banks € 0.00</i>				
<i>in financial services institutions € 0.00</i>				
9. Intangible assets			663,364.21	764
a) acquired concessions, industrial property rights and similar rights and assets, including licences for such rights and assets			435,876.00	410
b) goodwill			227,488.21	354
10. Tangible fixed assets			924,918.00	395
11. Other current assets			2,461,334.25	3,422
12. Prepaid and deferred expenses			58,411.09	15
13. Deferred tax assets			70,095.33	27
Total assets			110,120,000.36	84,042



GROUP BALANCE SHEET: LIABILITIES AND SHAREHOLDERS' EQUITY BERLINER EFFEKTTENGESELLSCHAFT AG, Berlin as at 31 December 2015	in €	in €	in €	in '000 € last year
1. Liabilities to banks				
a) due daily		1,430,567.33		309
b) with agreed maturity or period of notice		0.00	1,430,567.33	0
2. Liabilities to customers				
a) other liabilities				
aa) due daily	6,714,705.13			1,767
<i>of which:</i>				
<i>to financial services institutions € 8,441.61</i>				(18)
ab) with agreed maturity or period of notice	10,431,525.03	17,146,230.16	17,146,230.16	0
3. Securities held for trading			1,978,756.23	1,410
4. Other liabilities			2,845,879.24	1,771
5. Deferred tax liabilities			0.00	39
6. Accruals and deferred income			0.00	0
7. Provisions and accruals				
a) provisions for pensions and similar obligations		0.00		0
b) tax provisions		1,757,224.30		1,322
c) other provisions		3,059,318.75	4,816,543.05	2,769
8. Fund for general banking risks			14,763,796.42	12,191
<i>of which: € 14,763,796.42 according to § 34e IV HGB</i>				(12,191)
9. Equity capital				
a) subscribed stock	13,872,337.00			13,872
own shares	- 141,967.00	13,730,370.00		- 58
b) capital reserves		31,604,195.04		31,584
c) consolidated retained earnings		6,117,867.02		3,315
d) adjustment item for minority interests		15,685,795.87	67,138,227.93	13,751
Total liabilities and shareholders' equity			110,120,000.36	84,042





GROUP INCOME STATEMENT BERLINER EFFEKTEGESELLSCHAFT AG, Berlin for the period from 1 January to 31 December 2015	in €	in €	in €	in €	in '000 € last year
1. Interest earnings					
a) credit and money market business	26,229.02				30.3
less negative interest from money market business	- 36,229.92	- 10,000.90			
b) fixed-interest securities and government ledger bonds		7,279.42	- 2,721.48		50.3
2. Interest expenses			- 17,798.52	- 20,520.00	- 7.2
3. Current income from					
a) shares and other non fixed-interest securities			0.00	0.00	0.0
4. Result from associated companies				1,241,655.26	832.8
5. Commission earnings			1,077,197.94		1,330.0
6. Commission expenses			- 209,883.49	867,314.45	- 214.0
7. Net earnings from securities held for trading				43,736,493.99	33,703.2
8. Other operating profits				1,753,088.34	5,806.6
9. General administrative expenses					
a) personnel expenses					
aa) wages and salaries		- 12,461,758.51			- 10,500.7
ab) social security payments and expenses for retirement provisions and for support		- 1,273,097.09	- 13,734,855.60		- 1,153.7
<i>of which: € 133.57 for retirement provisions</i>					<i>0.1</i>
b) other administration expenses			- 15,076,902.71	- 28,811,758.31	- 12,327.1
10. Write-offs and value adjustments on intangible assets and tangible fixed assets				- 474,620.29	- 530.7
11. Other operating expenses				- 46,113.38	- 72.0
12. Write-offs and value adjustments on receivables and certain securities as well as allocations to provisions for credit business				- 139,431.22	- 75.3
13. Earnings from write-ups to receivables and certain securities, as well as release of provisions in credit business				116,279.75	151.0



	in €	in €	in €	in €	in '000 € last year
14. Earnings from write-ups to investments, shares in affiliated companies and securities treated as fixed assets				0.00	33.5
15. Result from ordinary business activities				18,222,388.59	17,057.0
16. Allocation to fund for general banking risks				- 2,572,554.28	- 3,353.8
17. Taxes on income and profit				- 5,522,258.34	- 3,895.3
18. Other taxes not shown under 11				- 57,012.18	1.9
19. Net income				10,070,563.79	9,809.8
20. Associates' minority interest in net income				- 3,983,778.88	- 1,292.7



**MANAGEMENT REPORT OF
THE BERLINER EFFEKTEGENESCHAFT AG GROUP
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 the 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 61.0 %**, licensed as a deposit bank. The main business is securities trading, especially as market specialist on the TRADEGATE EXCHANGE 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 25 % in the operating company of the TRADEGATE EXCHANGE, the Tradegate Exchange GmbH. The majority shareholder of this company is the Deutsche Börse AG,
- **Ventegis Capital AG, Berlin; holding 100 %**, venture capital business providing mainly early phase investments and general financial and structuring advice,
- **Ex-tra Sportwetten AG, Vienna, Austria, holding 100 %**, issuer of sport certificates with a licence for sports betting.

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 connections of the companies belonging to the Group. At the moment there are no other strategically relevant investments apart from the holding in the quirin bank AG.

The Berliner Effektengesellschaft AG's interest of 25.5 % in the quirin bank AG remains unchanged. According to HGB-regulations (German Commercial Code) the quirin bank AG is therefore an associated company of the BEG Group.

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. The management comprises two board members (Mr. Karsten Haesen and Mr. Holger Timm) who work closely with one another in the areas of strategic

planning, guidance of the operational subsidiaries and investment controlling. Although three subsidiaries operate as public companies and the independence of each management board is protected, a higher-level strategy and supervision is ensured through the overlap in the structure of the management bodies in all companies. Mr. 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, Mr. Timm is the Chairman of the Board of the Tradegate AG Wertpapierhandelsbank, Chairman of the Supervisory Board of the quirin bank AG and Member of the Supervisory Board of Ventegis Capital AG. Mr. 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 and a member of the supervisory 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 further improved since the company's own trading system, TRADEGATE®, was established as a new stock exchange, TRADEGATE EXCHANGE. The company has also benefited from the past year's strategic partnership with the Deutsche Börse AG. Following a moderate growth rate of 9.76 % in the number of equity trades completed on the TRADEGATE EXCHANGE in 2014, a renewed growth spurt of 37.72 % with 11,226,085 single transactions was reported in 2015. All other relevant competitors, i.e. the seven German regional exchanges, reported significantly smaller growth in turnover for 2015, so TRADEGATE EXCHANGE'S market share in equity trading continued to grow, at times reaching up to 67 %. With regard to the market segment equity trading, TRADEGATE EXCHANGE has not only strengthened but also expanded its position as the leading trading platform for private investors in Germany.

1.4 Development of general market conditions

The general market conditions for securities trading companies, especially in trading with private investors, showed no sustained improvement in 2015. The number of shareholders in Germany remains very low. Last year private investors slightly increased their trading activity in equities but this was due mainly to a rapid rise in share prices in the first quarter. As of April private investors generally became more unsettled. As a result there is still increased pressure among the remaining securities trading firms and trading platforms/



exchanges that are all competing for a dwindling number of trades. This caused a slight downturn in the average gross margin per trade for 2015 following a modest increase in 2014. The urgently awaited market shakeout which would make long term profitable business possible for the remaining companies has yet to materialise. In fact the successful business model of the TRADEGATE EXCHANGE is now being widely copied by other stock exchanges with the aim of trying to regain market share. Up to now these new platforms have not been able to achieve any significant turnover.

2. Economic report

2.1 Business development

In 2014 the group subsidiary Tradegate AG Wertpapierhandelsbank reported a very good result in ordinary business activities of € 12,660,000. In the business year 2015 the result in ordinary business activities made a notable leap to € 18,270,000. On the basis of the German Accounting Law Modernisation Act and the much higher trading profit the company was once again obliged to pay a large sum (€ 2.57 million) into the fund for general banking risks. In the past five years a total of € 14,764,000 has been paid into the fund which means that this amount cannot be distributed to the shareholders as profit. The company achieved a very good net profit in spite of this and is therefore able to increase the dividend payment from last year's € 0.21 to € 0.41 per share.

The subsidiary Ex-tra Sportwetten AG in Vienna did not issue any sport certificates in 2015 since no large sporting events took place. This means that no revenue was generated for the business year. A loss of € - 43,745.89 was incurred due to general administrative expenses.

In 2015 Ventegis Capital AG was able to improve on the result of 2014 (€ - 390,000) but still recorded a loss for the year of € - 264,000. The loss resulted from general administration expenses.

The number of employees in the Group changed marginally, with fourteen new-comers and seven leavers. At the end of the year there were 111 people employed in the Group. The age structure changed p.r.t. only slightly. The average age is about 42.5 (last year 40.9) with most people in the age group from 30 to 40. The average job tenure is almost 11 years (last year 10.4 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 have a suitable share 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 amount received by each employee or board member is calculated by means of several criteria, for example position in the company, length of service, special tasks etc. € 6,125,000 of the total remuneration of € 12,462,000 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, particularly to improve the clearing systems for existing customers and extend or renew established IT-systems. Software is usually developed and maintained by company employees. The personnel costs involved are not such that they can be capitalised. Occasionally individual contracts for work are outsourced and, depending on size, can be capitalised. In the areas of networks, data banks, word processing, etc. standard software from large providers is used.



2.2 Business outlook

2.2.1 Results of operations

The Berliner Effektengesellschaft AG Group reported a financial result of € 10,071,000 for the year 2015 (2014: € 9,810,000). The results of operations of the Group are influenced by the net earnings from securities held for trading, which include the significant amount of earnings coming from specialist activities. The performance-based remuneration on the Frankfurt Stock Exchange is shown in the commission income. The earnings from the private banking business are as yet too small to affect the interest and commission income. The investment business is currently being scaled down and is losing importance in the Group result.

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

	in '000 € 2013	in '000 € 2014	in '000 € 2015
Interest income	181	73	- 21
Result from associated companies	479	833	1,242
Commission income	784	1,116	867
Net earnings from securities held for trading	29,232	33,703	43,736
General administrative expenses	- 23,036	- 23,982	- 28,812
Result from ordinary business activities	7,746	17,057	18,222
Allocation to fund for general banking risks	- 2,918	- 3,354	- 2,573
Taxes on income and profit	- 2,674	- 3,895	- 5,522
Net income / loss for the year	2,159	9,810	10,071

The interest income is the balance from interest earnings and interest expenses including current income from securities and investments. This has fallen compared with last year due to the negative interest rates. The results from shares in other companies which are included in the consolidated accounts at equity have improved again this year. This is especially attributed to the development of results of the quirin bank AG. A significant part of the commission income comes from the remuneration for broker and specialist activities. This has dropped compared with last year from € 742,000 to € 699,000. In the previous year earnings from advisory services in the business area Venture Capital made a sizeable contribution to the overall results but in 2015 earnings were negligible. This is the main cause for the weak result in commission income. The commission expenses included in the net earnings from securities held for trading have risen from € 8,043,000 to € 10,233,000. This was due to increased turnover and corresponding higher commission expenses. Despite these higher commission expenses an increase of 29.8 % was reported in the net earnings from securities held for trading thanks to last year's much improved results.

Since last year's results were very good the company was able to reward employees with a share in profits. These special payments and bonuses are the main reason for the € 2,081,000 increase in personnel costs. The other administrative expenses were influenced mainly by increased trading activity in the business area Securities Trading. The larger number of transactions led to corresponding higher costs for settlement.



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

The taxes on income and profit increased due to the positive results compared with last year.

From the development of results the following operating figures can be derived:

- 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 and write-offs on intangible and tangible assets divided by gross earnings.
- 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.

	2013	2014	2015
Turnover			
equivalent	32,206,000 €	41,753,000 €	47,806,000 €
CIR	76.8 %	68.6 %	63.9 %
RoE	10.36 %	23.56 %	19.75 %
EpS	0.366 €	0.949 €	0.911 €

The positive environment on the stock markets and the relative strength compared with competitors has led to another increase, especially in the net result from securities held for trading. Unusual events, which could have caused temporary market volatility or

extremely high turnover, did not occur during the year. The rise in the net result from securities held for trading also brought about an increase in the general administrative expenses. Along with the turnover-dependent expenses for the clearing and settlement of securities trades, profit-related special payments were made to employees thus increasing expenses for personnel. However, the increase in general administrative expenses was not as large as the increase in profits, so the cost income ratio improved to 63.9 %.

The results of operations have developed very positively during the last business year.

2.2.2 Financial position

The Group is financed primarily from its net assets and the fund for general banking risks. Based on the business of one of its subsidiaries and the ensuing net result in 2015 from securities held for trading, € 2,573,000 was paid into the fund. The last five years' payments now amount to € 14,764,000.

In 2015 the Group companies acquired more own shares within the scope of trading activities. There was no new placement of those shares held directly by the parent company. Compared with last year the Group's equity ratio fell from 73.4 % to 61.0 %. As customer deposits in private banking increased the ratio of equity capital on the balance sheet decreased.

€ 861,000 was invested, primarily to modernise the computer system. Capital was not borrowed for the investment.

The financial position of the company is in good order.

2.2.3 Liquidity

The liquidity position of the Group is marked by a good equity base and the investment of capital in bank accounts which mature daily. The assets are held ready for the purpose of processing extensive business. A part of the assets serves as a guarantee for underlying risks arising from uncompleted trades. In the course of business activities securities held for trading are transacted short-term and are also therefore classed as liquidity. The very positive development of results has led to a corresponding accrual of liquidity.

In private banking the account deposits are invested with matching maturities. The amounts are too small for a maturity transformation. Details of the regulatory reference figures for liquidity may be found in the risk report.



The investment business will not be developed further. The investment portfolio is currently being wound down, so there was no noteworthy impact on liquidity.

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

2.2.4 Net assets

This year the balance sheet total of the Group improved by € 26,078,000 compared with last year. On the assets side of the balance sheet the credit balance at the Bundesbank and other banks increased. The credit balance at banks increased due to the positive development of results and the accrual of customer deposits in private banking. The changes in such deposits drive the increase on the passive side of the balance sheet.

The company's net assets are in good order.

3. Supplementary report

No significant events were reported after the balance sheet date.

4. Risk report, outlook, opportunities

4.1 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.

4.1.1 Organisation of risk management

The Group is active in a field that is subject both to dramatic fluctuations regarding the amount of business and to changes in general conditions. 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 monitoring and control mechanisms and their documentation is in place. For the Group the Tradegate AG Wertpapierhandelsbank is legally defined as the highest level company. 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. With its subsidiary Tradegate AG Wertpapierhandelsbank the Group sees itself as a liquidity provider or, as the case may be, a market specialist and it is not company strategy to build up and assume securities positions in anticipation of a positive market price development. Rather the business activity

is geared towards enabling as many dealings in securities as possible. In doing so, during the course of a day the subsidiary assumes an interim position as buyer or seller with the aim largely of continuing to trade these positions up to 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. The development on the German and European stock exchanges is an important influencing factor for business activity and the connected technical development and surrounding conditions. Trends are monitored at an early stage for any possible impact on the company's field of business and for 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 differentiates between the areas most exposed to risk, risk management in the narrower sense and risk controlling.

According to the responsibilities laid down by company law the highest level of risk management is the entire managing board of the Tradegate AG Wertpapierhandelsbank, whose members regularly discuss the general business conditions and the company's development. The operative business areas have freedom of action and leeway in decision-making based on the guidelines and risk strategy decided by the whole managing board. 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. Risk control is also largely responsible for the further development of the risk management system. The basis for the limit system is the expected result of the business year, taking into account the current total amount of capital and reserves and the effective result of the business year. An upper limit loss was decided for 2015 which remained unchanged for the whole year.

4.1.2 Institutional supervision

Tradegate AG Wertpapierhandelsbank and consequently the Berliner Effektengesellschaft AG Group have a permit for banking and financial services, so they are subject to supervision by the Federal Financial Supervisory Authority and the German Federal Bank. Accordingly, an interim return and the calculations for the Liquidity Regulation are prepared monthly; calculations on solvency, debt and liquidity and reports on any large loans and loans in millions are submitted quarterly. 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 support 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 26th 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.

The financial holding group Berliner Effektengesellschaft AG must adhere to the group-level regulations of the CRR which govern consolidated monthly reports. It must also observe the regulations on submitting information on financials and risk bearing ability according to the German Banking Act. The Tradegate AG Wertpapierhandelsbank is by law the highest-level company in the financial holding group. The regulatory group basically comprises all companies that are included in the group financial statements according to commercial law. Only group companies that fall under the category "other companies" and separate assets should not be incorporated in the reports in accordance with the German Banking Act. In the case of the financial holding group Berliner Effektengesellschaft AG, the company Ex-tra Sportwetten AG, Vienna, is included in the HGB (German Commercial Code) group accounts within the scope of a full consolidation and therefore not included in the report. No regulatory deduction of the book value is made in the report. The quirin bank AG and its subsidiaries are, according to commercial law, included in the HGB group accounts at equity. For the purpose of regulatory reporting the bank only represents a shareholding of the Berliner Effektengesellschaft AG. The quirin bank AG is an independent group and itself subject to reporting rules.

The capital resources 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 within the scope of a capital consolidation. Own shares, debit differences from the capital consolidation and intangible assets are deducted from this. The item "intangible assets" includes software and acquired assets. The group's capital resources consist exclusively of core capital. As at 31 December 2015 the capital requirement and capital resources were as follows:

	Amount in '000 €
Capital requirements for	
Counterparty default risks	21,601
Market price risks	17,956
Operational risks	53,585
Risk of a credit valuation adjustment	34
Total	93,176



Description	Amount in '000 €
Paid-in capital	13,872
Capital reserves	31,606
Own shares	- 896
Retained earnings	- 2,196
Special item for general banking risks	7,453
Minority interests	1,507
Temporary provisions for minority interests	16,157
Goodwill	- 218
Intangible assets	- 436
Other adjustments	- 1,476
Core capital	65,373

The report for the financial holding group Berliner Effektengesellschaft AG is made according to the CRR. Between January and December 2015 the total capital ratio at group level lay between 61.12 and 70.16.

4.1.3 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. On the basis of the expected results for 2015 and the capital resources, an absolute upper loss limit for all the company's transactions was set by the managing board. In addition, risk limits were allocated to other companies belonging to the Group in agreement with their management. 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 2015 the limit was mostly only marginally used and exceeded occasionally for a short period of time. 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 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 are actually incurred which exceed a certain threshold value, the limit concerned is lowered automatically. In a subsequent comparison of the actual and planned result of the company, a decision is made on the retention or change of the limit alignment. In 2015 no adjustment was made to the controlling limit.

In addition, a limit is set especially for the risks coming from potential assets in the liquidity reserve. The assessment of the amount of risk is handled analogue to the observation of trade securities. If the limit is exceeded, the managing board is informed immediately and then decides on the further handling of the securities in the liquidity reserve.



A further controlling limit exists for non-€ receivables and liabilities from banks, customers and suppliers. The risks at domestic banks from deposits in US dollars are to be noted in particular. No limits were exceeded here. If limits are exceeded during the business year the board members responsible for controlling and trading are informed. They then decide on any further steps to be taken. Currency swaps for the management of currency risk were not used last year.

4.1.4 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.

The existing risk matrix was reassessed for risks, early warning indicators and possible counter measures. If there were any new values the early warning indicators in the risk matrix were renewed or adjusted. In order to create an overview of any damages occurring, employees were required to report to risk control the cases of damages that exceeded a defined minimum limit. The damages arising were due to an increased amount of work and rated as minimal. In the area of IT-operations a list of system changes, faults and failures is kept which is regularly checked against the incident database. Last year there were no significant faults which caused definable or noteworthy damages.

The management of operational risks is the responsibility of the respective manager or department head. They monitor the work processes and, if necessary, make interventions or adjustments. Part of the upper loss limit was reserved for operational risks based on the capital requirements according to the Capital Requirement Regulation.

4.1.5 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 connections are with the quirin bank AG and the BNP Paribas S.A. Group. Because of its associated relationship to the Group the quirin bank AG is integrated into the monthly reports and Mr. Timm is a member of the supervisory board of the bank, so sufficient realtime information on the economic situation is always available. Apart from bank accounts that 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 the stock exchange systems and the market participants are subject to supervision by the stock exchanges and the Federal Financial Supervisory Authority.

In order to minimise counterparty default, all transactions with addresses which do not have admission to a German, West European or American stock exchange are subject to separate supervision directly by the managing board. This applies mostly to East European trading addresses.

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. Control of solvency is decentralised in the individual companies. Among other things, payments received and payments outgoing are estimated for the following twelve months. 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. Additionally, the Tradegate AG Wertpapierhandelsbank is subject to the terms of the Liquidity Regulation, which sets certain minimum requirements with relation to capital and financial liabilities. Last year's reference numbers moved between 5.18 and 9.30, the minimum figure being 1. Financial institutions also have to fulfil a liquidity coverage ratio (LCR) 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 which covers the total value of liquidity outflow defined in the liquidity coverage ratio, less the inflow of liquidity under stress conditions also defined therein. The ratio of liquid assets to the net liquidity outflow was between 2.68 and 5.87 throughout the whole business year. Within the stable funding ratio financial institutions must make sure that long term liabilities are backed appropriately by stable funding. Due to the business structure and the available own assets the company's long term funding was guaranteed at all times. 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.

4.1.6 Reporting

The whole managing board of the highest-level company in the Group receives a daily risk report which 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 to the company is also included in the report. Data on cases of damage from operational risks, specific incidents and steps undertaken are recorded in particular. This daily risk report is supplemented by a monthly economic development report and a quarterly report on the Group's risks.

4.2 Outlook and opportunities

At the moment the Group is not planning to make any significant changes to its business strategy. It will continue to operate as a financial holding without its own operative business and as an investment company. The outsourcing of various operative business areas with their different risks, different permit needs and different capital requirements, which from time to time can also be covered by the inclusion of new shareholders, has proved to be correct and practicable.

Tradegate AG remains the most important company within the Berliner Effektengesellschaft Group. In 2016 the subsidiary aims to achieve at least the same level of earnings as in 2015. Unfortunately the year began with a slight drop in the volume of transactions for January and February in comparison with last year's record first quarter. Tradegate's position in the market compared with its competitors remains excellent and it should be possible to build on this. An unknown factor is the possible introduction of a European tax on financial transactions. Depending on its exact form such a tax could have very negative effects on the company's activities, especially in the business of trading with private investors. However, according to recent announcements the implementation of such a tax is becoming increasingly unlikely.

Following the squeeze-out in 2013, Ventegis Capital AG will not take up any new investments but will instead concentrate on developing its few remaining shareholdings. It should be possible at least to cover the already reduced general administration costs with income from the general advisory business. Depreciation potential on the remaining investment portfolio is not evident at the moment. In 2016 the company intends to sell two current investments within an external M&A process. Aside from these potential sales the company is aiming at least for a balanced result.

The third significant investment of the Berliner Effektengesellschaft is the quirin bank AG. The bank was able to increase its net profit for the year 2015 by almost 48 %. Its innovative business model continues to present a challenge in view of the difficult situation on the capital markets and the strict business philosophy of not taking on any incalculable risks for its own business or its customers. This investment has enormous growth potential if the innovative business concept can be implemented successfully. Dividend payments from the investment are not to be expected in the medium term, however due to the positive business trend in 2015 it was possible to balance out the long-standing net loss and report a small net profit for the year of € 464,000.

The subsidiary Ex-tra Sportwetten AG in Vienna will not issue any sport certificates in 2016. At the moment the tax treatment of these products is being discussed with the tax authorities, so an accurate calculation of their price is currently not possible.

In the medium term the Berliner Effektengesellschaft does not need capital inflow in order to implement its strategic goals and therefore has no plans for a capital increase. The available liquidity and any possible inflow of liquidity shall be used in part to pay appropriate dividends and to finance further share buybacks at a favourable share price. Most of the liquidity will however be kept in the company as an investment reserve to allow freedom of action in the strategic development of the business.

With its subsidiaries and investments in the financial sector the Group remains to a large extent dependent on a positive capital markets environment. As long as the situation on the capital markets does not get any worse and without taking into account the effects of a possible financial transaction tax, good operative business results can be expected in 2016.

Berlin, 13 April 2016

Berliner Effektengesellschaft AG

Holger Timm

Karsten Haesen





BERLINER EFFEKTEGESELLSCHAFT
AKTIENGESELLSCHAFT

BERLINER EFFEKTEGESELLSCHAFT AG | Kurfürstendamm 119 | D-10711 Berlin
Telephone: +49 (0)30-890 21-100
Fax: +49 (0)30-890 21-199

Internet: www.oeffektengesellschaft.de
email: info@oeffektengesellschaft.de

Branch:
c/o IHK building
Börsenplatz 4
D-60313 Frankfurt / Main



TRADEGATE AG
WERTPAPIERHANDELSBANK

Tradegate AG Wertpapierhandelsbank | Kurfürstendamm 119 | D-10711 Berlin
Telephone: +49 (0)30-890 21-100
Fax: +49 (0)30-890 21-199

Internet: www.tradegate-ag.de
email: info@tradegate.de

Branch:
c/o IHK building
Börsenplatz 4
D-60313 Frankfurt / Main



quirin bank AG | Kurfürstendamm 119 | D-10711 Berlin
Telephone: +49 (0)30-890 21-300
Fax: +49 (0)30-890 21-301

Internet: www.quirinbank.de
email: berlin@quirinbank.de



VENTEGIS CAPITAL AG | Kurfürstendamm 119 | D-10711 Berlin
Telephone: +49 (0)30-890 21-180
Fax: +49 (0)30-890 21-189

Internet: www.ventegis-capital.de
email: info@ventegis-capital.de

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