



TRADEGATE AG
WERTPAPIERHANDELSBANK

Annual Report 2014





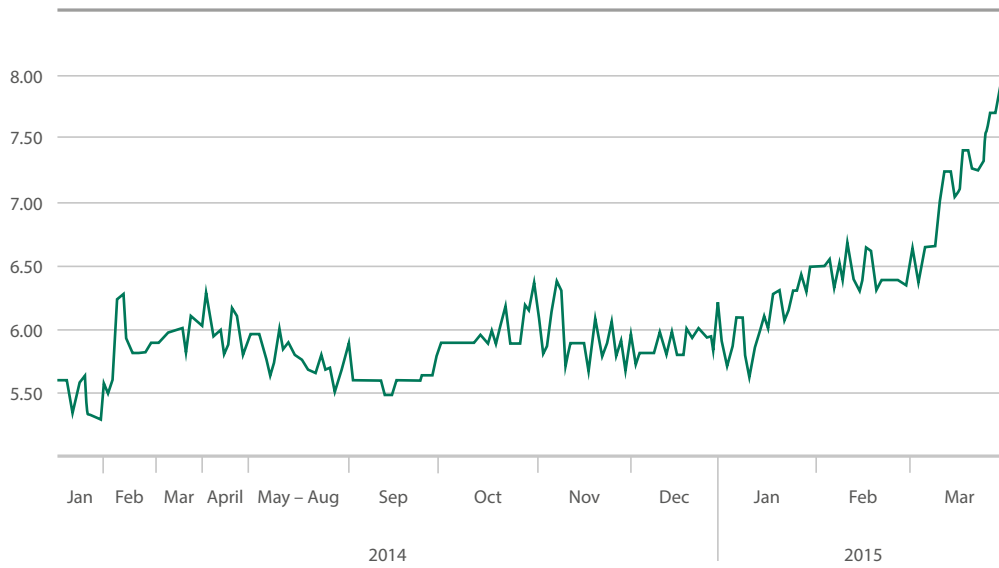
TRADEGATE AG
WERTPAPIERHANDELSBANK

WKN 521 690 · ISIN DE0005216907

(listed in the Entry Standard of the Frankfurt Stock Exchange)

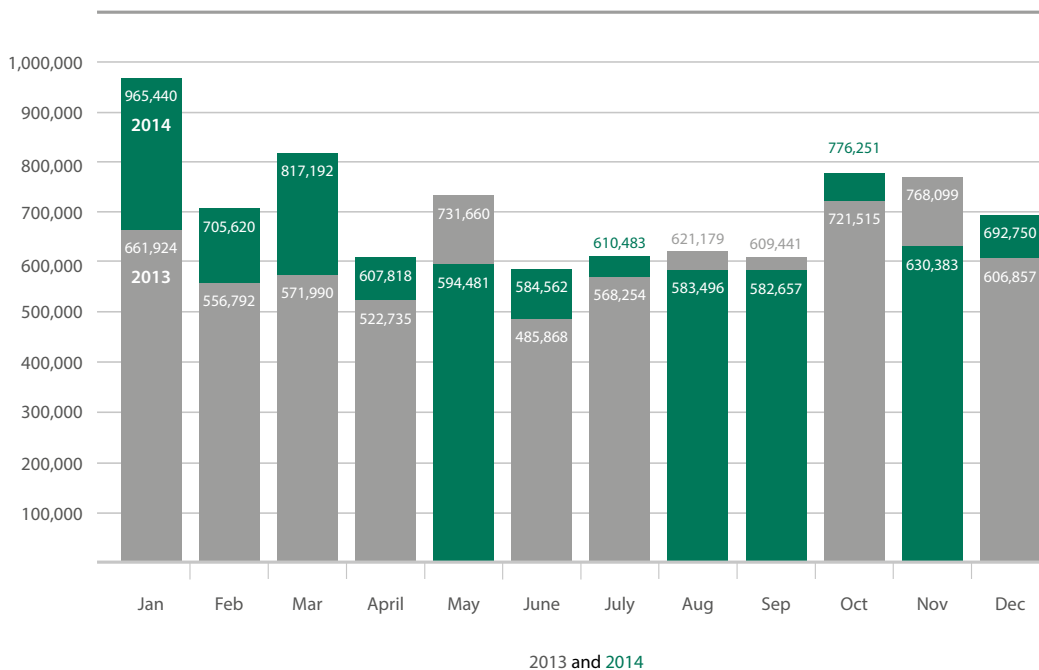
DEVELOPMENT OF SHARE PRICE

Tradegate AG Wertpapierhandelsbank · January 2014 to March 2015



SECURITIES TRANSACTIONS (EQUITIES) PER MONTH ON TRADEGATE EXCHANGE

Tradegate AG Wertpapierhandelsbank · January to December 2013/2014



SHAREHOLDERS' STRUCTURE
as at 31 December 2014

in %

60.01	Berliner Effektengesellschaft AG
19.62	BNP Paribas
14.86	Deutsche Börse
4.40	Free Float

**MANAGING BOARD
SUPERVISORY BOARD**

MANAGING BOARD

Holger Timm	Chairman
Thorsten Commichau	
Jörg Hartmann	
Klaus-Gerd Kleversaat	
Kerstin Timm	

SUPERVISORY BOARD

Prof. Dr. Jörg Franke	Chairman
Frank-Uwe Fricke	
Karsten Haesen	
Dr. Andor Koritz	Deputy Chairman
Marcus Lehmann	
Pamela Schmidt-Fischbach	

COMPANY DATA

	AS AT 31 DECEMBER 2014	AS AT 31 DECEMBER 2013
Market capitalisation	151.2 M €	131.4 M €
Number of shares	24,402,768	24,554,304
Accounting	HGB	HGB
Balance sheet total	56,542,000 €	47,931,000 €
Number of employees	96	92

KEY DATA

	AS AT 31 DECEMBER 2014	AS AT 31 DECEMBER 2013
Result per share	0.359 €	0.287 €
Dividend	0.21 €	0.05 €
Interest surplus/gross profit	0.1 %	0.4 %
Commission surplus/gross profit	2.5 %	2.6 %
Trading result/gross profit	97.4 %	97.0 %
Cost/income ratio	66.4 %	71.4 %
Equity ratio*	83.9 %	80.0 %

CALENDAR OF EVENTS

Annual General Meeting in Berlin	11 June 2015 · 10 am
Shareholders' Forum in Berlin	4 December 2015 · 5 pm

* incl. fund for general banking risks





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DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FRIENDS OF SECURITIES TRADING,

The situation in international business remains fraught. We still have no solution to Greece's economic problems, so the future development of the Euro zone remains difficult to predict. The Euro exchange rate continues to weaken, giving an extra boost to the German export business but at the same time making imported consumer goods more expensive.

As the interest rate remains at an unnaturally low level shares become the most suitable investment product to enable private investors to prevent a creeping devaluation of their assets. Major stock indexes have been moving in one direction only for quite some time – upwards. This trend held throughout the entire business year 2014.

With the development of the trading platform Tradegate Exchange our company has created an innovative business model which affords both private investors and participating banks a much cheaper way of trading securities. This is made possible mainly by operating a consistently efficient process chain, which by a high degree of automation reduces cases of human error to a minimum. At the same time our traders take on the role of market specialists, making sure that potential technical mistakes do not lead to serious economic loss. The whole model has always been geared towards processing large numbers of transactions. Especially the economic success of such a concept comes only once a certain minimum volume has been reached.

Right from the beginning of 2014 the number of trades executed on Tradegate Exchange was satisfactory. The basic concept of our platform was thus verified throughout the year and proved to be correct. With its high quality range of services our company was able to achieve good results for its customers without the use of risky proprietary trading or significant special factors which can influence the market. The continued development of Tradegate Exchange's market leadership in retail trading makes for an optimistic view into the future.

We are, however, well aware that success always attracts imitators. A growing number of long-standing stock exchanges are supplementing their traditional systems with aspects which are part of the Tradegate Exchange concept. As a consequence the combined factors of no fees, additional services in the form of modern order types and the increase in post trading efficiency are becoming more established nationwide – a trend that definitely benefits private investors but also brings about increased competition. Whether the total volume of trades generated in the German retail business is enough to give lasting support to a multitude of similar trading platforms remains to be seen.

Faced with increasing competitive pressure Tradegate AG Wertpapierhandelsbank still remains true to its motto of operating a sustainable and profitable business. Although new alternative platforms arrive on the market and endeavour to gain market share with financial incentives, we will defend our price leadership provided that the economic profitability of our company is guaranteed. We know that our customers appreciate that we operate long term and that they can plan a stable and successful future with us. The only unknown factor is the threat of a financial transaction tax which is still under discussion, the form of which and the possible effect on our business is still difficult to assess. As long as we see the chance to have a hand in the design of this tax, we shall remain active together with other stakeholders to help and advise law-making bodies to find a solution that will not cause the German financial industry irresolvable problems.

We are in the enviable position of being able to look back on an extremely successful business year. We are grateful for the excellent cooperation, great commitment and valuable trust afforded to us by our business partners, employees and shareholders. We can look confidently to a positive year 2015 in which we will continue to actively shape the new, modern retail business for private investors.



HOLGER TIMM

THORSTEN COMMICHAU

KERSTIN TIMM

KLAUS-GERD KLEVERSAAT

JÖRG HARTMANN

REPORT OF THE BOARD

REPORT OF THE BOARD FOR THE YEAR 2014

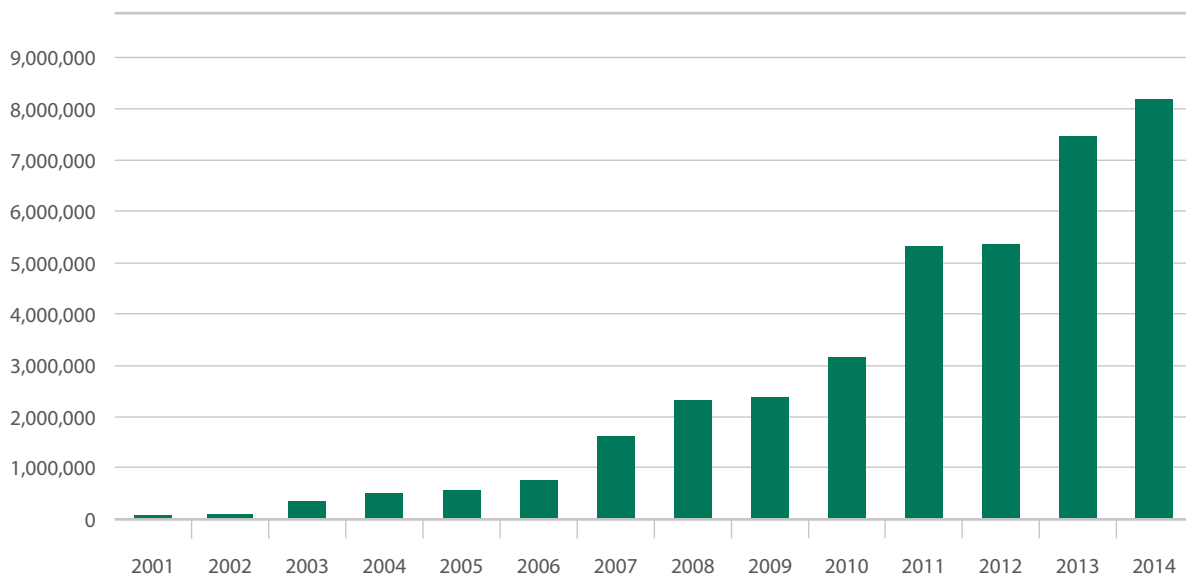
The business year 2014 went very well for our company. Once again the increase in the number of transactions in equities and exchange traded products (ETPs) made by the company on the Tradegate Exchange was outstanding and above average in comparison with the rest of the entire market. Our consistent focus on integral and efficient processes also made possible another slight increase in earnings per completed trade.

On the other hand the business in the equities allocated to us on the Berlin and Frankfurt stock exchanges continues to decline. All exchanges are affected by the considerable competition coming from unregulated markets. Contrary to the declaration of intent made by the European Union, up to now current regulations have to a large extent only influenced the established stock markets which are already con-

trolled by the responsible supervisory bodies and are now faced with more cost and effort. Especially share trading on off-exchange markets is still largely unregulated, giving the protagonists concerned a comfortable competitive advantage. This, however, is to the detriment of all other private investors who remain exposed to a lack of transparency, quality and commitment.

In 2014 the company made the last payment required into the fund for general banking risks thus raising the amount of liquid assets considerably. In coming years only comparatively small amounts will have to be paid into the fund (a continued fifty percent of the average net earnings of the last five years from securities held for trading). This means that now a larger sum is available for a dividend payment to our shareholders.

NUMBER OF SECURITIES TRANSACTIONS (EQUITIES AND ETPs) ON TRADEGATE EXCHANGE
Comparison 2001 – 2014



Once again we can report a positive development in business on the Tradegate Exchange. For the first time more than 8 million transactions were recorded, an increase of 9.8 percent on last year's successful result. The trading volume in equities and exchange traded products increased by 14.3 percent from € 46.34 to € 52.98 billion.

At the same time the results of our joint venture with the Deutsche Börse, the operating company of the Tradegate Exchange, Tradegate Exchange GmbH, prove to be very solid.

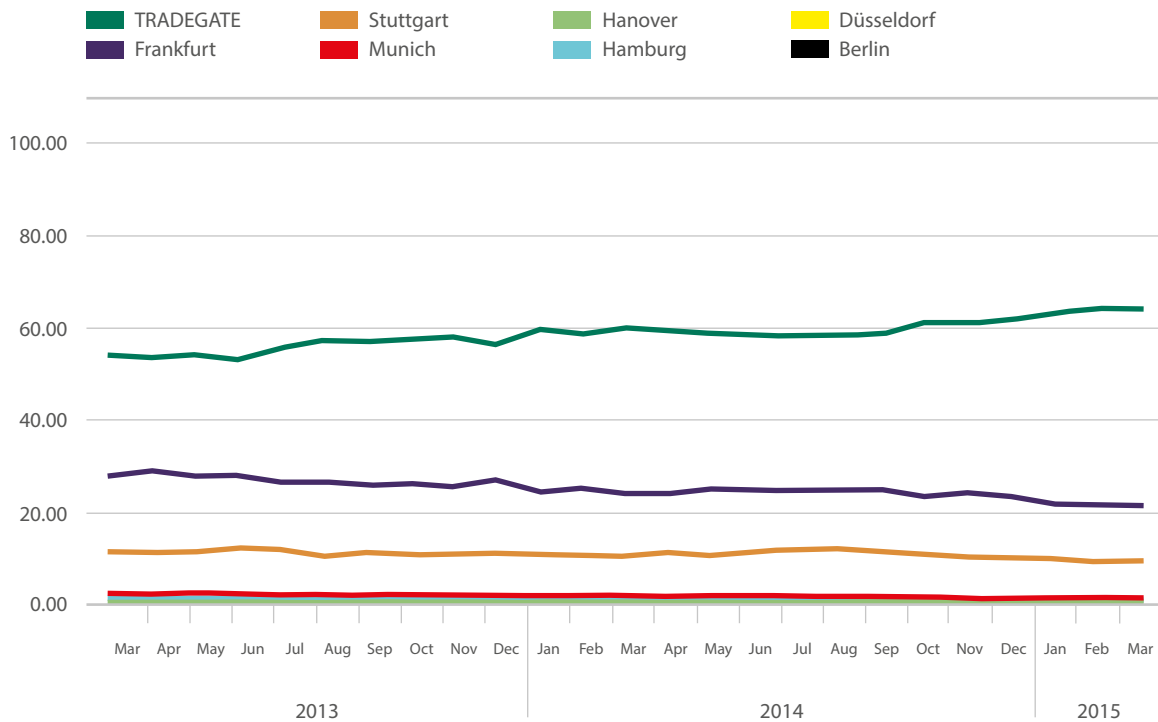
Our company continues to invest large sums in its own IT-infrastructure. Apart from costs for the maintenance and expansion of the IT-infrastructure we put great value on employing the right people to do the job, highly qualified software developers and administrators. In all key areas of our business we count on hugely

motivated employees so that we can act freely and independently at all times. The comparatively high stability of our systems makes sure that our company and its specialised traders are able to play a leading role in the German broker business under increasingly demanding circumstances.

In 2014 Tradegate AG Wertpapierhandelsbank achieved a result from ordinary business activities of € 12.6 million (last year: € 9.7 million). In another difficult year for the stock markets marked by unknown factors, our high-trades focussed business model has once again proved its worth. We would like to thank all customers, employees and shareholders who have made this possible and look forward to our shared success in the future.

Berlin, April 2015

MARKET SHARE IN EQUITIES
German Regional Stock Exchanges and TRADEGATE EXCHANGE





5.000-6.750



3.300-3.800

2.800-4.000



11.800-12.900

9.400-13.000



21.100-23.000

20.000-3.000



8.920

6.100



5.530

5.450

162.27M

300.35M

3.740

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BALANCE SHEET AS AT 31 DECEMBER 2014

BALANCE SHEET: ASSETS

Tradegate AG Wertpapierhandelsbank as at 31 December 2014

	in € 2014	in € 2014	in € 2013
1) Cash reserves			
a) cash balance	323.55		288.66
b) balance at Deutsche Bank	5,147,786.12	5,148,109.67	3,153,861.66
2) Receivables from banks			
a) due daily	42,016,407.65		37,623,016.99
b) other receivables	2,070,143.75	44,086,551.40	2,070,966.00
3) Receivables from customers		89,022.25	65,497.19
of which:			
from financial services institutions		25,960.64	5,496.01
4) Securities held for trading		4,092,891.11	3,809,181.33
5) Investments		124,999.00	124,999.00
6) Intangible assets			
a) acquired concessions, industrial property rights and similar rights and assets, including licences for such rights and assets		409,734.00	142,460.00
7) Tangible fixed assets		382,179.00	347,566.00
8) Other current assets		2,167,053.95	556,924.89
9) Prepaid and deferred expenses		14,547.04	7,386.74
10) Deferred tax assets		26,780.61	29,306.48
Total assets		56,541,868.03	47,931,454.94



BALANCE SHEET: LIABILITIES AND EQUITY

Tradegate AG Wertpapierhandelsbank as at 31 December 2014

	in € 2014	in € 2014	in € 2014	in € 2013
1) Liabilities to banks				
a) due daily		309,020.73	309,020.73	361,888.61
2) Liabilities to customers				
a) other liabilities				
aa) due daily			1,767,430.86	941,302.50
of which:				
to financial services institutions		18,333.15		8,297.93
3) Securities held for trading			1,410,244.18	2,029,227.58
4) Other liabilities			1,922,899.88	1,496,031.87
5) Deferred tax liabilities			39,318.74	37,783.28
6) Provisions and accruals				
a) tax provisions		1,321,974.95		1,296,586.63
b) other provisions		2,472,642.16	3,794,617.11	1,957,224.19
7) Fund for general banking risks			12,191,242.14	8,837,418.56
of which: according to § 34e IV HGB	12,191,242.14			8,837,418.56
8) Equity capital				
a) subscribed stock	24,402,768.00			24,554,304.00
own shares	- 7,763.00	24,395,005.00		- 151,248.00
b) capital reserves		3,744,287.53		3,739,016.04
c) revenue reserves				
ca) statutory reserves		1,516,343.22		1,516,343.22
cb) reserves for shares in a controlling company		54,152.47		1,011.26
d) net profit		5,397,306.17	35,107,094.39	1,314,565.20
Total liabilities and equity			56,541,868.03	47,931,454.94

INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

INCOME STATEMENT Tradegate AG Wertpapierhandelsbank from 1 January to 31 December 2014	in € 2014	in € 2014	in € 2014	in € 2013
1. Interest earnings				
a) credit and financial market business		7,143.97		60,722.10
2. Interest expenses		- 7,223.80	- 79.83	- 2,812.05
3. Current income from				
a) investments			49,999.60	49,999.60
4. Commission earnings		1,031,046.25		958,418.05
5. Commission expenses		- 178,036.99	853,009.26	- 171,851.53
6. Net earnings from securities held for trading			33,538,235.84	29,178,446.30
7. Other operating profits			1,097,084.92	1,111,966.24
8. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	- 9,726,136.33			- 8,217,007.74
ab) social security payments and expenses for retirement provisions	- 1,072,962.42	- 10,799,098.75		- 1,007,854.75
of which: € 133.57 for retirement provisions				294.25
b) other administration expenses		- 11,836,890.98	- 22,635,989.73	- 12,018,859.48
9. Write-offs and value adjustments on intangible assets and tangible fixed assets			- 217,626.30	- 226,691.78



	in € 2014	in € 2014	in € 2014	in € 2013
10. Other operating expenses			- 24,146.26	- 9,886.96
11. Result from ordinary business activities			12,660,487.50	9,704,588.00
12. Allocation to fund for general banking risks			- 3,353,823.58	- 2,917,844.63
13. Taxes on income and profit			- 3,888,964.40	- 2,661,442.34
of which: € - 28,202.49 deferred tax expenses				
14. Other taxes not shown under 10			- 22,016.35	1,803.39
15. Net income for the year			5,395,683.17	4,127,104.42
16. Profit brought forward			94,468.49	- 2,633,783.08
17. Withdrawals from revenue reserves				
a) from reserves for shares in a controlling company		-	-	30,783.94
18. Allocations to the revenue reserves				
a) to reserves for shares in a controlling company		- 53,141.21	- 53,141.21	-
19. Offset against the difference from acquisition of own shares			- 39,704.28	- 209,540.08
20. Net profit			5,397,306.17	1,314,565.20

NOTES TO THE ANNUAL FINANCIAL STATEMENT 2014

TRADEGATE AG WERTPAPIERHANDELSBANK

A. GENERAL INFORMATION ON THE CLASSIFICATION OF THE FINANCIAL STATEMENTS AND ON ACCOUNTING AND VALUATION METHODS

Preparation of the financial statements

The financial statements of the Tradegate AG Wertpapierhandelsbank for the year ending 31 December 2014 were prepared in accordance with the provisions of the German Commercial Code (HGB), taking into consideration the regulations for banks and the Bank Accounting Directive (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute [RechKredV]) as last amended on 28 August 2013.

The classification of the financial statements was made in accordance with the RechKredV; the step-down report was chosen for the profit and loss statement.

The financial statements were prepared in €.

Tradegate AG Wertpapierhandelsbank is included in the group consolidated financial statements of the Berliner Effektengesellschaft Group, which according to the principles of the German Commercial Code is the parent company. The group financial statements are published in the Federal Gazette.

Publication takes place according to § 26a I clause 2 of the German Banking Act (KWG) within the group financial statements of the parent company.

Accounting and valuation principles

Receivables from banks and customers are shown at their nominal value. The company distinguishes between securities held for trading, securities in the liquidity reserve (securities which are treated neither as fixed assets nor as part of the stocks held for trading), and securities that are treated as fixed assets.

Securities that are treated as fixed assets and securities in the liquidity reserve are not included in the balance sheet.

The securities held for trading are shown on the respective side of the balance sheet under "securities held for trading".

Securities held for trading are valued at their fair value minus a deduction for risk. The fair value is equivalent to the market price. If there is no active market by which a market price can be identified then the fair value is determined using generally accepted valuation methods. If the fair value cannot be determined either on an active market or by accepted valuation methods then the acquisition or production costs are used. The company has valued the securities with the help of market prices. In some categories market prices from active markets are not available. On the reporting date this is usually accompanied by a fair value of nil, so these securities can be written off completely. Accepted valuation methods were not applied. The deduction for risk is calculated according to the amount of unrealised reserves at the balance sheet date. Thus the deduction made for risk allows for the probability of default in realisable profits.

Own shares which the company has in its portfolio are to be shown as adjustment items under equity capital. The acquisition costs are deducted from the subscribed capital to the amount of the invoicing value. The difference between the invoicing value and the acquisition

costs of own shares must be deducted from the free reserves available. The proceeds from the sale are added to the subscribed capital up to the amount of the invoicing value. Any amount exceeding the invoicing value is added to the free reserves up to the amount of the sum charged at the time of purchase. Any proceeds in excess of this are allocated to capital reserves.

Recognisable risks have been accounted for with value adjustments, provisions and accruals.

We have valued intangible assets and tangible fixed assets at acquisition or production costs and, where possible, allowed for book depreciation on a straight-line basis. Up until the end of 2007 and as of business year 2010, low-value fixed assets were written off in full in the year of acquisition and booked out. The low-value assets acquired in 2008 and 2009 were written off over five years according to tax rules, starting in the year of acquisition.

Deferred tax assets and liabilities result from different valuations of a balance sheet asset or liability and its respective taxable value. This results in probable income tax reliefs or expenses (temporary differences) in the future. These were valued at the income tax rate expected to apply in the period in which they are realised and which is valid at the reporting date. The average income tax rate for the Tradegate AG Wertpapierhandelsbank is 30.39 %.

Liabilities, as far as they are interest bearing, are stated at their repayment amount. Amounts payable from uncovered short sales of securities are shown under the item "securities held for trading" at fair value plus a risk premium. The risk premium is generated along the same lines as the deduction for risk for trading assets.

We have formed provisions and accruals for taxes, contingent liabilities and anticipated losses from pending transactions on the basis of reasonable commercial judgement to the amount of their probable utilisation. Provisions with a maturity of more than one year are discounted at the average market rate of the last seven years corresponding to the remaining term.

Proportionate interest determined at the balance sheet date is shown under the underlying receivables or liabilities.

Currency exchange

The valuation of assets and debts denominated in foreign currency has been made in accordance with the provisions of § 340h in conjunction with § 256a HGB. A variance occurs for those stocks quoted on a stock exchange in € and whose nominal value or computed nominal value (for example individual shares) is denominated in a foreign currency. These might be stocks of US-American companies whose capital is denominated in US-\$. We have recorded these securities at their closing price in € on a German stock exchange as at 31 December 2014.

All other assets and debts denominated in foreign currencies were converted at reference rates of the European Central Bank or, in cases where no reference rates were available, at the average rates applicable on the foreign exchange market at the balance sheet date.



B. NOTES TO THE BALANCE SHEET

Classification of remaining terms

The classification of remaining terms is as follows:

	in € 2014	in € 2013
Other receivables from banks		
a) up to three months	2,070,143.75	2,070,966.00
	2,070,143.75	2,070,966.00
Receivables from customers		
a) indefinite time period	89,022.25	65,497.19
	89,022.25	65,497.19
Liabilities to customers		
a) due daily	1,767,430.86	941,302.50
	1,767,430.86	941,302.50

Receivables from and liabilities to affiliated companies

	in '000€ 2014	in '000€ 2013
Classification according to balance sheet item		
Receivables:		
other current assets	-	9
Total	-	9
Liabilities:		
provisions and accruals	85	-
other liabilities	209	122
Total	294	122



Total amount of all assets and debts denominated in foreign currency

The amounts represent the sums of the equivalents in € of different currencies. The difference does not indicate any exposed foreign currency positions.

	in '000€ 2014	in '000€ 2013
Assets	3,403	2,453
Debts	1,115	1,368

Securities marketable on the stock exchange

	in '000€ 2014	in '000€ 2013
Listed on a stock exchange		
Securities held for trading	4,005	3,733

With the exception of shares to the book value of € 88,000 (last year € 74,000), all securities held are marketable on the stock exchange.

Securities held for trading (assets 4)

On the assets side of the balance sheet the item securities held for trading contains only shares and exchange traded products at the reporting date. The deduction for risk for the securities held for trading shown under assets was made to the amount of € 153,000 (last year € 81,000).



Development of capital assets

	Acquisition costs	Additions in the business year	Disposals in the business year	Rebookings	Write-offs in total	Write-offs in the business year	Residual book value at 31.12.2014	Residual book value last year
in €								
Financial assets								
Investments	124,999.00	-	-	-	-	-	124,999.00	124,999.00
Total financial assets	124,999.00	-	-	-	-	-	124,999.00	124,999.00
Intangible assets								
Software	2,032,955.77	353,915.34	1,099.39	-	1,976,037.72	86,641.34	409,734.00	142,460.00
Total intangible assets	2,032,955.77	353,915.34	1,099.39	-	1,976,037.72	86,641.34	409,734.00	142,460.00
Tangible fixed assets								
Business and office equipment	4,168,341.82	166,912.84	223,438.47	-	3,729,637.19	130,984.96	382,179.00	347,566.00
Prepayments on assets and assets under development	-	-	-	-	-	-	-	-
Total tangible fixed assets	4,168,341.82	166,912.84	223,438.47	-	3,729,637.19	130,984.96	382,179.00	347,566.00
Total assets	6,326,296.59	520,828.18	224,537.86	-	5,705,674.91	217,626.30	916,912.00	615,025.00

Other current assets

Other current assets contain those items which cannot be subsumed under other balance sheet items on the assets side. They relate mainly to receivables of € 105,000 (last year € 138,000) from the tax authorities for corporate tax credits. Also included here is the amount of € 1,783,000 for receivables from purchase tax cost allocations (last year € 0), € 9,000 for receivables from invoices submitted (last year € 230,000) plus a further € 270,000 in deferred income from services performed but not yet charged (last year € 189,000).

Deferred tax assets

The deferred tax assets were formed on the difference between the higher valuations of fixed assets in the tax statement and the balance sheet.

Liabilities to banks

This balance sheet item primarily contains liabilities from amounts payable for the use of settlement services of several banks for € 304,000 (last year € 348,000).

Securities held for trading (liabilities 3)

At the reporting date, on the liabilities side of the balance sheet the item securities held for trading shows only liabilities arising from short selling of securities and other non fixed-interest securities. Tradegate AG Wertpapierhandelsbank engaged in short selling securities in its role as order book manager and specialist. The deduction for risk on the securities held for trading under liabilities amounts to € 26,000 (last year € 23,000).



Other liabilities

Other liabilities contain those items which cannot be subsumed under other balance sheet items on the liabilities side. Of the € 1,923,000 (last year € 1,496,000), € 1,355,000 (last year € 1,281,000) relate to liabilities and accruals and deferrals based on deliveries and services, € 357,000 (last year € 91,000) to income tax not yet paid and € 209,000 (last year € 114,000) to sales tax to be paid to the parent company.

Deferred tax liabilities

The deferred tax liabilities were formed on the difference between the higher valuations of provisions in the balance sheet and the tax statement.

Provisions and accruals

Items under provisions and accruals which do not yet have a fixed amount or date of maturity belong in the income statement for the business year or earlier. The classification of the other provisions and accruals can be seen in the following table:

	in '000€ 31 · 12 · 2014	in '000€ 31 · 12 · 2013
Provisions and accruals for		
Personnel costs	1,212	1,564
Commission/marketing fees	539	0
Securities settlement services	245	46
Rebuilding costs	129	124
Cost of annual financial statements	106	106
Additional rental expenses, electricity	51	31
Contributions to associations	47	27
Advisory and auditing services	23	13
Cost allocation for banking supervision	0	10
Other expenses	121	36
Total	2,473	1,957

Fund for general banking risks

According to § 340e IV HGB, the company is obliged to put ten percent of the net earnings from the securities held for trading into the fund for general banking risks. The position may be closed in order to balance net losses of the securities held for trading or an annual shortfall or a loss carried forward or if it exceeds fifty percent of the average net earnings of the last five years.

In line with this regulation, on 31 December 2014 an amount of € 3,353,823.58 (last year € 2,917,844.63) was allocated to the fund.

Capital stock - subscribed stock

At 31 December 2014 the subscribed stock amounted to a total of € 24,402,768 before the deduction of own shares. The capital stock of the corporation is thus divided into 24,402,768 nominal shares. The largest shareholder and parent company in terms of § 290 HGB is the Berliner Effektengesellschaft AG, which is also the highest-level parent company in the group.

During the year no shares were issued for the purpose of subscription to shares in the stock option programme. In January 2014 the agreed capital reduction was entered in the commercial register. As a result the subscribed stock decreased by € 151,536. At the reporting date the Tradegate AG Wertpapierhandelsbank holds 7,763 own shares with an accounting value of € 7,763.



Approved capital

On the basis of the resolution of the shareholders' meeting on 16 June 2011, the managing board, with the consent of the supervisory board, was authorised to increase the capital stock of the company until 15 June 2016, once or more than once, by issuing individual stocks against cash or non-cash contribution up to the amount of € 12,141,177 thereby setting an alternative date for the beginning of profit sharing from that set down by law. This authorisation was not used during the business year.

Contingent capital

The contingent capital is intended for the issue of option rights, warrants without bonds, convertible bonds or subscription rights without bonds.

Following the resolution of the shareholders' meeting on 31 March 2006, the managing board, with the consent of the supervisory board, was authorised until 30 June 2008 to issue or grant, once or more than once, interest-bearing convertible bonds and/or option rights issued to the bondholder or bearer with a maximum duration of five years and a conversion privilege or option on up to 2,300,000 new bearer shares of the company. At the shareholders' meeting on 20 June 2008 the existing authorisation was cancelled insofar as it exceeds the amount of € 991,000. Claims resulting from option rights issued to employees in 2007 and 2008 can no longer be made.

Following the resolution of the shareholders' meeting on 20 June 2008, the managing board, with the consent of the supervisory board, is authorised until 19 June 2013 to issue or grant, once or more than once, interest-bearing convertible bonds issued to the bondholder or bearer and/or subscription rights without issue of bonds (hereafter, "employee stock options") with a maximum duration of five years and a conversion privilege or option right on up to 1,424,000 new bearer shares of the company according to the requirements of the bond terms or terms of subscription. The legal subscription right of the shareholders is excluded. The employee stock options shall be offered to the beneficiaries for the realisation of the company's employee share plan.

From 2007 through to 2011 the Tradegate AG Wertpapierhandelsbank issued stock options for the employees of Tradegate AG Wertpapierhandelsbank. No option rights have been issued since 2012.

Under the terms of the above authorisations the following option rights existed at the balance sheet date:

	in € 2009	in € 2010	in € 2011
Year of assignment			
Contingent capital	2008	2008	2008
Exercise period	4.3.11 – 4.3.14	19.3.12 – 19.3.15	8.3.13 – 7.3.16
Strike price	4.58 €	6.00 €	6.00 €
Exercise hurdle	4.60 €	6.00 €	6.00 €
Options offered	500,000	483,000	400,000
Options accepted	497,000	483,000	400,000
Value of option right upon issue	0.12 €	0.33 €	0.20 €
Stock at 1 · 1 · 2014	348,500	480,000	396,800
newly issued options	-	-	-
forfeited options	-	12,000	5,600
exercised options	-	-	-
expired options	348,500	-	-
Stock at 31 · 12 · 2014	-	468,000	391,200
of which exercisable	-	-	-

The strike price of the options increases by 6 % per year of the validity period.



Capital reserves

The proceeds from the sale of own shares exceeded the acquisition costs by € 5,271.49 (last year € 5,251.90) and this amount was added to the capital reserves. At the reporting date the capital reserves totalled € 3,744,287.53 (last year € 3,739,016.04).

Reserves for shares in a controlling or majority-holding company

Reserves to the book value of the shares of the parent company, the Berliner Effektengesellschaft AG, are to be reported in the balance sheet as reserves for shares in a controlling or majority-holding company. 9,780 shares in the Berliner Effektengesellschaft AG were thus reported in the assets at the balance sheet date. The reserve for shares in a controlling or majority-holding company totals € 54,152.47.

Revenue reserves

The capital reserves and the statutory reserves make up more than 10 % of the subscribed stock in line with the requirements of § 150 II Companies Act. Therefore an allocation to statutory reserves is not necessary.

Providing the managing board and the supervisory board approve the annual financial statements, an amount exceeding half of the year's profit can be allocated to the other revenue reserves until half the amount of capital stock is reached.

Own shares

In accordance with § 71 I No. 7 of the Companies Act, the company was authorised by resolution of the shareholders' meeting on 17 June 2010 to purchase company shares for the purpose of trading in own shares.

The authorisation is limited to the purchase of own shares up to a percentage of the share capital totalling five in one hundred and is valid until 16 June 2015. Trading may take place at prices that do not fall more than 20 % above or below the preceding day's closing price of the Tradegate AG Wertpapierhandelsbank share in floor trading at the Frankfurt Stock Exchange.

In accordance with § 71 I No. 8 of the Companies Act, the company was authorised by resolution of the shareholders' meeting on 20 June 2013 to purchase company shares. The authorisation may not be used for the purpose of trading in own shares.

The authorisation is limited to the purchase of own shares up to a percentage of the share capital totalling ten in one hundred and is valid until 16 June 2015. At no time may the purchased shares, together with all possible own shares purchased for other reasons that are owned by or attributable to the company according to §§ 71 a ff of the Companies Act, exceed ten in one hundred of the share capital of the company. The managing board may choose to purchase the shares on the stock exchange or via a public tender or by an invitation to bid.

If the shares are purchased on the stock exchange, the price per share paid by the company (excluding ancillary costs) may not fall more than 10 % above or below the day's opening share price of the Tradegate AG Wert-

papierhandelsbank in the Entry Standard of the Frankfurt Stock Exchange.

If the shares are purchased via a public tender or by an invitation to bid, the purchase price or the threshold values of the purchase price per share (excluding ancillary costs) may not fall more than 15 % above or below the average share price in the Entry Standard of the Frankfurt Stock Exchange on the last three exchange trading days preceding the publication of an offer or an invitation to bid. If, after the publication of the offer to buy or the invitation to bid, the price differs significantly from the share price offered, then the offer or invitation to bid can be adjusted. In this case the price is adjusted based on the average price of the last three exchange trading days preceding the publication. The offer to buy or the invitation to bid can allow for further conditions. If the offer to buy is oversubscribed or if a number of equivalent bids are placed but not all are accepted, then offers must be accepted according to quotas. It may be stipulated that smaller amounts of up to 50 shares for the purchase of the offered shares of the company per shareholder have preferred acceptance.

The managing board is authorised to use the company's shares that have been purchased on the basis of this or earlier authorisations to the extent permitted by law and in particular for the following:

- (aa) The shares may be withdrawn without the need for a further resolution of the shareholders' meeting to authorise the withdrawal or to determine its method. The withdrawal may be restricted to a part of the purchased shares; the authorisation may also be used several times. The withdrawal leads to a reduction of the share capital. The shares may, however, be withdrawn using the simplified method without a reduction of share capital by adjusting the proportionate value of the remaining shares of the capital stock. In this case the managing board is authorised to change the number of shares in the articles of incorporation.
- (bb) The shares may also be sold in alternative ways other than on the stock exchange or by means of an offer to the shareholders excluding shareholders' subscription rights if, at the time of sale, the shares are sold for cash at a price that does not fall substantially below the average stock exchange price of the company's shares of the same class.
- (cc) The shares may be sold against contributions in kind, and may be used especially as (part) consideration in the context of company mergers, company acquisitions, investments in companies or parts thereof.
- (dd) The shares may be used to fulfil conversion rights of convertible bonds issued by the company or a company belonging to the group.
- (ee) The shares may be issued to company employees and employees of associated companies as well as to members of the managing board of associated companies, and may be used to fulfil the rights to buy company shares that have been granted to company employees and employees of associated companies as well as to members of the managing board of associated companies.



In 2014 the authorisation to purchase own shares according to § 71 I Nos. 7 and 8 of the Companies Act was utilised. The purchases were made on the TRADEGATE EXCHANGE. In 2014 64,931 shares of Tradegate AG Wertpapierhandelsbank were acquired for the sum of € 378,731.23. 56,880 shares were sold for the sum of € 336,247.44. The expenses of € 39,704.28 resulting from last year's trading in own shares were offset against the net profit.

Net profit

A sum of € 94,468.49 profit brought forward is reported in the net profit. At the reporting date of the previous year the net profit included € 2,633,783.08 loss brought forward.

C. EXPLANATIONS TO THE INCOME STATEMENT

Commission earnings and expenses

The commission earnings and expenses contain earnings and expenses that are invoiced during business operations for the use of financial services. The largest entries are the Specialist Service Fee and the broker's fees and costs from the exchange brokerage business (net € 853,000, last year € 769,000). Broker's fees and costs are booked pre-tax each trading day.

Net profit from securities held for trading

The profits and expenses from securities held for trading are made up of realised income plus the interest, dividends and commission expenses pertaining to the assessment of financial assets at fair value and securities held for trading. The realised income is generated from the market price fluctuations during the purchase and sale of financial instruments.

	in '000€ 2014	in '000€ 2013
Net result from securities held for trading	41,595	36,593
Net difference from name-to-follow transactions	32	139
Other net results	- 191	- 78
Earnings from securities held for trading	145	176
Commission expenses from securities trading	- 8,043	- 7,652
Total	33,538	29,178

Other operating profits

The position other operating profits contains items which are not related directly to the actual business. The most important positions are shown in the following table.

	in '000€ 2014	in '000€ 2013
Item		
Cost allocation other companies	331	434
Proceeds from transfer of rights	258	189
Damages	170	0
Cost allocation affiliated companies	146	142
Release of provisions	135	11
Refund of contributions	55	207
Accrued interest on corporate tax credit	1	0
Other	1	129
Total	1,097	1,112

€ 55,000 of the other operating profits belong to other accounting periods (last year € 218,000).

Expenses in other accounting periods

The position other administration expenses contains € 0 from other accounting periods for contributions made towards banking supervision (last year € 229,000) and a further € 3,000 for other matters (last year € 2,000).

Taxes

The income and profit taxes concern taxes for previous years arising from normal business activities, plus tax prepayments and tax provisions for 2014. Allocations and reversal of deferred taxes are included here, too. Due to this year's result it is necessary to make provisions for tax payments for the assessment period 2014. Back taxes of € 22,000 (last year € 99,000 rebate) for other reporting periods were accounted for in the income statement.

D. OTHER INFORMATION

Shareholdings

Unless otherwise stated, the following information refers to 31 December 2014 and the business year 2014.

	in %	in €
Tradegate Exchange GmbH, Berlin		
Nominal capital		500,000.00
Shareholding	25.0	124,999.00
Equity capital		1,137,382.62
Profit for the year		360,301.00



Other financial obligations

Obligations of € 2,879,000 (last year € 2,430,000) exist for rental, leasing and servicing contracts. They relate mainly to rental contracts for office premises valid until 31 December 2015 and service and system costs.

The Tradegate AG Wertpapierhandelsbank has guaranteed credits with the quirin bank AG and the Delbrück Bethmann Maffei AG. The total amount stands at € 1,446,000 (last year € 1,446,000). The guaranteed credits serve mainly as security required by the Stock Exchange Act for risks from the settlement of name-to-follow transactions and foreign exchange differences. Assets and securities have been mortgaged for the amount corresponding to the guaranteed credits.

Employees

The number of employees developed as follows:

	Female	Male	Total	Total last year
Average of the year				
Board members	1.0	4.0	5.0	5.0
Traders	5.3	41.8	47.0	44.6
Other employees	13.3	24.0	37.3	38.9
Maternity	0.3	-	0.3	1.8
Parental leave	1.5	0.8	2.3	-
Trainees	-	-	-	-
Student trainees	-	3.0	3.0	1.5
Total	21.3	73.5	94.8	91.8
of which part-time employees (headcount)	9.0	8.0	17.0	15.8
of which part-time employees (in terms of full-time positions)	6.6	4.5	11.0	11.6
As at 31 December 2014				
Board members	1	4	5	5
Traders	5	42	47	47
Other employees	13	25	38	32
Maternity	1	-	1	4
Parental leave	1	-	1	-
Trainees	-	-	-	-
Student trainees	-	4	4	2
Total	21	75	96	90
of which part-time employees (headcount)	10	9	19	17
of which part-time employees (in terms of full-time positions)	7.5	5.1	12.6	12.4

Corporate bodies of the Tradegate AG Wertpapierhandelsbank

Listed below, in accordance with § 285 No. 10 HGB, are the members of the managing board and the supervisory board as at 31 December 2014.

Members of the Managing Board

Thorsten Commichau, Board Member, IT, Berlin
Jörg Hartmann, Board Member, Domestic Trading, Berlin
Klaus-Gerd Kleversaat, Board Member, Private Banking, Berlin
Holger Timm, Chairman of the Board, Berlin
Kerstin Timm, Board Member, International Trading, Berlin

Members of the Supervisory Board

Prof. Dr. Jörg Franke, Frankfurt am Main (Chairman) · Member of several supervisory boards
Frank-Uwe Fricke, Berlin · Member of the Board of EuroChange Wechselstuben AG
Karsten Haesen, Berlin · Member of the Board, Ventegis Capital AG
Dr. Andor Koritz, Berlin (Deputy Chairman) · Lawyer
Marcus Lehmann, Frankfurt am Main · Director, Head of Strategic Finance, Deutsche Börse AG
Pamela Schmidt-Fischbach, Nürnberg · Director Legal Department, BNP Paribas S.A., German branch

Remuneration of board members

The members of the managing board received remuneration of € 2,105,000 from Tradegate AG Wertpapierhandelsbank of which € 400 was for benefits from group accident insurance. The supervisory board received remuneration of € 52,000 including value-added tax.

Fees paid to Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft (accounting firm) according to § 285 No. 17 HGB

For the last business year Tradegate AG Wertpapierhandelsbank made the following payments to Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and recorded the following expenses:

	in '000€ Payments	in '000€ Expenses
For the annual audit	71	71
For other accounting and evaluation services	31	31
Total	102	102

The previous year's payments and expenses were as follows:

	in '000€ Payments	in '000€ Expenses
For the annual audit	71	71
For other accounting and evaluation services	49	24
Total	120	95



Proposed appropriation of net profit

At the shareholders' meeting the managing board will propose to use the net profit of the year 2014 to pay a dividend of € 0.21 per share in circulation on the day of the shareholders' meeting. The part of the net profit not needed to pay the dividend shall be carried forward to new account.

Berlin, 28 February 2015

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau Jörg Hartmann Klaus-Gerd Kleversaat Kerstin Timm Holger Timm



MANAGEMENT REPORT

OF THE TRADEGATE AG WERTPAPIERHANDELSBANK

MANAGEMENT REPORT OF THE TRADEGATE AG WERTPAPIERHANDELSBANK FOR THE YEAR ENDED 31 DECEMBER 2014

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 company is authorised by the Federal Financial Supervisory Authority (BaFin) to practise banking and financial services businesses. The full extent of the licence can be seen on the Federal Financial Supervisory Authority's website. From the company's point of view the important elements of the licence are:

deposit banking (§ 1 subsection 1 clause 2 No. 2 KWG [German Banking Act]),
lendings business (§ 1 subsection 1 clause 2 No. 1 KWG),
financial commission business (§ 1 subsection 1 clause 2 No. 4 KWG),
custody business (§ 1 subsection 1 clause 2 No. 5 KWG),
investment banking (§ 1 subsection 1 clause 2 No. 10 KWG),
investment brokerage (§ 1 subsection 1a clause 2 No. 1 KWG),
investment advice (§ 1 subsection 2a clause 2 No. 1a KWG),
own-account trading (§ 32 subsection 1a KWG),
own-account trading for others (§ 1 subsection 1a clause 2 No. 4 KWG).

In 2014 the company applied to the BaFin and received a further licence for guarantee business (§ 1 subsection 1 clause 2 No. 8 KWG).

The company's main business area consists of market specialist activities and proprietary trading. Private banking is also conducted on a very small scale, but it is planned to expand this business in future through the purchase of the brand "Berliner Effektenbank" along with its customers and employees. In the course of its business the company acts as a Market Specialist on the TRADEGATE EXCHANGE and the Frankfurt Stock Exchange (XETRA 2), and as an order book manager on the Berlin Stock Exchange. It has further admissions to listing on the stock exchanges in Munich, Stuttgart, Hamburg, Hannover and Düsseldorf and is a designated sponsor on XETRA®. To a limited extent the company also engages in off-exchange trading in addition to its activities on the stock exchanges. For several years the focus of trading activity has been on looking after financial instruments (shares and ETPs [Exchange Traded Products]) as a Market Specialist on the TRADEGATE EXCHANGE. TRADEGATE EXCHANGE is operated by Tradegate Exchange GmbH, Berlin, of which at the balance sheet date the company holds just under 25 % of the shares. The operating company is run as a joint venture together with the majority shareholder, Deutsche Börse AG.

The company provides continuous bid and ask prices on several exchanges for over 7,400 categories of security, mainly in shares. Insofar as the company carries out its function as order book manager on the Berlin Stock Exchange it receives a fee for its trade volume, known as the broker's commission. On the Frankfurt Stock Exchange the company acts as a Market Specialist. For this service it receives a performance-based fee which at least partly replaces the abolished broker's commission. A significant source of earnings for the company is the financial result which arises from the calculated difference in the bid-ask spread. On electronic exchanges or markets such as

XETRA®, TRADEGATE EXCHANGE and the Frankfurt Stock Exchange, no broker's commission is charged and earnings are determined by the financial/trading result arising from transactions. Since the business is volume-driven, the company tries to reach as many customers as possible with its prices. Mid or long term risk positions in proprietary trading are not intended and are not part of the business concept. Long-term own holdings are, therefore, always and exclusively part of the liquidity management of the company and at the discretion of the managing board.

The management, all administrative areas and the main operative areas are based at the headquarters of the company in Berlin. In Frankfurt am Main the company maintains a technically and personnel equipped branch office to serve the locally based activity as Market Specialist on the Frankfurt Stock Exchange.

Because of the continually increasing importance of computer supported trading, a focal point of the company lies in the departments IT-Operations and IT-Development. The company is largely self-sufficient and attaches particular importance to the development of its own programmes for the areas of trading, trading settlement and risk control.

The management of the company comprises five board members, two of whom are responsible for the operative business areas including the management of the branch in Frankfurt. Another board member takes care of the areas IT-Development and IT-Operations and is the director of the Tradegate Exchange GmbH. The business area banking is the responsibility of a further board member. The speaker of the board is chiefly responsible for strategic planning and coordination as well as the administrative areas such as organisation, personnel, compliance and law, operative credit, auditing and money laundering, and accounting including controlling and regulatory reporting.

1.3 Competitive position

The trading platform TRADEGATE®, developed and operated since 2000, was launched in Germany and Europe as a new stock exchange in 2010. The TRADEGATE EXCHANGE now stands in direct competition with comparable exchanges, in particular the seven German floor exchanges. TRADEGATE EXCHANGE'S continued success is important for the company because over 96 % of all transactions and more than 91% of earnings result from trading as a specialist for shares and ETPs on the TRADEGATE EXCHANGE. In order to secure and improve the lasting success and future growth of the TRADEGATE EXCHANGE, the operator, Tradegate Exchange GmbH, has been run as a joint venture together with the majority shareholder, the Deutsche Börse AG, since 2010. Following a very strong growth rate in 2013 of 34.5 % in the number of equity trades on the TRADEGATE EXCHANGE, 2014 once again showed a positive development of 9.76 % with 8,151,133 single transactions. All other relevant competitors, i.e. the seven German regional exchanges, reported significantly smaller growth and/or in most cases even slight decreases in turnover for 2014, but TRADEGATE EXCHANGE'S market share in equity trading continued to grow, at times reaching up to 62 %. 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.



In 2014 TRADEGATE EXCHANGE gained two new customers who started trading for their clientele during the year. For the most part, however, this year's increase in turnover and growth in market share once again resulted from the continued improvement of potential sales volume with existing customers.

Besides its activity as a specialist on the TRADEGATE EXCHANGE the company will continue to act as an order book manager on the Berlin Stock Exchange and as a Market Specialist on the Frankfurt Stock Exchange. The company expects that the Frankfurt market model will continue to be modified and improved and in future it will play an important part in the company's range of services. All things considered, the company's activities on the TRADEGATE EXCHANGE and the Frankfurt and Berlin stock exchanges complement one another very well, as all three exchanges have different strengths and weaknesses and are tailored to different customer needs.

A significant competitive factor for all exchanges is the continued increase in off-exchange trading also among private investors. The market share of off-exchange trading cannot be clearly quantified but it may be assumed that considerable potential sales volume has been diverted away from the regulated markets. So as not to lose market share in the future the company is also offering its services as Market Specialist to customers who wish to trade off-exchange, but as a basic principle still advises private investors to trade on a regulated market such as the TRADEGATE EXCHANGE.

Over the next few years the company will gradually expand its scope of business but in the long term will continue to concentrate its core competence on securities trading in equities and ETPs. The positive trading volume on the TRADEGATE EXCHANGE and other activity as a specialist and order book manager on the Frankfurt and Berlin stock exchanges should enable the company to secure the required number of transactions for a profitable business in the years to come.

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 2014. The number of shareholders in Germany remains very low and private investors have reduced their trading activity, at least in equities, despite very good price developments in DAX securities. As a result there is still increased pressure among the remaining securities trading firms and trading platforms/exchanges that are competing for a dwindling number of trades. Happily, the average gross margin per trade could be increased slightly in 2014. In the second half of the year, however, it showed a downward turn. The urgently needed market shakeout which would make long term profitable business possible for the remaining companies did not materialise last year. 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.

2. ECONOMIC REPORT

2.1 Business development

In 2014 the company's business development was as follows: in previous years the results during the business year have differed greatly and especially in the summer months, when turnover is usually low, losses were often made. This year the company has for the second time running succeeded in making a relatively even profit in all 12 months, whereby the first quarter of 2014 was particularly lucrative. The first

quarter contributed over 39 % to the year's results. The third quarter including the summer months July and August, normally the weakest in turnover, contributed roughly 16.4 %. The year's average gross trading margins could be stabilised and even increased a little compared with last year. However, due to competition a slight downward trend was observed. The reduction of up to 10 % in variable costs per trade which was predicted by the company in last year's business outlook was achieved to a large extent with an average cost reduction of over 8 %. The company was therefore able to increase the result of normal business activities by a healthy 30.45 % to € 12.7 million (2013: € 9.7 million).

Following a decline in 2013 of 9 % in the number of contract notes resulting from the activity as Market Specialist and order book manager on the Frankfurt and Berlin stock exchanges, 2014 saw a further drop of about 16.7 % to 285,483 transactions. Obviously, the reason for this decline lies in the traditional exchanges' continued loss of market share to electronic exchanges or trading systems such as XETRA® or TRADEGATE EXCHANGE, and to off-exchange trading venues.

In contrast, the number of transactions on the TRADEGATE EXCHANGE could be increased in 2014 for the thirteenth year running. Although the increase of 34.5 % in 2013 was considerably larger, the growth in 2014 of roughly 9.8 % to 8,151,133 transactions at such a high level is remarkable. The average trading volume per individual trade increased slightly in 2014 from € 6,240.00 to € 6,488.00, probably due to the price increase in the major indices. Overall, in its role as specialist on the TRADEGATE EXCHANGE the company has increased its trading volume in shares and ETPs by 14.33 % from € 46.34 billion in 2013 to € 52.98 billion in 2014.

In the course of its intended cost efficiency and profitability increase the company has delisted all dormant or illiquid securities that it looked after in its role as Market Specialist or order book manager on the stock exchanges TRADEGATE EXCHANGE, Frankfurt and Berlin. In total, more securities were delisted than newly included in trading. The balance as at 31.12.2014 is as follows: the number of securities looked after on the TRADEGATE EXCHANGE is 5,165 (494 fewer than last year), on the Frankfurt Stock Exchange 766 (7 more than last year) and on the Berlin Stock Exchange 4,007 (163 fewer than last year).

The number of employees in the company rose slightly, with eight new-comers and four leavers. At the end of the year there were 96 people employed at the Tradegate AG Wertpapierhandelsbank. The age structure changed p.r.t. only slightly. The average age remained the same as last year at 41.5 with most people in the age group of up to 35. The average job tenure is 10.7 years (last year 10.5 years). More than half the employees have been with the company for ten years or more. The company 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 by the company. Through flexible remuneration models the company prefers to ensure that on the one hand no unacceptably high fixed salaries endanger the company in difficult economic situations, and on the other that during successful periods the employees have a suitable share in the company's success. Apart from their fixed monthly salary, the employees and board members of the company receive variable remuneration. The total volume of the variable remuneration depends on the company's profit reported under commercial law and is determined on a quarterly basis. 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. € 4,117,000 of the total remuneration of € 9,701,000 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 to 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

Tradegate AG Wertpapierhandelsbank reported a financial result of € 5,396,000 for the year 2014 (2013: € 4,127,000). The results of operations of the Tradegate AG Wertpapierhandelsbank are influenced by the net earnings from securities held for trading, which includes the significant earnings coming from its activities as a specialist. 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 table below shows the development of important positions of the profit and loss statements of the past three years.

	in '000€ 2012	in '000€ 2013	in '000€ 2014
Interest income	146	108	50
Commission income	- 78	787	853
Net earnings from securities held for trading	16,709	29,178	33,538
General administrative expenses	- 18,550	- 21,244	- 22,636
Result from ordinary business activities	- 1,058	9,705	12,660
Allocation to fund for general banking risks	- 1,671	- 2,918	- 3,354
Taxes on income and profit	- 35	- 2,661	- 3,889
Net income/loss for the year	- 2,712	4,127	5,396

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 low interest rates. The private banking business made no appreciable contribution to the interest income. The commission income has improved a little as a result of the slight increase in commission earnings. A significant part of the commission income continues to come from the remuneration for broker and specialist activities. Compared with last year this has decreased slightly from € 769,000 to € 742,000. The commission expenses included in the net earnings from securities held for trading has risen from € 7,652,000 to € 8,043,000. This was due to increased turnover and the corresponding increase in commission. As last year's results have improved once again, an increase of 14.9 % was reported in the net earnings from securities held for trading despite higher commission expenses.

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 € 1,392,000 increase in general administrative expenses. Improved settlement processes have led to cost savings. In total, other administrative expenses fell by € 182,000.

The company pays into the fund for general banking risks according to § 340e IV Handelsgesetzbuch (German Commercial Code). As the amount in the fund has not yet reached 50 % of the of the company's average net earnings from securities held for trading of the last five years, this year 10 % of the net earnings from securities held for trading must be paid into the fund.



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, 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

	2012	2013	2014
Turnover equivalent	18,834,000 €	31,360,000 €	35,724,000 €
CIR	111.7 %	71.4 %	66.4 %
RoE	- 3.52 %	24.27 %	26.50 %
EpS	- 0.042 €	0.287 €	0.359 €

The positive environment on the stock markets and the company's relative strength compared with its competitors has led to a marked increase, especially in the net result from securities held for trading. The general administrative expenses increased but only partly in line with the net result from securities held for trading. It was mainly the personnel costs that increased due to profit-related special payments. Contrary to an increase on the profits side the general administrative expenses were reduced, so the cost income ratio improved to 66.4 %.

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

2.2.2 Financial position

The company is financed primarily from its net assets and the fund for general banking risks. Based on the company's business activity and the 2014 net result from securities held for trading, € 3,354,000 was paid into the fund. The fund now contains € 12,191,000. As of 2015, depending on the company's results, only small changes to the fund are to be expected.

In 2014 the company acquired more of its own shares within the scope of its trading activities. Following trading in own shares, the equity capital decreased by € 42,000. Compared with last year the equity ratio fell from 64.6 % to 62.1 %. The decrease of the equity ratio is due inter alia to further payments into the fund for general banking risks. In addition customer deposits rose within our private banking business.

€ 521,000 was invested last year, primarily in several IT projects. 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 company 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 very small number of account deposits is 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.

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 Tradegate AG Wertpapierhandelsbank improved by € 8,610,000 compared with last year. On the assets side of the balance sheet the credit balance at the Bundesbank and other banks increased, as did the other current assets. Because of new regulations on Liquidity Coverage Ratio, effective 2014, the credit balance at the Bundesbank was raised by a further € 1,994,000. Owing to the very positive development of results the credit balance at banks increased overall by € 4,393,000. As a result of the final decision made by the BaFin the company will get back the tax prepayment made for 2013 except for a small amount. The tax reclaim is shown under other current assets, which have increased by € 1,610,000 compared with last year.

On the passive side of the balance sheet the liabilities to customers increased by € 826,000. The provisions come to € 3,795,000 compared with € 3,254,000 last year. The explanation of the fund for general banking risks may be found in the paragraph on results of operations (2.2.1). The increase in equity capital comes from the net income for the year. However, as a consequence of trading in own shares the increase in equity capital fell below the amount of net income.

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 the information that is submitted regularly for the attention of the managing board and the supervisory board.

4.1.1 Organisation of risk management

Tradegate AG Wertpapierhandelsbank 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. In principle, risk is understood to be the negative difference between actual incidents and expected incidents. Damage is then the occurrence of a risk with negative consequences. As the company sees itself as a liquidity provider or, as the case may be, a market specialist 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 company 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.

The highest level of risk management is the whole managing board 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 2014 which remained unchanged for the whole year.

4.1.2 Institutional supervision

Due to the permit which allows the company to provide banking and financial services, the Tradegate AG Wertpapierhandelsbank is subject to supervision by the Federal Financial Supervisory Authority. Accordingly, an interim return and the calculations for the Liquidity Regulation are prepared monthly; calculations for solvency, debt, 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 busi-



ness, 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. In accordance with the German Banking Act, only group companies that fall under the category "other companies" and separate assets should not be incorporated in the reports. 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.

With regard to the CRR Regulations the reference figures for the company always fulfilled minimum requirements without any problem. The total key reference figures of the CRR lay between 43.66 and 57.02. For current business activities the CRR reference figure is not the decisive element for the provision of own capital. Here, the requirements of the stock markets play a more important role, so, in relation to the underlying risk assets, the company is well equipped with capital resources. In accordance with the business plan, part of the capital resources is to be reserved for the future operation of the lendings business. The company uses the standard financial risk approach, the standard approach for market risk positions and the basic indicator approach for operational risks. As at 31 December 2014 the risk positions and capital resources were follows:

The capital resources of the financial holding group are made up of the subscribed stock of the Berliner Effektengesellschaft AG, its capital reserves

	in '000€ Amount
Risk positions	
Counterparty default risks	9,389
Market price risks	10,536
Operational risks	46,953
Total	66,878

	in '000€ Amount
Description	
Paid-in capital	24,403
Capital reserves	3,744
Own shares	- 46
Retained earnings	1,610
Special item for general banking risks	8,837
Intangible assets	- 410
Core capital	38,138



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 2014 the risk positions and capital resources were as follows:

	in '000€ Amount
Capital requirements for	
Counterparty default risks	51,617
Market price risks	10,536
Operational risks	48,070
Total	110,223

	in '000€ Amount
Description	
Paid-in capital	13,872
Capital reserves	31,533
Own shares	- 59
Retained earnings	- 7,699
Special item for general banking risks	5,403
Minority interests	1,170
Transitional provision for minority interests	14,821
Goodwill	- 390
Intangible assets	- 410
Other adjustments	- 2,466
Core capital	55,775

The report for the financial holding group Berliner Effektengesellschaft AG is made according to the CRR. Between January and December 2014 the total key reference figures of the Solvency Regulation at group level lay between 38.88 and 50.60.

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- $\text{\$}$ 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 2014 and the capital



resources, an absolute upper loss limit for all transactions was set by the company's managing board. 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 2014 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 2014 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. Additionally, in the area of IT-operations a list of system changes, faults and failures is kept. Last year there were no significant faults which 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. Part of the upper loss limit was reserved for operational risks based on the capital requirements according to the CRR.

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 Tradegate AG Wertpapierhandelsbank has predominantly receivables from banks. The most important bank connection, where a large part of the investments in liquidity funds are made, is with the quirin bank AG. 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. Further accounts exist at other domestic banks and at one foreign bank. Apart from these bank accounts, which are used for payment transactions and cash deposits, the company has receivables from tax repayments and receivables from other brokers for securities transactions. The risks here are considered to be low as they are regulated by 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 occurs within a plan of payments received and payments outgoing over 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 5.21 and 11.88, the minimum figure being 1. As of 1st January 2014 financial institutions 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 2.36 and

15.11 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 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 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. At the moment the managing board receives a detailed quarterly summary of the company's payment reserves. In order to increase the transparency of general administration expenses the managing board and department heads are provided with a report on the costs allocated to each area. Any questions and necessary measures are discussed in meetings. Besides increased transparency, the aim is to encourage the awareness of those responsible.

4.2 Outlook and opportunities

The company expects 2015 to be another solid business year in securities trading with private investors. Once again, it is possible that those share markets that are particularly important for our company might even benefit from the unattractive interest rates and uncertainties surrounding the government bonds of various debtor countries.

In 2014 the company will continue to explore every opportunity to connect new market participants to the TRADEGATE EXCHANGE thus gaining further market share. However, several competitors are trying to regain their lost market share by offering exchange and off-exchange trading using standards that are becoming increasingly similar

to those on the TRADEGATE EXCHANGE. The company's topline-growth of over 14 % in 2014 was above expectations, so the plan for 2015 is to confirm and repeat the number of transactions and trade volume. In January the growth rate compared with last year was a good 12.5 % in transactions and 23.9 % in trade volume, this despite the fact that January 2014 was the month with the strongest turnover of the whole year. In February the increase in turnover compared with last year was even more distinct. These record sales make for a surprisingly good start to the new business year.

The integration of the Berliner Effektenbank, whose brand name, customers and employees the company has purchased from the quirin bank AG, will be a particular challenge for the year 2015. The transfer of the Berliner Effektenbank is to take place simultaneously with the migration of the complete banking system to Avaloq Sourcing Deutschland AG. The aim medium term is to position and develop the business area private banking under the brand name Berliner Effektenbank more effectively. In the business year 2015 no significant negative or positive effects for company earnings are to be expected. The necessary investments and depreciations on purchase price should be covered in the short term by a corresponding increase in the commission income.

With respect to costs, the company expects a moderate increase in the general administrative expenses (excluding profit-related special payments) as a result of the large increase in business volume. At the moment there appears to be no significant potential for decreases in fixed costs or in variable costs per trade.

The company's expectations regarding an urgently needed market shakeout within the financial services industry have not yet been realised. It is likely, therefore, that for the next 1–2 years the company will see no improvement in the still unsatisfactory trading margins. The company will continue its active and innovative progress by endeavouring to maintain its excellent position as market leader in retail equity trading and, where possible, expanding further at the accustomed high level.

One of the biggest challenges in the history of the company is the possible tax on financial transactions which is still in discussion. Depending on its precise form, this may have considerable negative but also positive effects on the company's total revenue and business model. On the strength of the current discussions in the EU it seems there is still no final agreement regarding the concrete formulation of such a tax, so the company does not expect it to come into effect this year.



5. DECLARATION ACCORDING TO § 312 OF THE COMPANIES ACT

According to § 312 of the Companies Act the managing board of the Tradegate AG Wertpapierhandelsbank must deliver a report on the relations with affiliated companies for the business year 2014. The closing statement of this report reads:

“Beyond the aforementioned legal transactions and measures, no other legal transactions were made in the reporting period and no measures are known of for which a report must be submitted.

According to § 312 of the Companies Act the managing board of the Tradegate AG Wertpapierhandelsbank, Berlin, declares that for all transactions with the prevailing corporation and its affiliated businesses the company has received appropriate service in return.”

Berlin, 28 February 2015

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau Jörg Hartmann Klaus-Gerd Kleversaat Kerstin Timm Holger Timm

AUDITORS' REPORT

In the German version of the annual report the auditors' report is printed here. This report confirms the unreserved validation by the Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft (accounting firm), Berlin, of the annual financial statements of the Tradegate AG Wertpapierhandelsbank.



REPORT OF THE SUPERVISORY BOARD

LADIES AND GENTLEMEN,

In 2014 the supervisory board dutifully performed the tasks incumbent upon it by the law and the company's articles of incorporation. It acted as advisor to the managing board of the company in directing the business and supervised the execution of its business dealings. Moreover, besides attending the supervisory board meetings, the chairman of the supervisory board was in regular contact with the managing board.

All matters requiring authorisation were examined in detail by the supervisory board and then approved. The supervisory board, comprising six members, did not form any other supervisory board committees.

Supervisory board tasks and meetings

In 2014 the supervisory board convened for a total of four planned supervisory board meetings in March, June, September and December at which the members of the managing board were also present.

During these meetings the supervisory board addressed in particular the trading volume and the development of earnings, the current risk situation of the company, and the organisational and strategic development of the business, taking into account the current market situation, the performance of the competition and the strategic partnership with the Deutsche Börse AG. The purchase of the Berliner Effektenbank was also a main topic of discussion between the managing board and the supervisory board.

The meetings also focused on the recently introduced and upcoming regulations affecting the financial industry including those pertaining to the Capital Requirement Regulation and the Capital Requirement Directive IV, and their influence on the strategic development and operational implementation in the company.

According to the knowledge of the supervisory board the managing board of the company has taken appropriate measures and maintains a monitoring system to identify at an early stage any developments which might endanger the continued existence of the company (§ 91 II Companies Act). The company has an efficient controlling system at its disposal and produces conclusive monthly reports.

The monitoring of risks, in particular operational risks, was further improved. The managing board informed the supervisory board of the results of the internal audit report. According to this report no particular risks or complaints arose. In the opinion of the supervisory board the existing risk control system fulfils legal requirements and is qualified to enable the real-time monitoring of the company.

In each meeting the supervisory board members received a quarterly report made by the Internal Revision Department according to § 25c Companies Act.

In the meeting on 4 December 2014 the supervisory board discussed the yearly compliance report. There were no objections, so the supervisory board confirmed its agreement with the contents of the compliance report.

Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, carried out the audit for 2014 according to § 36 I Securities Trade Act. The audit report was given to the members of the supervisory board.

In accordance with § 312 of the Companies Act the managing board composed an additional report on business relations with affiliated companies. This report was submitted to the supervisory board together with the audit report compiled by the auditor. The auditor examined the report and awarded it the following auditor's certificate:



“We have received from the managing board the report on business relations with affiliated companies (dependant company report) compiled in accordance with § 312 of the Companies Act. We have examined this report according to § 313 III of the Companies Act and recorded our results in writing in a separate report.

As there were no objections to the report of the managing board we have, in accordance with § 313, issued the following certificate dated 12 March 2015:

Having conducted a proper audit we hereby confirm that

- 1. the facts set out in the report are correct,*
- 2. payments made by the company in connection with the legal transactions referred to in the report were not inappropriately high.”*

In the course of its own examination of this report the supervisory board found that no objections were to be made and concurred with the auditor's conclusion.

Annual financial statements 2014

The annual financial statements compiled by the managing board for the business year 2014, including the accounting and management reports, were examined by the auditors Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and were certified without reservation.

The supervisory board members received a copy of the report and discussed it at length with the responsible auditors in the meeting on 27 March 2015. The supervisory board examined the financial statements

and the report of the managing board. Based on this assessment, the supervisory board agreed with the auditor's conclusion and approved the annual financial statements, which are thus adopted.

The supervisory board concurs with the managing board's proposal for the appropriation of the net profit of € 5,397,306.17. At the Annual General Meeting the managing board will suggest using the net profit of the year 2014 to pay a dividend of € 0.21 per share in circulation on the day of the shareholders' meeting. The remaining amount from the net profit not needed to pay the dividend shall be carried forward to new account.

Personnel matters

During the business year there were no changes in the composition of the supervisory board.

The supervisory board would like to thank the managing board and all employees for their great personal commitment and hard work during the year 2014.

Berlin, 27 March 2015



Professor Dr. Jörg Franke
Chairman of the Supervisory Board



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