



Summarised Annual Report 2021



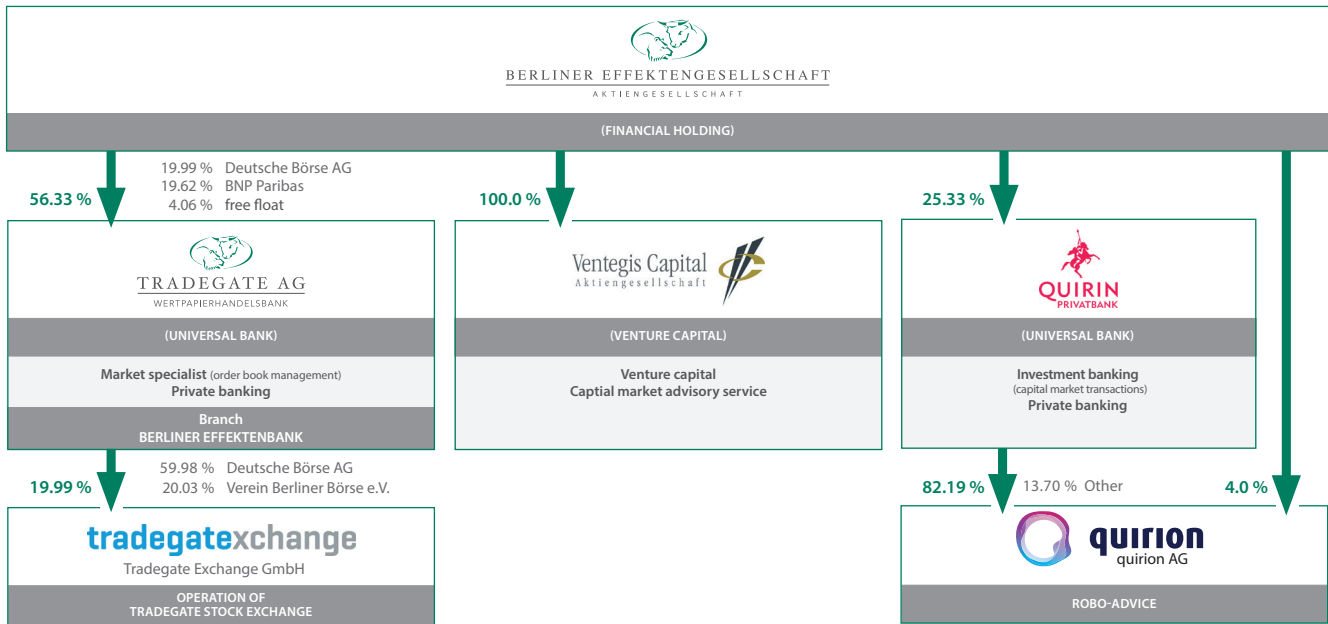
BERLINER EFFEKTEGESELLSCHAFT
AKTIENGESELLSCHAFT



BERLINER EFFEKTENGESELLSCHAFT

AKTIENGESELLSCHAFT

GROUP STRUCTURE (31.12.2021)



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

SHAREHOLDERS' STRUCTURE AS AT 31 DECEMBER 2021

30.03 %	H.T.B. Unternehmensbeteiligungen GmbH
56.20 %	Holger Timm
13.77 %	Free float

COMPANY DATA AS AT 31 DECEMBER 2021

Market capitalisation:	1.173 billion €
Number of shares:	13,425,694
Free float:	13.77 % = 1,848,640
Financial accounting:	HGB
Balance sheet total:	415,938,000 €
Number of employees:	152

KEY FIGURES AS AT 31 DECEMBER 2021 (GROUP)

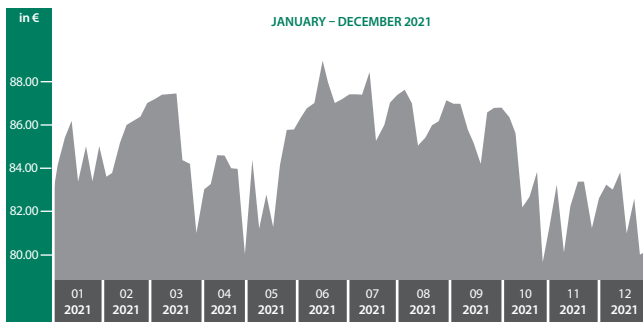
Result per share:	9.118 €
Dividend:	1.00 €
Interest surplus / gross profit:	- 0.8 %
Commission surplus / gross profit:	1.1 %
Trading result / gross profit:	99.6 %
Cost / Income-Ratio:	31.5 %
Equity ratio*1:	73.2 %

KEY FIGURES AS AT 31 DECEMBER 2020 (GROUP)

Result per share:	9.356 €
Dividend:	1.00 €
Interest surplus / gross profit:	- 0.4 %
Commission surplus / gross profit:	1.0 %
Trading result / gross profit:	99.4 %
Cost / Income-Ratio:	32.5 %
Equity ratio*1:	66.1 %

SHARE PRICE DEVELOPMENT

BERLINER EFFEKTEGENESCHAFT AG (WKN 522 130, ISIN DE0005221303)



"NET-ASSET-VALUE"

OF THE LISTED GROUP COMPANIES AND HOLDINGS OF THE BERLINER EFFEKTEGENESCHAFT AG AS AT 30 DECEMBER 2021

	Number of shares BEG holds 30.12.2021	Share price in Frankfurt 30.12.2021	Calculative value 30.12.2021
TradeGate AG	13,745,391	118.50 €	1,628,828,834 €
Quirin Privatbank AG	10,996,373	4.22 €	46,404,694 €
Number of BEG shares as at 30.12.2021			13,425,694
Calculative value of the two listed group companies / holdings 30.12.2021			1,675,233,528 €
Calculative value of each BEG share 30.12.2021			124.78 €
Price of the BEG share on 30.12.2021			87.40 €

MANAGING BOARD AND SUPERVISORY BOARD

Managing Board

Holger Timm, Chairman
Karsten Haesen
Max Timm

Supervisory Board

Prof. Dr. Jörg Franke, Chairman
Frank-Uwe Fricke
André Dujardin

CALENDAR OF EVENTS

9 June 2022 | 1 pm

Annual General Meeting in Berlin

2 December 2022 | 5 pm

Shareholders' Forum in Berlin

*1 incl. fund for general banking risks



BERLINER EFFEKTENGESELLSCHAFT
AKTIENGESELLSCHAFT

GROUP FINANCIAL STATEMENT

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GROUP BALANCE SHEET: ASSETS BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2021	in €	in €	in €	in '000 € last year
1. Cash reserves				
a) cash balance		127,009.49		218
b) balance at Deutsche Bundesbank		49,522,994.78	49,650,004.27	50,359
2. Receivables from banks				
a) due daily		295,093,652.83		233,802
b) other receivables		0.00	295,093,652.83	0
3. Receivables from customers			2,780,247.31	2,861
<i>of which:</i>				
<i>secured by land charges € 0.00 (last year € 0.00)</i>				
<i>local authority loans € 0.00 (last year € 0.00)</i>				
<i>financial services institutions € 0.00 (last year € 0.00)</i>				
4. Bonds and other fixed-interest securities				
a) bonds and debentures				
aa) from other issuers	0.00	0.00	0.00	129
<i>of which lendable at the Deutsche Bundesbank € 0.00 (last year € 0.00)</i>				
5. Shares and other non fixed-interest securities			855.00	1
a) Trading portfolio			13,622,255.31	9,672
6. Investments			2,034,230.64	2,596
<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>				



	in €	in €	in €	in '000 € last year
7. Investments in associates			19,637,354.73	16,924
<i>of which:</i>				
<i>in banks € 12,755,447.54 (last year € 13,070,171.02)</i>				
<i>in financial services institutions € 2,427,399.68 (last year € 0.00)</i>				
8. Intangible assets				
a) acquired concessions, industrial property rights and similar rights and assets, including licences or such rights and assets		1,100,795.00		894
b) goodwill		7,067,876.00		1,920
c) advance payments		8,940,247.50	17,108,918.50	310
9. Tangible fixed assets			2,047,827.81	1,395
10. Other current assets			13,622,702.88	8,416
11. Prepaid and deferred expenses			190,698.68	140
12. Deferred tax assets			149,317.99	130
Total assets			415,938,065.95	329,767



GROUP BALANCE SHEET: LIABILITIES AND SHAREHOLDERS' EQUITY BERLINER EFFEKTENGESELLSCHAFT AG, Berlin as at 31 December 2021	in €	in €	in €	in '000 € last year
1. Liabilities to banks				
a) due daily		10,062,088.13		10,186
b) with agreed maturity or period of notice		0.00	10,062,088.13	0
2. Liabilities to customers				
a) other liabilities				
aa) due daily	44,756,174.49			57,198
<i>of which:</i>				
<i>to financial services institutions € 0.00</i>				
<i>(last year € 411.02)</i>				
ab) with agreed maturity or period of notice	0.00	44,756,174.49	44,756,174.49	63
3a. Trading portfolio			7,876,496.55	4,860
4. Other liabilities			4,232,478.43	7,850
5. Accruals and deferred income			86,787.40	0
6. Provisions and accruals				
a) tax provisions		20,548,621.32		22,294
b) other provisions		23,835,754.49	44,384,375.81	9,499
7. Fund for general banking risks			69,174,722.88	49,844
<i>of which: € 69,174,722.88 according to § 340g ICW</i>				
<i>§ 340e (4) HGB (last year € 49,844,040.73)</i>				
8. Equity capital				
a) subscribed stock	13,425,694.00			13,495
own shares	-9,471.00	13,416,223.00		-58
b) capital reserves		33,697,945.88		32,915
c) other revenue reserves		44,516,390.86		1,894
d) net profit of the Group		57,452,155.40		58,326
e) non-controlling interests		86,282,227.12	235,364,942.26	61,401
Total liabilities and shareholders' equity			415,938,065.95	329,767
1. Contingent liabilities				
a) Liabilities resulting from guarantees and warranties			69,040.82	69,040.82
				55





GROUP INCOME STATEMENT BERLINER EFFEKTEGENESSELLSCHAFT AG, Berlin for the period from 1 January to 31 December 2021	in €	in €	in €	in €	in '000 € last year
1. Interest earnings					
a) credit and money market business	852,972.90				708.5
<i>less negative interest from money market business</i>	- 1,206,419.97	- 353,447.07			- 1,059.6
b) fixed-interest securities and government ledger bonds		0.00	- 353,447.07		0.1
2. Interest expenses			- 2,404,288.73	- 2,757,735.80	- 1,720.9
3. Result from associated companies				922,823.88	1,149.0
4. Commission earnings			3,286,170.68		2,963.9
5. Commission expenses			- 503,137.71	2,783,032.97	- 457.9
6. Net earnings from trading portfolio				243,677,617.98	259,828.3
7. Other operating profits				9,217,445.86	6,293.6
8. General administrative expenses					
a) personnel expenses					
aa) wages and salaries		- 24,688,928.08			- 33,185.1
ab) social security payments and expenses for retirement provisions and for support		- 2,075,159.16	- 26,764,087.24		- 2,417.0
<i>of which: € 0.00 for retirement provisions (last year € 0.00)</i>					
b) other administration expenses			- 48,531,617.69	- 75,295,704.93	- 48,143.3
9. Write-offs and value adjustments on intangible assets and tangible fixed assets				- 1,789,592.69	- 1,117.7
10. Other operating expenses				- 22,846.68	- 1,463.8
11. Write-offs and value adjustments on receivables and certain securities as well as allocations to provisions for credit business				- 412,299.90	- 50.0
12. Earnings from write-ups to receivables and certain securities, as well as release of provisions in credit business				146,440.60	97.9



	in €	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				- 605,000.00	0.0
14. Result from ordinary business activities				175,864,181.29	181,426.00
15. Allocation to fund for general banking risks				- 19,330,682.15	- 21,680.0
16. Taxes on income and profit				- 53,493,382.83	- 55,241.7
17. Other taxes not shown under 10				53,061.44	81.4
18. Net income of the Group				103,093,177.75	104,585.7
19. Share of non-controlling interests in the net income				- 45,571,279.35	- 46,259.5
20. Net profit of the Group				57,521,898.40	58,326.1
21. Profit brought forward				44,902,341.18	798.5
22. Allocations to revenue reserves					
a) to other revenue reserves			- 44,902,341.18	- 44,902,341.18	- 798.5
23. Allocations to capital reserves				- 69,743.00	0.0
24. Net profit of the Group				57,452,155.40	58,326.1



MANAGEMENT REPORT OF THE BERLINER EFFEKTENGESELLSCHAFT AG GROUP FOR THE YEAR ENDED 31 DECEMBER 2021

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 56.3 %**, licensed as a deposit bank. The main business is securities trading, particularly 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 20 % 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 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. At the moment there are no other strategically relevant investments apart from the holding in the Quirin Privatbank AG.

The Berliner Effektengesellschaft AG currently has a percentage holding of 25.3 % in the Quirin Privatbank AG. As defined by HGB-regulations (German Commercial Code) the Quirin Privatbank AG is therefore an associated company of the BEG Group.

The Berliner Effektengesellschaft AG also has a percentage holding of 4.0 % directly and 20.3 % indirectly in the quiron AG. The quiron AG is therefore an associated company in terms of HGB-Regulations.

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 reporting date the management comprises three board members (Max Timm, Karsten Haesen and Holger Timm) who work closely with one another in the areas of strategic planning, guidance of the operational subsidiaries and investment controlling. Although two 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. 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. With the appointment of Max Timm at the beginning of 2021, the responsibilities of the board members were reallocated.

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 continued to improve since the company's own trading system, TRADEGATE®, was established as a stock exchange called TRADEGATE EXCHANGE and the company entered into a strategic partnership with the Deutsche Börse AG. Following the increase in 2020 of 200 % in the number of trades in equities and Exchange Traded Funds (ETFs) on the TRADEGATE EXCHANGE, in 2021 the company reported an unexpected growth at a high level of 14.5 % with 62,033,095 single transactions. This means that TRADEGATE EXCHANGE has grown for the twentieth year running. Since most other relevant competitors reported slight reductions in turnover for 2020, TRADEGATE EXCHANGE'S market share in equity trading has climbed further to up to 87.5 % compared with the other seven German regional stock exchanges. With regard to the market segment equity trading, TRADEGATE EXCHANGE has thus held and consolidated its position as the leading trading platform for private investors in Germany. The development of turnover in ETF trading was just as positive, though up to now the market share in this segment is only about 78 %.



1.4 Development of general market conditions

Following the growth spurt of 2020, the general market conditions for securities trading companies, especially in trading with private investors, continued to improve in 2021. The permanent low interest environment means that for asset building and provision for one's old age there is no suitable investment alternative to shares and ETFs. Even hitherto preferred investments such as capital funded life insurance will not in future yield any returns above the rate of inflation without the inclusion of shares. In 2021 there was again a considerable increase in the volume of ETF or share savings plans. These are now offered by many banks at favourable conditions, which should lead to a rise in the number of shareholders in Germany. At the beginning of the corona pandemic, the markets suffered a dramatic fall in prices in March 2020 but made a quick recovery by June 2020 and during this time the volume of trades made by retail customers in Germany hit a new record. Trade volume remained at the same high level in 2021, even without the extraordinary factors of 2020. In the wake of the high trading volumes of the past two years several neo-brokers were able to establish themselves on the market and win new customers for their cost-effective securities trading. The already established online-brokers also gained a large number of new customers in 2021.

The high level of competition over the last few years among the remaining securities trading firms and trading platforms/exchanges that are competing for a dwindling number of trades changed dramatically in March 2020. The high volume of trades made by retail customers allowed all existing competitors a sufficient and profitable business. If the current development continues then it is even conceivable that new competitors with new approaches will try to win a market share in this promising market environment. In any case, increasing margins cannot be expected with respect to competition, since several neo-brokers will be prepared to put up with longer start-up losses in order to gain new customers or market share and they also have access to enough venture capital. However, the successful business model of TRADEGATE EXCHANGE with its Market Specialist Tradegate AG is in an excellent position and possesses numerous future-proof competitive advantages.

The business climate for private and business banking remains difficult due to the current phase of low interest rates. Apart from the challenging profit situation, the imminent introduction of new regulations will necessitate considerable investments, especially in IT-infrastructure.

2. Economic report

2.1 Business development

In 2021 the group subsidiary Tradegate AG Wertpapierhandelsbank reported a slight decrease of 2.9 % in the result of ordinary business activities from € 182.19 million to € 176.98 million

On the basis of the extremely high trading profits the reserves in the fund for general banking risks rose from € 49.84 million to € 69.17 million. Moreover, the company has decided to suggest to its shareholders an almost full distribution of net income for the year 2021, less deductible expenses for the holding of own shares. Therefore, the company can pay a significantly increased dividend from € 1.80 to € 4.00 per share.

Ventegis Capital AG reported a loss for the year of € 371,000. No dividend will be paid out for the year 2021.

The shareholding in the Quirin Privatbank AG produced a higher financial result in its individual financial statements of € 12.1 million. A dividend could therefore be paid out in 2021.

As at 31 December 2021 the number of employees in the Group had risen, with twenty-five newcomers and ten leavers. At the end of the year there were 152 people employed in the Group. The age structure changed p.r.t. only slightly. The average age is about 47.3 (last year 44.9). The average job tenure is 13.9 years (last year 13.6 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. € 11,547,000 of the total remuneration of € 24,689,000 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 are not such that they can be capitalised. Last year contracts for work were also outsourced, which led to an unusually high capitalisation of almost € 10 million. 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 € 103.093 million for the year 2021 (2020: € 104.586 million). 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 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 € 2019	in '000 € 2020	in '000 € 2021
Interest income	- 686	- 2,072	- 2,758
Result from associated companies	712	1,149	923
Commission income	1,489	2,506	2,783
Net earnings from securities held for trading	63,355	259,828	243,678
General administrative expenses	- 40,150	- 83,745	- 75,296
Result from ordinary business activities	28,199	181,426	175,864
Allocation to fund for general banking risks	- 2,982	- 21,680	- 19,331
Taxes on income and profit	- 8,154	- 55,242	- 53,493
Net income for the year	17,045	104,586	103,093

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 for short-term investments. The results from shares in other companies, which are included in the consolidated accounts at equity, are lower than last year. A significant part of the commission income comes from the remuneration for broker and specialist activities. The commission income in the business area private and business banking has continued to develop positively. The commission expenses included in the net earnings from the trading portfolio have risen from € 79.671 million to € 104.068 million. This was due to the increase in turnover, a change in price schedules and their dependent commission expenses. The rise in the number of completed trades and their related commission expenses resulted in a decrease in the net earnings of the trading portfolio of 6.2 %.

Due to the continued good financial performance, the company was once again able to reward employees with a share in profits. The personnel expenses have dropped by about 25 % due to the use of reserves already made last year. Despite operating expenses, which depend on the business results, other administrative expenses have increased by only € 388,000.



The items reported under other operating profits are mainly cost allocations to other companies and operating profits of other accounting periods resulting from the new rules applied to the handling of VAT on stock exchange fees.

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 in accordance with the slightly lower results compared with the previous 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, 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.

	2019	2020	2021
Turnover equivalent	71,480,000 €	269,884,000 €	256,741,000 €
CIR	63.0 %	32.5 %	31.5 %
RoE	25.20 %	102.17%	60.67 %
EpS	1.484 €	9.356 €	9.118 €

Despite the increase in the volume of equities traded, the higher commission expenses for trading and a decrease in margins led to the overall reduction in net earnings from the trading portfolio. In contrast to this, the general administrative expenses decreased, so the cost income ratio dropped slightly once again to 31.5 %.

The results of operations have changed only marginally in 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 from the trading portfolio in 2021, € 19,331,000 was paid into the fund (last year € 21,680,000). The fund now contains € 69,175,000.

In 2021 the Group companies continued to buy and sell own shares within the scope of their trading activities. Shares held directly by the parent company were bought for the purpose of recalling them at a later date. Compared with the previous year, the Group's return on equity increased from 50.9 % to 56.6 %. The little-changed profit associated with the retention of a part of the previous year's profits results in a higher proportion of equity capital in the balance sheet total.

Significant investments were made, mainly in intangible assets and the computer system. Capital was not borrowed for these investments.

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 that mature daily. The assets are held ready for the purpose of processing high-volume 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 therefore also classed as liquidity. The very positive development of results has led to a corresponding accrual of liquidity.

In private banking the account deposits are kept liquid or at most 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 was not developed further, 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 € 86,171,000 on last year's result. On the assets side of the balance sheet the main increase was in the credit balance at banks and the intangible assets. The passive side of the balance sheet shows an increase mainly in the provisions and accruals, the fund for general banking risks and the equity capital. The amount in liabilities to customers fell by € 12,505,000. Due to the interest rate situation deposits in securities were restructured or even withdrawn because of the passing on of negative interest rates.

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 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. 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. Through 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. In 2021 a new upper limit loss was determined at the beginning of the business year.

3.1.2 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 Bundesbank. 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 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.

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. 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 comprises all companies that are included in the group financial statements according to commercial law. The Quirin Privatbank AG group of companies is included in the HGB-accounts of the Group at equity. For the purpose of regulatory reporting the bank only represents a shareholding of the Berliner Effektengesellschaft AG. The Quirin Privatbank AG is an independent institute and itself subject to reporting rules. The stake in the Quirin AG, which due to the size of the direct and indirect shareholding is included at equity in the HGB group accounts, only represents an investment in regulatory terms. Tradegate AG Wertpapierhandelsbank has an almost 20 percent share in the Tradegate Exchange GmbH, which is also included in the HGB group accounts at equity. For the purpose of regulatory reporting Tradegate Exchange only represents a shareholding of the Tradegate AG Wertpapierhandelsbank.

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 2021 the capital requirement and capital resources were as follows:

	Amount in '000 €
Capital requirements for	
Counterparty default risks	81,843
Market price risks	67,494
Operational risks	250,672
Risk of a credit valuation adjustment	59
Total	400,068



	Amount in '000 €
Description	
Paid-in capital	13,426
Capital reserves	33,698
Own shares	- 803
Retained earnings	40,349
Special item for general banking risks	28,099
Minority interests	12,140
Temporary provisions for minority interests	0
Goodwill	- 7,594
Intangible assets	- 10,041
Other adjustments	-3,797
Common equity tier 1	105,477
Additional tier 1 capital	2,603
Core capital	108,080
Tier 2 capital	3,459
Own funds	111,539

The report for the financial holding group Berliner Effektengesellschaft AG is made according to the CRR. Between January and December 2021 the total capital ratio at group level lay between 26.75 % and 32.21 %.

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. On the basis of the expected results for 2021 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 2021 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 the planned result of the company, a decision is made on the retention or change of the limit alignment. In addition, on the basis of the historical development of the DAX and supplementary information, a value-at-risk calculation is made for the end of day status. This is then compared with the dedicated loss limit. In 2021, apart from the adjustment in line with the above-mentioned redefinition of the upper loss limit, no adjustment was made to the controlling limit for the security holdings of trading. A minimal limit exceedance occurred due to a bank holiday and a very high trading volume on one particular day.

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.

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.

During a risk inventory, the identified potential damages were examined first, in particular with regard to their rating in damage-frequency and amount. Secondly, the company's risks were identified, assessed and their significance or insignificance for the company's risk profile as a whole was determined using appropriate criteria. If there were any new findings, adjustments were made. 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 trading 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 incident database. Last year there were no significant faults that caused definable or noteworthy damages.

The management of operational risks is the responsibility of each department head. They monitor the work processes and, if necessary, make interventions or adjustments. Within the revised risk strategy, a step-by-step procedure to determine the upper loss limit was followed and part of the risk coverage potential was reserved for operational risks. The step-by-step procedure determines the upper loss limit using several assessment criteria which, in the company's view, are the main contributors to operational risk.

3.1.5 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 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 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 the area of private and business banking there is a general risk of counterparty default because Lombard loans are granted. 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. 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. 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 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 at group level was between 2.06 and 6.25 throughout the whole business year. In line with 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. In addition, the variation in the number of completed trades is used as a basis for assessment.

3.1.6 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. The daily risk report is supplemented by a monthly economic development report and a quarterly report on the Group's risks. 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 latter 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 analysis. The report is made available to all managing board members and the supervisory board.

3.2 Outlook and opportunities

At the moment the Group is not planning to make any significant changes to its business strategy. 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.

In last year's management report the main statements made for the business year 2021 were as follows:

- For the year 2021 the company estimates that the operational result will be significantly lower than in the atypical year 2020. It is expected that the business of securities trading with private investors will remain stable or perhaps deliver moderate growth. The company does not expect to achieve a new record in turnover.
- Since Ventegis Capital AG no longer runs its own independent operational business, it is to be merged with the Berliner Effektengesellschaft AG.

- In the case of the Quirin Privatbank AG, it is not yet possible to estimate whether a dividend can, or indeed, may be paid out in 2021. This will depend on the course of the pandemic and the steps taken by the supervisory authorities in this regard. The fast growing fintech arm of the Quirin Privatbank AG with the name "quirion", a robo-advisor for private investors, is becoming more and more important for the performance of this investment.

All significant predictions regarding the Tradegate AG Wertpapierhandelsbank did in fact occur during the business year 2021, whereby the conservative estimate of a much lower operational result turned out to be better than expected with only a small decrease. The merger of Ventegis Capital AG and Berliner Effektengesellschaft AG has not yet taken place. The Quirin Privatbank AG was able to pay out a dividend.

Tradegate AG remains the most important subsidiary within the Berliner Effektengesellschaft Group in the long term.

The company has used the favourable profit situation of 2020 and 2021 to strengthen its equity capital. For the current business year further investments in IT-infrastructure and software are planned, which for the most part can only develop their potential yield in 2023. Additionally, staff will be moving into larger office space.

Overall, providing turnover remains the same, it is assumed that earnings will be considerably lower than last year. The company is going through a necessary investment phase to ensure growth in the mid and long-term.

If there is a drop in the results of the Tradegate AG Wertpapierhandelsbank in 2022 then the Berliner Effektengesellschaft AG can expect a lower dividend payout from Tradegate AG. A significant impact on results is not expected to come from other shareholdings.

As the Ventegis Capital AG no longer runs its own independent operational business, the company is to be merged with the Berliner



Effektengesellschaft AG or liquidated. All existing investments or new investments in the future will then be owned, sold or entered into directly by the Berliner Effektengesellschaft AG.

The third significant investment of the Berliner Effektengesellschaft is the Quirin Privatbank AG. The faster growing fintech arm of the Quirin Privatbank AG with the name "quirion", a robo-advisor for private investors, is becoming increasingly important for the performance of this investment. The quirion AG has received growth capital of € 13 million by way of a capital increase in which the Berliner Effektengesellschaft also took part.

To summarise, the Group remains conservative and estimates that the operational result will be significantly lower. 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. Part 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.

Through the activities of its subsidiaries and investments in the financial sector the Group remains dependent to a large extent on a positive capital markets environment. In view of the worldwide increase in the money supply together with a low-interest environment, the business models of Tradegate AG and Quirin Privatbank/quirion AG are in an excellent position to flourish in a growth market.

Berlin, 19 April 2022

Berliner Effektengesellschaft AG

Holger Timm

Karsten Haesen

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