



TRADEGATE AG

WERTPAPIERHANDELSBANK

ANNUAL REPORT 2022



"In 2023, we will continue to make innovative investments to complement and expand our business model in order to strengthen the competitive and earnings position of the company."





TRADEGATE AG

WERTPAPIERHANDELSBANK

WKN 521 690 · ISIN DE0005216907
(listed on the Basic Board of the Frankfurt Stock Exchange)

SHAREHOLDERS' STRUCTURE

in %

as at 31 December 2022

56.47	Berliner Effektengesellschaft AG
19.62	BNP Paribas
19.99	Deutsche Börse
3.92	Free float

MANAGING AND SUPERVISORY BOARD

MANAGING BOARD

SUPERVISORY BOARD

Holger Timm <small>Chairman</small>	Prof. Dr. Jörg Franke <small>Chairman</small>
Thorsten Commichau	Dr. Sven Deglow
Karsten Haesen <small>(since 01.10.2022)</small>	Frank-Uwe Fricke
Jörg Hartmann	Peter E. Schmidt-Eych
Klaus-Gerd Kleversaat	Max Timm
Kerstin Timm	Guido Wünschmann

COMPANY DATA

AS AT 31 DECEMBER 2021

AS AT 31 DECEMBER 2022

Market capitalisation	2.892 billion €	2.660 billion €
Number of shares	24,402,768	24,402,768
Accounting	HGB	HGB
Balance sheet total	375,748 million €	343,206 million €
Number of employees	148	154

KEY DATA

AS AT 31 DECEMBER 2021

AS AT 31 DECEMBER 2022

Result per share	5.060 €	2.208 €
Dividend	4.00 €	1.70 €
Interest surplus/gross profit	- 1.14 %	0.96 %
Commission surplus/gross profit	1.16 %	1.15 %
Trading result/gross profit	99.98 %	97.88 %
Cost/income ratio	30.7 %	48.7 %
Equity ratio*	70.1 %	64.4 %

CALENDAR OF EVENTS

Annual General Meeting in Berlin

16 June 2023 · 10 am

Shareholders' Forum in Berlin

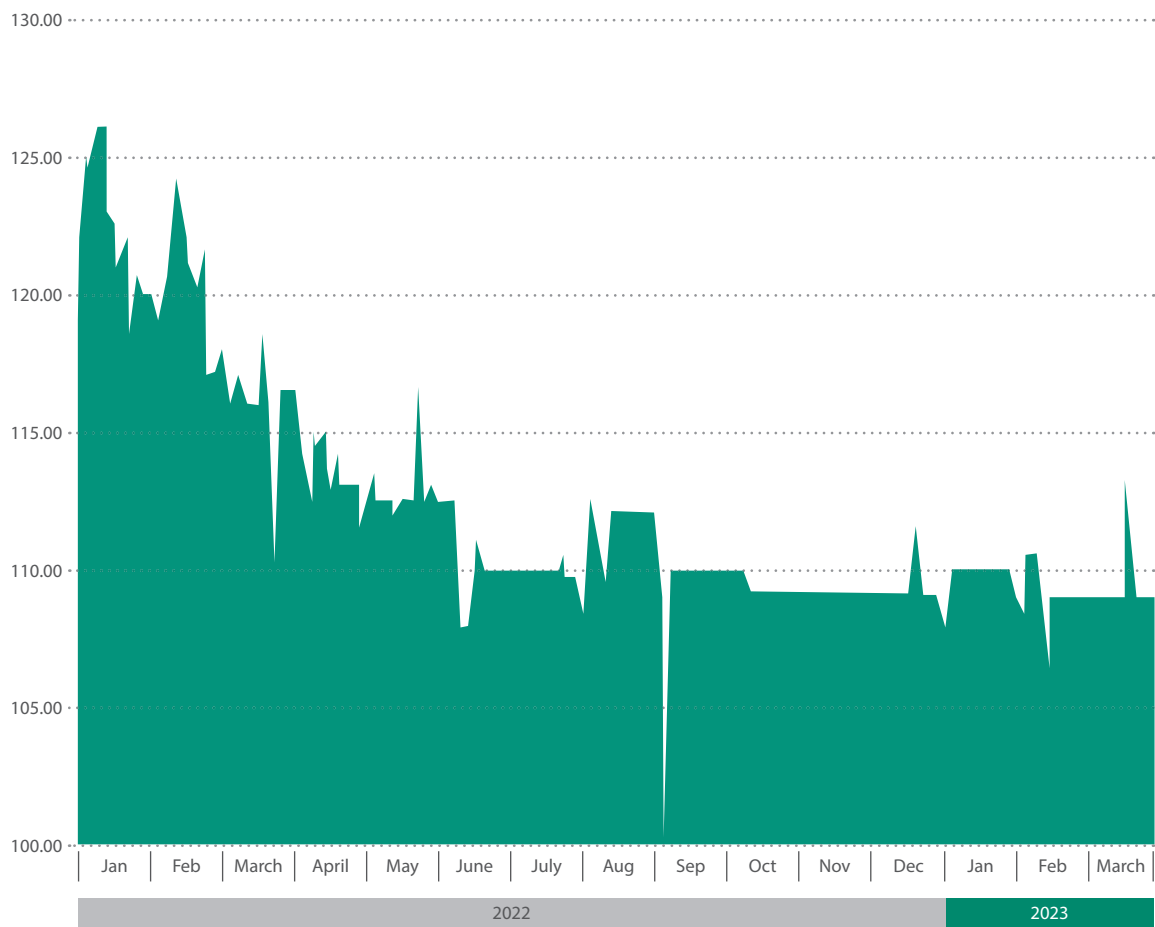
1 December 2023 · 5 pm

* incl. fund for general banking risks



SHARE PRICE DEVELOPMENT

Tradegate AG Wertpapierhandelsbank
January 2022 to March 2023

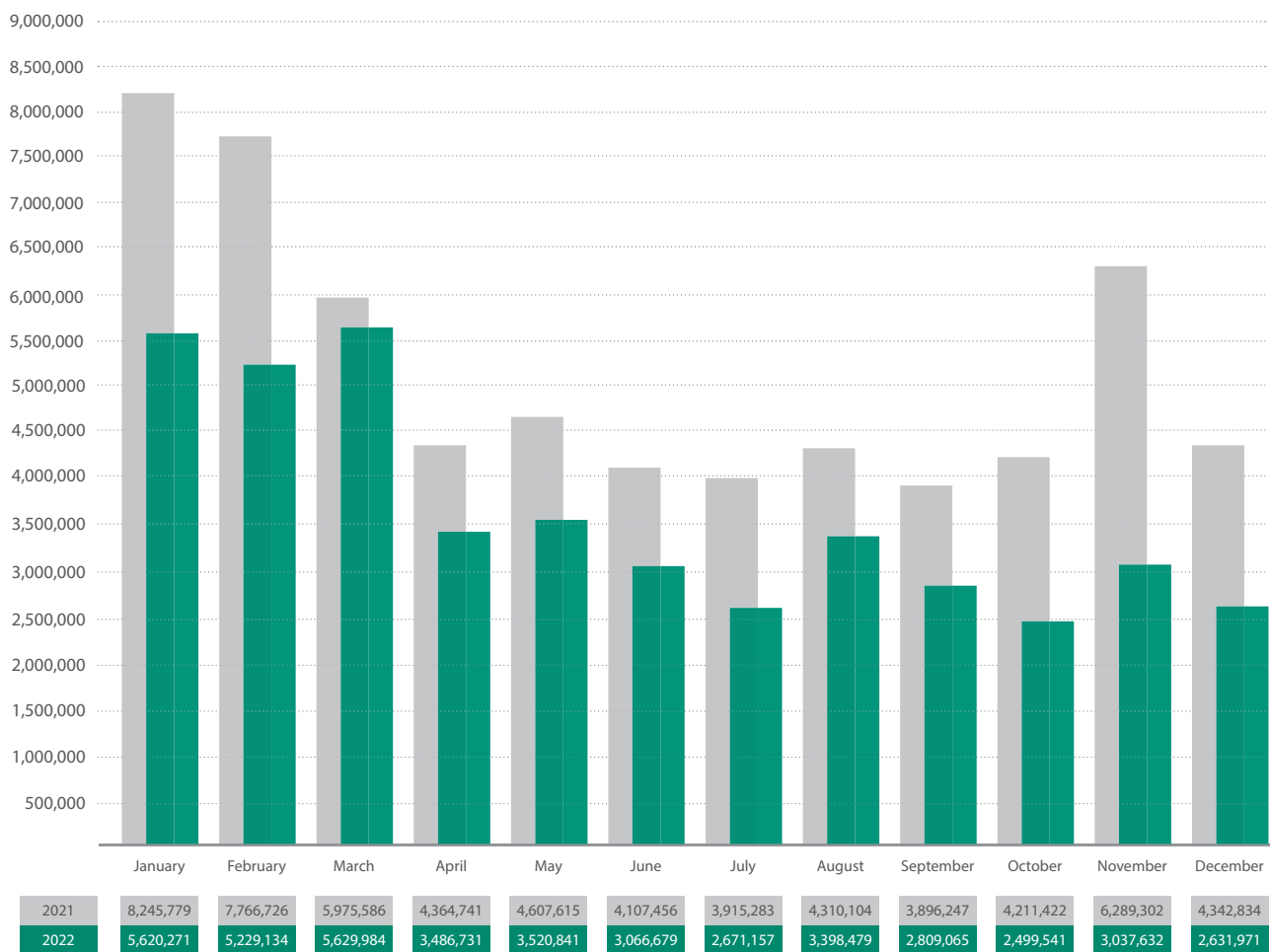


SECURITIES TRANSACTIONS (EQUITIES)

Tradegate AG Wertpapierhandelsbank

Transactions per month on tradegatexchange

January to December comparison 2021/2022



“Only by working together with committed employees, business partners and shareholders can we successfully expand our outstanding service concept for all stakeholders in the long term.”



11	Preface
13	Report of the Board
13	Securities transactions
14	Market share development
14	Market share in exchange traded products
18	Annual financial statements of the Tradegate AG Wertpapierhandelsbank
52	Report of the Supervisory Board
54	Contact · Impressum



TRADEGATE AG

WERTPAPIERHANDELSBANK

DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FRIENDS OF SECURITIES TRADING,

The year 2022 was primarily characterised by uncertainty – an uncertainty that had a strong impact on the financial markets. The unexpectedly rapid rise in interest rates by central banks caused demand for bonds to rise, while it fell for equities. After the corona pandemic had gradually lost its character as the sword of Damocles, despite all the efforts of the Federal Minister of Health, the war in Ukraine, the associated increase in energy prices and the constantly rising inflation rate again led to reluctance among private investors.

Economically, 2022 was also a year of imponderables. The supply chain problems that arose during Corona's heyday still persist and may well be with us for some time to come. Energy-intensive industries have experienced skyrocketing production costs, which are accompanied by constantly rising personnel costs and a simultaneous shortage of skilled workers. The resulting additional expenses could usually not be compensated, or at least not completely, by price increases. Despite all recession forecasts, the German economy still grew by 1.9 percent in 2022.

The private investors who were newly active on the financial markets during the corona pandemic, who mostly dared to take their first steps on the stock exchange floor with small amounts of money, had to realise for the first time that share prices do not automatically continue to rise and in some cases had to record considerable losses. At the same time, the increase in personal living costs due to increased energy and food costs led to a reduction in the amount of money available for investments. As this predominantly young generation of investors also increasingly speculated with cryptocurrencies, which robbed investors of billions due to the scandalously inadequate regulation and immature, sometimes criminal players, many withdrew from the financial

markets again, long-suffering – a development that affects the financial sector as a whole in the medium term. A few successful new shareholders, however, have developed a taste for this type of wealth accumulation, gained experience and thus entered the circle of established and persistently active private investors.

In this difficult environment, it was not possible for the industry and thus our company to achieve a new record turnover. Rather, our business and our long-standing strategic focus of establishing tradegatexchange as the best exchange for private investors was faced with rising costs that could not be passed on through price increases. We see this long-term strategy more than confirmed when adjusted for the outstanding special effects of 2020 and 2021, because measured against the average growth rates of the past decades, the year 2022 (compared to the pre-Corona year 2019 and before) was an extremely successful and strong-growing year. The trend of steady increases in turnover and earnings targets is therefore still more than in tact.

In record years, it is easy to justify one's own merit in this. In difficult years, however, the reliability of the overall project becomes apparent. We would therefore like to take this opportunity to thank everyone involved in the implementation of our long-term strategy for their unflinching contribution. Only by working together with committed employees, business partners and shareholders can we successfully expand our outstanding service concept for all stakeholders in the long term. We therefore greatly appreciate the indispensable participation of all who have played a role.

Holger Timm

Thorsten Commichau

Karsten Haesen

Kerstin Timm

Klaus-Gerd Kleversaat

Jörg Hartmann

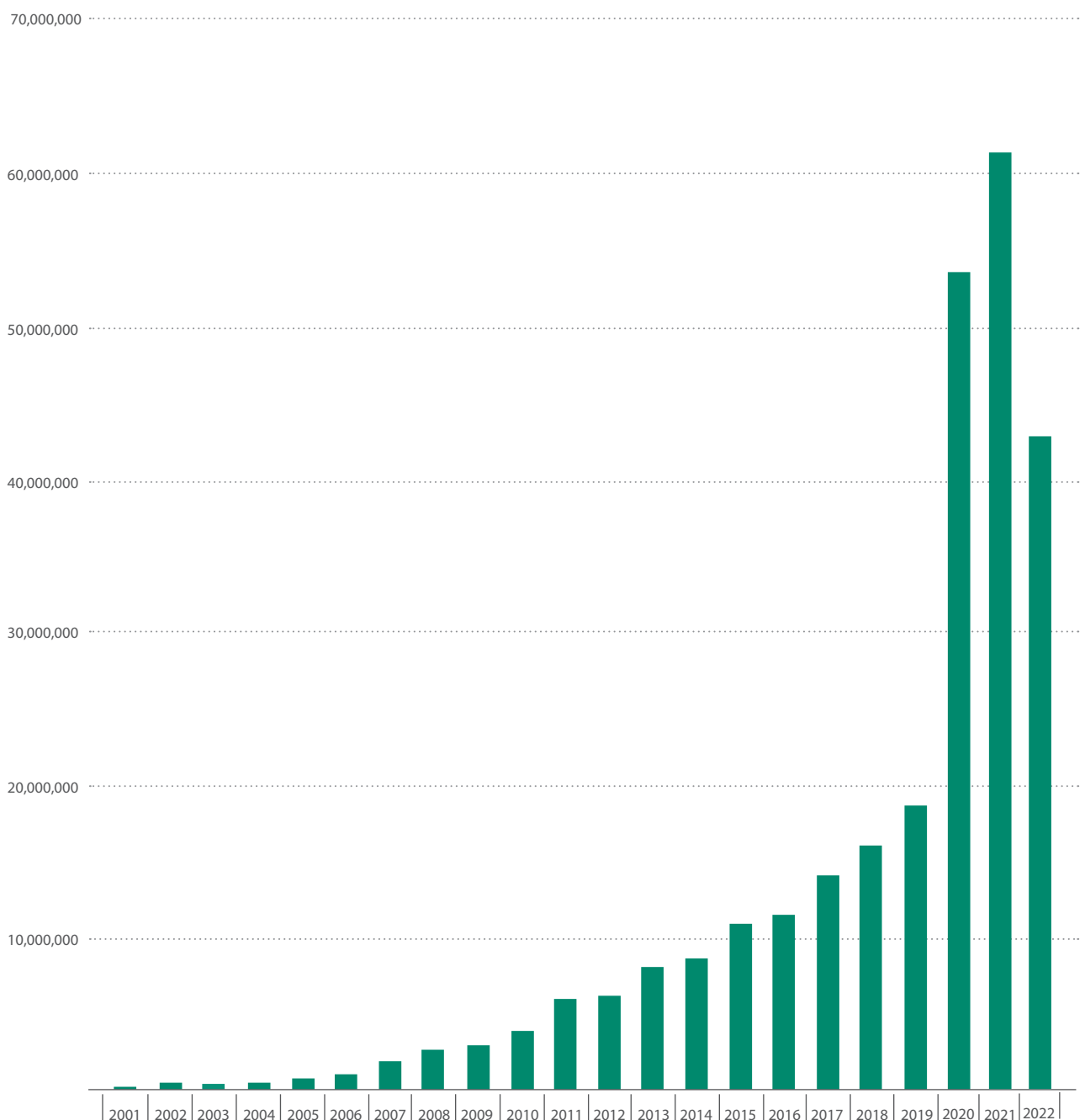


In the 2022 financial year, uncertainty predominated on the financial markets: is the conflict in Ukraine developing into a long-lasting war of attrition or are ceasefire or even peace negotiations possible in the foreseeable future? Would constantly rising personnel and energy costs weaken Germany as a business location? Are shortages of skilled workers and supply bottlenecks permanent conditions? How far will interest rates rise? These and numerous other questions led to considerable uncertainty among private investors and, as a result, to a sharp decline in the number of transactions.

Against this background, it is not surprising that - for the first time in the history of the Tradegate Exchange - no new turnover records were achieved in trading in shares and ETFs.

SECURITIES TRANSACTIONS

Equities and ETPs on tradegatexchange
Comparison 2001 bis 2022

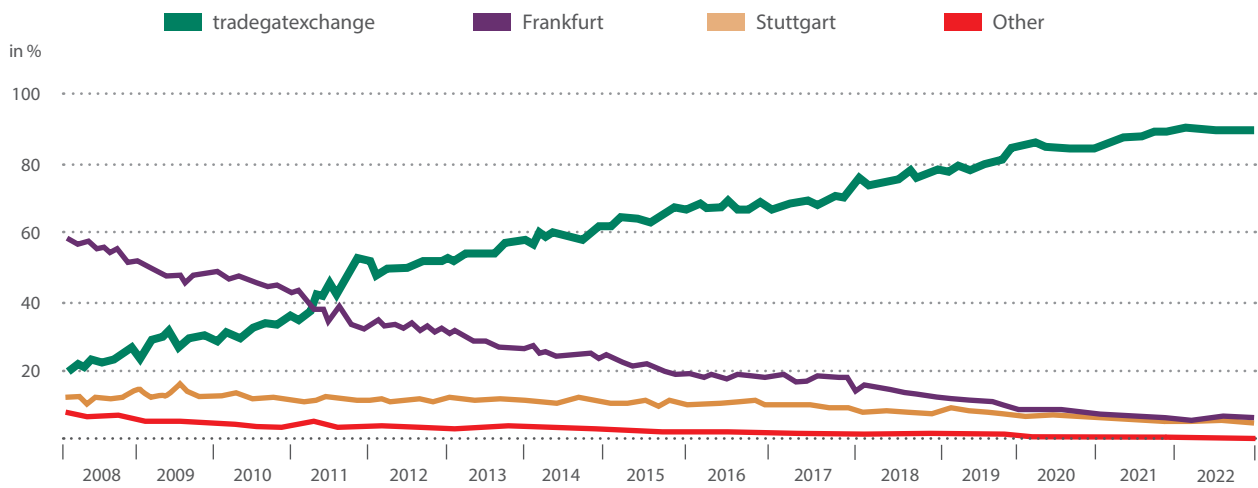


Tradegate AG Wertpapierhandelsbank was aware of the outstanding special situation in 2020 and 2021. Without being able to predict how long this would last, we remained cautiously optimistic in our plans and expectations. Our always conservative corporate planning nevertheless enabled us to cope with the sharp decline in business figures that has now occurred in 2022 in an extremely stable manner.

Since we are unable to influence the absolute number of securities transactions ourselves and are dependent on the business volume of private investors in the overall market, our success is primarily reflected in the development of our market shares with regard to other trading venues. Since tradegatexchange has long held a dominant position in the private investor business among comparable German stock exchanges, further growth is only possible to a very small extent. It is all the more gratifying that the market share in the area of equities remained stable and even increased slightly in the area of ETFs.

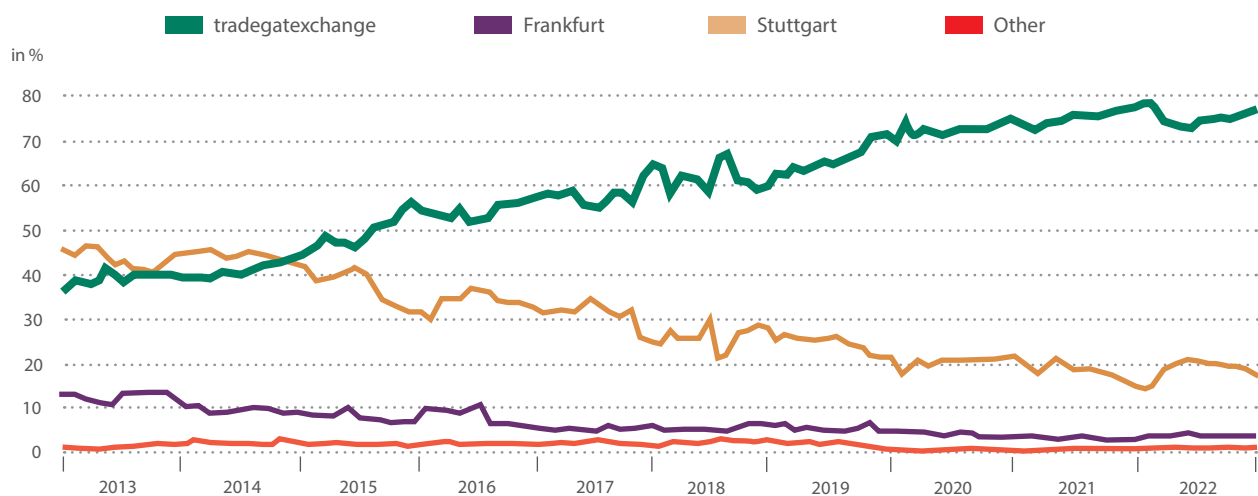
MARKET SHARE IN EQUITIES

German Regional Stock Exchanges and tradegatexchange · 2008 bis 2022



MARKET SHARE IN EXCHANGE TRADED PRODUCTS

German Regional Stock Exchanges and tradegatexchange · 2013 bis 2022



In summary, we are looking at a 26.3 per cent year-on-year decline in sales for 2022, with sales declining by up to 55 per cent in the months following the start of the war in the Ukraine.

In our long-term view, we have to neglect the outstanding years 2020 and 2021, as they brought extraordinary volume growth to the stock markets due to the pandemic. Compared to the last pre-Corona year 2019, in which a net profit of € 15 million was generated with 18 million individual transactions, the financial year 2022 with 43.6 million individual transactions and a net profit of € 45 million represents a confirmation of the steady development of the company's turnover and earnings situation. In years with no or even negative impulses for share trading, the healthy business strategy of our company becomes clear. The special economic effects, as seen in the previous two years, are certainly welcome, but can hardly be attributed to our own design. On the contrary, they also led to new market participants with

as yet unverified market models increasing the competitive pressure in our environment. However, since Tradegate AG Wertpapierhandelsbank operates reliably in the long term, it does not depend on such incalculable exceptional situations and is permanently expanding its reliable, crisis-tested concept in a solid manner.

We have invested in various future projects, the completion of which has unfortunately been delayed due to various general conditions that we cannot influence. For us, a solid, stable and always sustainable overall product has a higher value than one created at short notice, so we accept the project delays in favour of the usual high quality. You can therefore remain curious, but rest assured that your company will continue to drive forward innovative projects on the basis of its proven business model in order to continue to thrive in the turnover and earnings situation as well as the competitive position.

“Tradegate AG Wertpapierhandelsbank invests for the long term and is permanently expanding its reliable, crisis-tested concept in a solid manner.”



18	Annual financial statements of the Tradegate AG Wertpapierhandelsbank
18	Assets
19	Liabilities and equity
20	Income statement
23	Cash flow statement
24	Statement of changes in equity
26	Notes to the financial statements 2022
39	Management report
51	Auditors' report
52	Report of the Supervisory Board
54	Contact · Impressum

BALANCE SHEET

AS AT 31. DECEMBER 2022

BALANCE SHEET: ASSETS Tradegate AG Wertpapierhandelsbank as at 31. December 2022	2022 in €	2022 in €	2021 in €
1. Cash reserves			
a) cash balance	170,285.63		126,079.62
b) balance at Deutsche Bundesbank	82,991,066.67	83,161,352.30	49,522,994.78
2. Receivables from banks			
a) due on demand	182,924,360.92		291,956,698.67
b) other receivables	-	182,924,360.92	-
3. Receivables from customers		1,245,857.06	2,545,980.68
4. Trading portfolio		10,477,636.69	14,379,306.57
5. Investments		12,530,001.00	124,999.00
6. Intangible assets			
a) acquired concessions, industrial property rights and similar rights and assets, including licences for such rights and assets		10,860,170.43	10,037,431.50
7. Tangible fixed assets		4,486,375.69	2,046,745.81
8. Other current assets		37,078,848.93	4,674,334.42
9. Deferred expenses and accrued income		138,346.38	184,350.46
10. Deferred tax assets		302,830.75	149,317.99
Total assets		343,205,780.15	375,748,239.50



BALANCE SHEET: LIABILITIES AND EQUITY

Tradegate AG Wertpapierhandelsbank as at 31. December 2022

	2022 in €	2022 in €	2022 in €	2021 in €
1. Liabilities to banks				
a) due on demand		11,307,373.70	11,307,373.70	10,062,088.13
2. Liabilities to customers				
a) other liabilities				
aa) due on demand		75,648,828.24		45,790,954.62
ab) with agreed term or term of notice		-	75,648,828.24	-
of which:				
0.00 € to financial services institutions (last year 0.00 €)				
3. Trading portfolio			3,662,274.12	7,876,496.55
4. Other liabilities			2,338,138.01	4,201,373.03
5. Deferred income and accrued expenses			9,805,714.28	86,787.40
6. Provisions and accruals				
a) tax provisions			-	20,548,621.32
b) other provisions		19,361,263.37	19,361,263.37	23,708,847.32
7. Fund for general banking risks			77,276,970.44	69,174,722.88
of which: 77,276,970.44 € according to § 340e (4) HGB (last year € 69,174,722.88)				69,174,722.88
8. Equity capital	24,402,768.00			24,402,768.00
a) subscribed stock	- 15,943.00	24,386,825.00		-26,256.00
own shares		6,001,025.22		5,976,735.47
b) capital reserves				
c) revenue reserves		1,516,343.22		1,516,343.22
ca) statutory reserves				
cb) reserves for shares in a controlling or majority-owned company		1,878,304.20		780,307.20
cc) other reserves				
d) unappropriated profit		110,022,720.35	143,805,217.99	161,648,450.36
Total liabilities and equity			343,205,780.15	375,748,239.50
1. Contingent liabilities				
a) Liabilities resulting from guarantees and warranties			55,202.64	69,040.82

INCOME STATEMENT

FOR THE PERIOD FROM 1. JANUARY 2022 TO 31. DECEMBER 2022

INCOME STATEMENT Tradegate AG Wertpapierhandelsbank from 01.01.2022 to 31.12.2022	2022 in €	2022 in €	2022 in €	2021 in €
1. Interest income				
a) lending and money market transactions	570,203.57			815,687.60
less negative interest from money market transactions	- 1,102,473.28	- 532,269.71		- 1,203,097.88
2. Interest expenses		- 1,301,126.27	- 1,833,395.98	- 2,398,222.22
3. Current income from				
a) investments			3,217,497.56	-
4. Commission earnings		2,104,618.76		3,324,285.72
5. Commission expenses		- 445,552.77	1,659,065.99	- 493,540.74
6. Net income from trading portfolio			140,712,920.46	244,222,002.37
7. Other operating income			3,577,679.28	7,763,550.11
8. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	- 26,594,140.80			- 23,534,026.50
ab) social security payments and expenses for retirement provisions	- 2,124,091.23	- 28,718,232.03		- 1,997,514.99
of which: € 0.00 for retirement provisions (last year € 0.00)				
b) other administration expenses		- 40,141,136.22	- 68,859,368.25	- 48,789,265.56
9. Write-offs and value adjustments on intangible assets and tangible fixed assets			- 1,179,993.00	- 754,347.73

	2022 in €	2022 in €	2022 in €	2021 in €
10. Other operating expenses			- 31,699.24	- 19,401.58
11. Write-offs and value adjustments on receivables and certain securities as well as allocations to provisions in lending business			-	-
12. Income from advances on certain securities as well as release of provisions in lending business			160,900.00	42,892.06
13. Result from ordinary business activities			77,423,606.82	176,979,000.66
14. Allocation to fund for general banking risks			- 8,102,247.56	- 19,330,682.15
15. Taxes on income and profit of which: € 11,843.79 deferred tax expenses (last year € 16,774.20)			- 23,547,994.52	- 53,492,809.03
16. Other taxes not shown under item 10			-	-
17. Net income			45,773,364.74	104,155,509.48
18. Profit brought forward			64,167,894.36	61,185,801.81
19. Withdrawals from the revenue reserves a) from reserves for shares in a controlling or majority-owned company b) from other revenue reserves			-	-
20. Allocations to the revenue reserves a) to reserves for shares in a controlling or majority-owned company b) to other revenue reserves		- 1,097,997.00	- 1,097,997.00	- 146,225.20
21. Offset against the difference from acquisition of own shares			1,179,458.25	- 3,546,635.73
22. Retained earnings			110,022,720.35	161,648,450.36

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR 2022

CASH FLOW STATEMENT TRADEGATE AG Wertpapierhandelsbank, Berlin	2022 in '000€	2021 in '000€
Net income	45,773	104,156
Depreciation, write-downs / write-ups on receivables and non-current assets	1,180	754
Increase / decrease in provisions	- 24,896	12,755
Other non-cash expenses / income	- 199,716	- 325,307
Gain / loss on disposal of non-current assets	1	1
Other adjustments (balance)	54,376	1,613
Subtotal	- 123,282	- 206,028
Increase / decrease in receivables from customers	1,300	- 302
Increase / decrease in trading assets	226,482	349,021
Increase / decrease in other assets from operating activities	- 39,645	- 2,433
Increase / decrease in liabilities to banks	- 2,282	- 7,084
Increase / decrease in liabilities to customers	29,858	- 15,115
Increase / decrease in trading liabilities	- 4,159	3,015
Increase / decrease in other liabilities from operating activities	- 6,074	- 8,321
Interest expense / interest income	- 1,384	2,786
Income tax expense / income	23,548	53,493
Interest payments and dividend payments received	2,569	- 387
Interest paid	- 1,193	- 2,398
Income tax payments	- 78,069	- 55,126
Cash flow from operating activities	27,669	111,121
Cash outflows for investments in financial assets	- 250	0
Payments made for investments in property, plant and equipment	- 3,190	- 1,156
Payments for investments in intangible assets	- 1,200	- 9,075
Cash flow from investing activities	- 4,640	- 10,231
Proceeds from contributions to equity by shareholders	5,370	31,430
Payments from equity reductions to shareholders	- 4,155	- 34,172
Dividends paid to shareholders	- 97,481	- 43,867
Cash flow from financing activities	- 96,266	- 46,609
Cash-effective changes in cash and cash equivalents	- 73,237	54,281
Cash and cash equivalents at the beginning of the period	333,825	279,544
Cash and cash equivalents at the end of the period	260,588	333,825

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR 2022

STATEMENT OF CHANGES IN EQUITY TRADEGATE AG Wertpapierhandelsbank, Berlin	Subscribed Capital			Capital reserve in €
	Subscribed capital	Own shares	Total subscribed capital	
	in €	in €	in €	
Capital as at 31.12.2020	24,402,768.00	- 5,153.00	24,397,615.00	5,151,056.24
Issue shares			-	
Acquisition / sale of treasury shares		- 21,103.00	- 21,103.00	825,679.23
Withdrawal of treasury shares			-	
Allocation to / withdrawal from reserves				
Dividends paid			-	
Change in the scope of consolidation			-	
Other changes			-	
Net income			-	
Capital as at 31.12.2021	24,402,768.00	- 26,256.00	24,376,512.00	5,976,735.47
Issue shares			-	
Acquisition / sale of treasury shares		10,313.00	10,313.00	24,289.75
Withdrawal of treasury shares			-	
Allocation to / withdrawal from reserves				
Dividends paid			-	
Change in the scope of consolidation			-	
Other changes			-	
Net income			-	
Capital as at 31.12.2022	24,402,768.00	- 15,943.00	24,386,825.00	6,001,025.22



	Statutory reserves in €	Reserves for shares in a controlling company in €	Other reserves in €	Uappropriated profit in €	Total in €
	1,516,343.22	634,082.00	-	105,052,574.86	136,751,671.32
					-
				- 3,546,635.73	- 2,742,059.50
					-
		146,225.20		- 146,225.20	-
				- 43,866,773.05	- 43,866,773.05
					-
					-
				104,155,509.48	104,155,509.48
	1,516,343.22	780,307.20	-	161,648,450.36	194,298,348.25
					-
				1,179,458.25	1,214,061.00
					-
		1,097,997.00		- 1,097,997.00	-
				- 97,480,556.00	- 97,480,556.00
					-
					-
				45,773,364.74	45,773,364.74
	1,516,343.22	1,878,304.20	-	110,022,720.35	143,805,217.99

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

Preparation of the financial statements

The financial statements of the Tradegate AG Wertpapierhandelsbank for the year ending 31 December 2022 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 7 August 2021. They include a voluntary cash-flow statement and a statement of changes in equity.

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 €.

The company is registered under the number HRB 71506 in the commercial register of the district court of Berlin-Charlottenburg. It 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.

Bilanzierungs- und Bewertungsgrundsätze

Cash reserves and receivables from banks and customers are reported at their nominal value. The company distinguishes between securities in the trading portfolio, securities in the liquidity reserve (securities which are not treated as fixed assets and are not part of the trading portfolio), 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 in the trading portfolio are shown on the respective side of the balance sheet under "trading portfolio".

Securities in the trading portfolio are to be valued at fair value less a risk discount. 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. At 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 risk discount at the balance sheet date is determined in accordance with the value at risk model. In doing so, a history of 500 trading days and a confidence level of 99.9 % is assumed. A normal distribution and a holding period of 5 days is implied. The risk discount applied continues to take into account existing market price risks from securities trading portfolios.

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.

Identifiable risks are taken into account through value adjustments and provisions.

Investments are recognised at acquisition cost, if necessary reduced by write-downs to the lower fair value.

Intangible fixed assets, including advance payments on intangible fixed assets, are valued at acquisition cost and, insofar as they are subject to wear and tear, are depreciated on a straight-line basis in accordance with commercial law. Other intangible assets were assumed to have a useful life of ten years pursuant to § 253 (3) HGB.

Tangible fixed assets are valued at acquisition or production cost and, if subject to wear and tear, are depreciated on a straight-line basis in accordance with commercial law. Up until the end of 2007 and as of 2010 these assets were depreciated in full in the year of acquisition and booked out provided that on a value basis the acquisition or production costs did not exceed € 800, the assets were used independently and also subject to wear and tear (low-value assets).

Deferred tax assets and liabilities are calculated on the basis of different valuations of a recognised asset or liability and the respective tax valuation. 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 30.24 %.

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 "trading portfolio" at fair value plus a risk premium. The risk premium is formed along the same lines as the risk discount for active trading portfolios.

We have formed provisions and accruals for taxes, contingent liabilities and anticipated losses from pending transactions to the amount of their probable utilisation based on reasonable commercial judgement. In the case of provisions with a maturity of up to one year, we have waived the right to discount. Provisions with a maturity of more than one year have been discounted at the average market interest rate of the past seven years corresponding to their remaining term.

The pro rata interest determined as at the balance sheet date is reported in the underlying receivables or liabilities.

For the loss-free evaluation of interest-related transactions in the banking book, we follow the opinion of Statement RS BFA 3 (current version) of the IDW (Institute of Public Auditors in Germany).

Currency conversion

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 deviation occurred 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 evaluated these securities at their closing price in € on a German stock exchange as at 31 December 2022.

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:

	2022 in €	2021 in €
Receivables from customers		
a) indefinite term	1,245,857.06	2,545,980.68
	1,245,857.06	2,545,980.68
Liabilities to customers	75,648,828.24	45,790,954.62
a) due on demand	75,648,828.24	45,790,954.62

Receivables from and liabilities to affiliated companies

Classification according to balance sheet item

	2022 in '000€	2021 in '000€
Receivables:		
receivables from customers	84	34
other current assets	-	48
Total	84	82
Liabilities:		
liabilities to customers	16,608	1,036
other liabilities	5	469
Total	16,613	1,505

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.

	2022 in '000€	2021 in '000€
Assets	10,495	14,000
Debts	9,803	15,328

Securities marketable on the stock exchange

	2022 in '000€	2021 in '000€
Listed on a stock exchange		
Trading portfolio	8,903	14,462

With the exception of shares to the book value of € 1,963,000 (last year € 912,000), all securities held are marketable on the stock exchange.

Trading portfolio (assets 4)

On the assets side of the balance sheet the trading portfolio shows only shares and other variable-income securities. A risk discount of € 808,000 (last year € 994,000) was made on the trading portfolio and taken into account on the assets side.

Development of capital assets	Acquisition Costs				
	As at 31.12.2021	Additions in the business year	Disposals in the business year	Adjustments	As at 31.12.2022
in €					
Financial assets					
Investments	124,999.00	12,405,002.00	-	-	12,530,001.00
Total financial assets	124,999.00	12,405,002.00	-	-	12,530,001.00
Intangible assets					
Software	3,458,675.92	598,165.04	-	-	4,056,840.96
Other intangible assets	1,500,000.00	-	-	-	1,500,000.00
Prepayment on intangible assets	8,940,247.50	649,832.93	-	-	9,590,080.43
Total intangible assets	13,898,923.42	1,247,997.97	-	-	15,146,921.39
Tangible fixed assets					
Business and office equipment	6,546,757.03	2,764,090.61	216,545.89	605,040.35	9,699,342.10
Prepayment on assets and assets under development	523,028.81	430,886.23	-	-605,040.35	348,874.69
Total tangible fixed assets	7,069,785.84	3,194,976.84	216,545.89	-	10,048,216.79
Total assets	21,093,708.26	16,847,976.81	216,545.89	-	37,725,139.18

Other current assets

Other current assets include other items that cannot be allocated to other balance sheet items on the assets side. The largest positions are shown in the table below:

	2022 in '000€	2021 in '000€
Income tax receivables	33,840	21
Invoiced deliveries and services	3,202	3,359
Receivables on deliveries and services	18	1,241
Tax office flat rate withholding tax	2	-
Affiliated companies	-	48
Other	17	5
Total	37,079	4,674

Deferred tax assets

Deferred tax assets were formed because leasehold improvements, intangible assets and provisions for restoration costs are depreciated faster under commercial law than they can be under tax law. This situation reverses in the future, so that deferred tax assets exist.

The fund for general banking risks is considered as equity. Therefore, no deferred tax assets were calculated for this position.

Liabilities to banks

This balance sheet item essentially contains amounts payable for the use of securities settlement and other banking services of various banks amounting to € 5,598,000 (last year € 2,148,000); liabilities arising from an account used for the settlement of securities transactions in US-\$ and other currencies € 5,046,000 (last year € 7,391,000); and margin liabilities within the private banking business of € 32,000 (last year € 99,000).

Abschreibungen					
As at 31.12.2021	Additions in the business year	Disposals in the business year	As at 31.12.2022	Residual book value 31.12.2022	Residual book value at previous year
-	-	-	-	12,530,001.00	124,999.00
-	-	-	-	12,530,001.00	124,999.00
2,961,491.92	275,259.04	-	3,236,750.96	820,090.00	497,184.00
900,000.00	150,000.00	-	1,050,000.00	450,000.00	600,000.00
-	-	-	-	9,590,080.43	8,940,247.50
3,861,491.92	425,259.04	-	4,286,750.96	10,860,170.43	10,037,431.50
5,023,040.03	754,733.96	215,932.89	5,561,841.10	4,137,501.00	1,523,717.00
-	-	-	-	348,874.69	523,028.81
5,023,040.03	754,733.96	215,932.89	5,561,841.10	4,486,375.69	2,046,745.81
8,884,531.95	1,179,993.00	215,932.89	9,848,592.06	27,876,547.12	12,209,176.31

Trading portfolio (liabilities 3)

As at the reporting date, the trading portfolio on the liabilities side of the balance sheet shows only those liabilities arising from the short selling of securities and other variable-interest securities. Tradedate AG Wertpapierhandelsbank engages in the short selling of securities in its role as order book manager and specialist. The risk premium for the trading portfolio is taken into account completely on the assets side.

Other liabilities

Other liabilities include items on the liabilities side that cannot be allocated to other balance sheet items:

	2022 in '000€	2021 in '000€
Liabilities from deliveries and services	1,789	3,313
Tax on wages, church tax	346	283
VAT payable to the parent company	191	469
Other liabilities to affiliated companies	5	0
Other	7	136
Total	2,338	4,201

Provisions and accruals

Amounts that belong in the income statement of the financial year or earlier, but whose amount or due date has not yet been finally determined, have been allocated to provisions. Adjustment of processes and accounting systems can lead to changes in the accuracy of the amounts reported. The breakdown of other provisions and accruals is shown in the following table:

Provisions and accruals for	31.12.2022 in '000€	31.12.2021 in '000€
Personnel costs	11,904	11,748
Securities settlement services	4,079	3,168
Restoration measures	612	164
Contributions to associations	607	523
Agency commission / marketing subsidy	497	6,914
Cost allocation for banking supervision	365	367
Advisory and auditing services	346	79
Cost of annual financial statements	294	272
Additional rental expenses, electricity	102	70
Pending losses	0	161
Other expenses	555	243
Total	19,361	23,709

Fund for general banking risks

According to § 340e (4) HGB, the company is obliged to put ten percent of the net earnings from the trading portfolio into the fund for general banking risks. The item may be released to offset net expenses of the trading portfolio, a net loss for the year 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 2022 an amount of € 8,102,247.56 (last year € 19,330,682.15) was allocated to the fund.

Share capital / subscribed stock

On 31 December 2022 the subscribed stock remained unchanged at a total of € 24,402,768 before deduction of own shares. The share capital 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, Berlin, which is also the highest-level parent company in the group.

At the balance sheet date the Tradegate AG Wertpapierhandelsbank holds 15,943 own shares (last year 26,256) with an accounting value of € 15,943 (last year € 26,256).

Capital reserves

The proceeds from the sale of own shares exceeded the acquisition costs, so € 24,289.75 was added to the capital reserves (last year € 825,679.23). At the balance sheet date the capital reserves amounted to € 6,001,025.22.

Reserves for shares in a controlling or majority-holding company

A reserve for shares in a controlling or majority-owned company must be shown in the balance sheet in the amount of the book value of the shares in the parent company, the Berliner Effektengesellschaft AG. 23,897 shares in the Berliner Effektengesellschaft AG were thus reported in the assets at the balance sheet date. The reserve for shares in a controlling company is shown as € 1,878,304.20 (last year € 780,307.20).

Revenue reserves

The capital reserves and the statutory reserves make up more than 10 % of the share capital in line with the requirements of § 150 (2) Companies Act. Therefore, an allocation to statutory reserves is not necessary.

Provided that 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 share capital is reached.

Own shares

In accordance with § 71 (1) No. 7 of the Companies Act, the company was authorised by resolution of the shareholders' meeting on 13 June 2019 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 13 June 2024. Trading is allowed at prices that do not fall more than 20 % above or below the preceding day's closing price of the share of Tradegate AG Wertpapierhandelsbank on the Open Market of the Frankfurt Stock Exchange or the Regulated Unofficial Market of the tradegatexchange, Berlin.

The number of shares purchased for this purpose and held for trading may not exceed five in one hundred of the share capital of the company at the end of each day. At no time may the number of shares purchased for this purpose, together with all possible own shares purchased for other reasons that are owned by or attributable to the company according to §§ 71 ff of the Companies Act, exceed ten in one hundred of the share capital of the company.

In 2022 the authorisation to purchase own shares for the purpose of trading according to § 71 (1) No. 7 of the Companies Act was utilised. The purchases were made on the tradegatexchange. In 2022, 36,349 shares of Tradegate AG Wertpapierhandelsbank were acquired for the sum of € 4,155,492.00. 46,662 shares were sold for the sum of € 5,369,553.00. Trading in own shares resulted in an increase in retained earnings for the past financial year of € 1,179,458.25 (last year a decrease of € 3,546,635.73). The amount of own shares held at the balance sheet date amounts to 15,943 compared with 26,256 as at the balance sheet date of the previous year.

Approved capital

On the basis of the resolution of the shareholders' meeting on 14 June 2018, the managing board, with the consent of the supervisory board, was authorised to increase the capital stock of the company until 13 June 2023, once or more than once, by issuing individual stocks against cash or non-cash contribution up to the amount of € 12,201,384.00 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.

Balance sheet profit

The balance sheet profit includes a profit carried forward in the amount of € 64,167,894.36 (last year € 61,185,801.81).

There is a distribution block in the amount of the deferred tax assets (€ 302,830.75) in accordance with § 268 subsection 8 of the German Commercial Code.

Contingent liabilities

Contingent liabilities arising from guarantees and indemnity agreements are subject to the risk identification and risk control procedures that apply for all banks. These procedures allow for the timely detection of risks. There were no acute risks of claims as at the balance sheet date. The risks were evaluated in the course of an individual assessment of the credit-worthiness of each customer. The amounts reported do not show the actual payment flows to be expected from these agreements in the future because in our opinion they will expire without claims being made.

C. EXPLANATIONS TO THE INCOME STATEMENT

Interest income and expenses

Interest income includes a negative interest income from the investment of credit balances at the German Central Bank and other banks in the amount of € 1,102,000 (last year € 1,203,000).

Commission income and expenses

The commission income and expenses contain income and expenses that are invoiced during business operations for the use of financial services. The largest entries of commission income (net € 1,659,000, last year € 2,831,000) are the Specialist Service Fee and the broker's income and expenses from the exchange brokerage business. Broker's income and expenses are booked pre-tax each trading day. Compared to the previous year, the commission result has gained further in importance.

Net income from trading portfolio

The income and expenses of the trading portfolio consist of realised results, valuations and interest, dividends and commission expenses attributable to the trading portfolio. The realised results are generated from the market price fluctuations during the purchase and sale of financial instruments.

	2022 in '000€	2021 in '000€
Net result from trading	218,065	347,360
Income from trading portfolio	804	764
Net difference from name-to-follow transactions	45	337
Other net results	- 276	- 171
Commission expenses from securities trading	- 77,925	- 104,068
Total	140,713	244,222

Other operating income

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

	2022 in '000€	2021 in '000€
Cost allocation affiliated companies	2,245	3,097
Release of provisions	628	227
Proceeds from transfer of rights	409	1,043
Cost allocation other companies	182	195
Other foreign exchange gains	106	151
Earnings from new tax regulations	0	2,838
Damages	0	11
Other	8	202
Total	3,578	7,764

€ 629,000 of the other operating profits belong to other accounting periods (last year € 3,262,000).

Other administrative expenses

The most important positions of the other administrative expenses are shown in the following table.

	2022 in '000€	2021 in '000€
IT, infrastructure, data	21,513	28,671
Stock exchange fees, settlement costs	9,526	11,964
Occupancy costs	2,315	1,324
Auditing costs, advisory and other services	893	824
Other	5,894	6,006
Total	40,141	48,789

Expenses in other accounting periods

The position other administration expenses contains € 109,000 from other accounting periods (last year € 16,000).

Other operating expenses

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

	2022 in '000€	2021 in '000€
Other foreign exchange losses	5	1
Other	27	18
Total	32	19

In the other operating expenses there are € 16,000 expenses belonging to other accounting periods (last year € 11.000).

Taxes

Taxes on income and earnings relate to taxes for previous years that result from normal business activities, plus tax prepayments and tax provisions for 2022. Allocations and reversals of deferred taxes are included here, too. For tax payments of the assessment period 2022, the formation of tax provisions is not necessary due to the result and the advance payments already made. For other assessment periods back tax payments of € 185,000 (last year € 38,000 tax refund) were taken into account in the income statement.

D. CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Due to the activities of the company, cash and cash equivalents include cash on hand, balances at central banks and current account balances at banks that are due on demand. Cash and cash equivalents include € 42,894,252.99 and are subject to a restraint on disposal (last year € 72,567,249.19).

The losses from the trading portfolio were adjusted in the trading assets as non-cash transactions, as it is not possible to differentiate between trading assets and trading liabilities.

E. OTHER INFORMATION

Derivatives transactions according to § 36 RechKredV

The futures transactions existing at the balance sheet date relate mainly to options and futures. The options and futures result from contracts on behalf of customers, which are allocated to the banking book. The risk positions are offset by identical transactions with other banks. Since the hedging is generally carried out at the micro level, the underlying and hedging transactions are combined into valuation units in accordance with § 254 of the German Commercial Code. Furthermore, mini-futures in the form of issued securities were entered into. For hedging purposes, opposing positions were built up in the underlying classes.

	Maturity up to and incl. 1 year in '000€	Nominal in '000€	Positive market value in '000€	Negative market value in '000€
Share risk and other price risks	3,278	3,278	50	50
Interest risks	0	0	0	0
Total	3,278	3,278	50	50

The comparative figures for last year are:

	Maturity up to and incl. 1 year in '000€	Nominal in '000€	Positive market value in '000€	Negative market value in '000€
Share risk and other price risks	5,081	5,081	89	89
Interest risks	0	0	0	0
Total	5,081	5,081	89	89

At the balance sheet date of this year and the previous year there were no Forex swaps in the trading book.

The stated market values represent the fair value based on share prices at the balance sheet date whereby transaction costs are not considered. The formation of provisions for risks from negative market values was not necessary. There is no evidence that the contractually agreed payment flows of these derivatives are in any way impaired regarding amount, effective date or security.



Shareholdings

The following information refers to 31 December 2022 and the business year 2022 unless otherwise stated.

Tradegate Exchange GmbH, Berlin		
Nominal capital:		875,268.00 €
Shareholding:	42.8 %	375,001.00 €
Equity capital:		25,218,755.37 €
Net profit for the year :		1,609,720.02 €

Other financial obligations

Obligations of € 16,356,000 (last year € 16,541,000) exist for rental, leasing and servicing contracts. They relate mainly to rental contracts with a duration of 3 and 10 or 11 years for office premises and contracts for service and system costs with a term until 31 December 2023.

The Tradegate AG Wertpapierhandelsbank has guarantee facilities with the Commerzbank AG, the Quirin Privatbank AG and the ABN Amro Bank N.V. Branch Frankfurt. The total amount stands at € 1,552,000 (last year € 896,000). 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. We have pledged credit balances and securities in the corresponding amount for the guarantee credits.

Employees

The number of employees developed as follows:

Average of the year	Female	Male	Total	Total last year
Board members	1.0	4.3	5.3	5.0
Traders	6.0	62.0	68.0	65.8
Other employees	29.3	41.2	70.5	64.0
Parental leave	-	-	-	-
Student trainees	1.5	6.8	8.3	7.8
Interns	-	-	-	-
Total	37.8	114.3	152.1	142.5
of which part-time employees (headcount)	12.8	15.0	27.8	28.3
of which part-time employees (in terms of full-time positions)	10.6	7.7	18.3	18.4
As at 31 December 2022				
Board members	1	5	6	5
Traders	6	64	70	67
Other employees	31	39	70	68
Parental leave	-	-	-	-
Student trainees	2	6	8	8
Interns	-	-	-	-
Total	40	114	154	148
of which part-time employees (headcount)	15	11	26	29
of which part-time employees (in terms of full-time positions)	10.4	6.4	16.8	19.4

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 2022.

Members of the Managing Board

Thorsten Commichau, Board Member, IT, Schönwalde-Glien
Karsten Haesen, Board Member, Middle Office, Berlin (since 1st October 2022)
Jörg Hartmann, Board Member, Domestic Trading, Berlin
Klaus-Gerd Kleversaat, Board Member, Private Banking, Mittenwalde
Holger Timm, Chairman of the Board, Berlin
Kerstin Timm, Board Member, International Trading, Berlin

Members of the Supervisory Board

Dr. Sven Deglow, Hamburg · Co-CEO, BNP Paribas S.A. Niederlassung Deutschland
Prof. Dr. Jörg Franke, Frankfurt am Main (Chairman) Member of several supervisory boards
Frank-Uwe Fricke, Berlin · Member of the Board, EuroChange Wechselstuben AG
Peter E. Schmidt-Eych, Berlin · Lawyer
Max Timm, London · Managing Director of H.T.B. Unternehmensbeteiligungen GmbH,
 Director of MTL & Co. Holdings Ltd.
Guido Wünschmann, Berlin · Head of Representative Office Berlin, Deutsche Börse AG

Remuneration of board members

The members of the managing board received remuneration of € 5,395,000 from Tradegate AG Wertpapierhandelsbank of which € 500 was for benefits from group accident insurance. The supervisory board received remuneration of € 52,000 including value-added tax.

Company loans

Loans to members of the Management Board amount of € 90,000 (last year € 695,000).

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:

	Payments in '000€	Expenses in '000€
For the audit of financial statements	191	213
For other assurance services	87	98
Total	278	311

The following payments and expenses were recorded for Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft in the previous year.

	Payments in '000€	Expenses in '000€
For the audit of financial statements	169	189
For other assurance services	0	87
Total	169	276

The services performed by the accountants in addition to the audit of the financial statements cover the audit according to § 89 of the Securities Trading Act (WpHG) and the audit of security deposit holdings.

Special disclosure requirements

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

The disclosure according to § 26a (1) No. 2 of the German Banking Act is part of the consolidated financial statements of the parent company.

The ratio according to § 26a (1) No. 4 of the German Banking Act of net profit to balance sheet total is 13.34 % (last year 27.72 %).

Supplementary Report

No significant events were reported after the balance sheet date.

Proposal for the appropriation of net income

The managing board proposes to the Annual General Meeting that the unappropriated net income for 2022 be used to pay a dividend of €1.70 per share in circulation on the day of the Annual General Meeting. The unused portion of the unappropriated profit is to be carried forward to new account.

Berlin, 14. March 2023

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau

Karsten Haesen

Jörg Hartmann

Klaus-Gerd Kleversaat

Kerstin Timm

Holger Timm

**MANAGEMENT REPORT OF
THE TRADEGATE AG WERTPAPIERHANDELSBANK
ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

1. BASIC PRINCIPLES

1.1 Preamble

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

1.2 Organisation und Geschäftsfelder

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 found 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. 1 KWG [German Banking Act])
lending business (§ 1 subsection 1 clause 2 No. 2 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 1a clause 2 No. 2 KWG)
agency trading (§ 32 subsection 1a KWG)
proprietary trading (§ 1 subsection 1a clause 2 No. 4 KWG)
guarantee business (§ 1 subsection 1 clause 2 No. 8 KWG).

In addition, at the end of December 2017 the company notified the BaFin of its intention to commence activity as a Systematic Internaliser in various equity and non-equity instruments as of 3 January 2018.

The company's main business area consists of market specialist activities and market making. In addition, the business segment Private and Business Customers is conducted. In order to implement its business, the company acts as a Market Specialist on the tradegatexchange and the Frankfurt Stock Exchange, as an order book manager on the Berlin Stock Exchange and as market maker on the multilateral trading facility (MTF) EuroTLX (Italy). It has further stock exchange listings in Munich, Stuttgart, Hamburg, Hanover and Düsseldorf and is a designated sponsor on XETRA®. In addition to its activities on the stock exchanges, the company acts to a limited extent as a Systematic Internaliser in off-exchange trading. For several years, the focus of trading activity has been the management of financial instruments (shares and Exchange Traded Products [ETPs]) as a Market Specialist on the tradegatexchange. tradegatexchange is operated by Tradegate Exchange GmbH, Berlin, which operates as a joint venture with the Deutsche Börse AG and the Verein Berliner Börse e.V.

Since the fourth quarter of 2021, the company has started to establish another business segment. The issuance of "mini futures" certificates in liquid shares that are listed on the tradegatexchange was begun. This business is to be further expanded in the medium term following a successful test phase in ongoing operations.

The company provides continuous bid and ask prices on several exchanges for approximately 9,000 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 and for this service it receives a performance-based fee. The main source of earnings for the company is the financial result / trading profit, which results from the calculated difference in the bid-ask spread. On electronic exchanges or markets such as XETRA®, tradegatexchange and the Frankfurt Stock Exchange, no broker's commission is charged and earnings are determined by the trading profit arising from transactions. Since the amount

of the trading profit is volume-driven, the company tries to reach as many customers as possible with its prices. Medium or long-term risk positions in proprietary trading are not envisaged 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 Board, 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 equipped and staffed branch office to serve its locally based activity as Market Specialist on the Frankfurt Stock Exchange.

In view of the ever-increasing importance of computer-assisted trading, one of the company's focal points is the two 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, risk control and regulatory reporting.

The Management Board of the company comprises six 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 and Back Office. The banking business, including the Middle Office, is the responsibility of two other board members. The chairman of the board is chiefly responsible for strategic planning and coordination as well as administrative areas such as organisation, personnel, compliance and law, credit risk management, auditing and money laundering, moreover the accounting department 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 stock exchange in 2010. The tradegatexchange now stands in direct competition with comparable exchanges, in particular the seven German floor exchanges. The continued success of tradegatexchange is important for the company because more than 99 % of earnings come from trading as a Specialist for shares and ETPs there. To ensure sustainable success and further growth at the tradegatexchange the supporting organisation of the stock exchange, Tradegate Exchange GmbH, has been operating as a joint venture with the Deutsche Börse AG since 2010 and with the Verein Berliner Börse e.V. since 2019. In June 2022 the company increased its stake in the Tradegate Exchange GmbH to around 43 %. Tradegate Exchange GmbH is the sole shareholder and holds 100 % of the shares in the Berliner Börse AG, which operates the Börse Berlin and Equiduct as the supporting company.

After an increase of 200 % in 2020 and an increase of 14.5 % at a very high level in 2021, in 2022, for the first time in over twenty years, a drop of 29.7 % to 43,601,485 individual transactions was recorded. Since the decline in turnover – starting with the war in the Ukraine – is due to the dramatically changed market environment, all seven competitive exchanges were affected. The high market share of the tradegatexchange in the market segment equity trading remained stable at around 87.5 %. In contrast, the market share in the growing market segment ETPs and ETFs was further expanded from 78 % in the previous year to around 81.4 % most recently.

In 2022, new market participants joined tradegatexchange and various interested parties also started planning a connection to the stock exchange. Smaller, still young fintech companies as well as foreign professional market participants usually use an institutional market participant who is already admitted and connected to the stock exchange to gain access to tradegatexchange, through which they route their orders. In addition, sales potential with existing customers was further optimised. Moreover, tradegatexchange still occupies first place in the best execution policy at the majority of German depository banks.

Besides its activity as a specialist on the tradegatexchange, the company will continue to operate as order book manager on the Berlin Stock Exchange and Market Specialist on the Frankfurt Stock Exchange as well as market maker on the EuroTLX and Designated Sponsor on Xetra. A significant competitive factor for all exchanges is off-exchange trading. The market share of this type of trading cannot be quantified precisely due to lack of sufficient transparency in the sector but it may be assumed that considerable potential sales volume has been diverted away from regulated markets, especially in the years 2020 to 2022. Rather, new market participants have long since ceased to tie themselves to established stock exchanges. In order not to lose market share in the future, the company has acted upon the express wishes of its customers and now offers its services as a Systematic Internaliser to those who wish to trade off-exchange. However, as a basic principle it still advises private investors to trade on a regulated market such as tradegatexchange.

Over the next few years, the company will carefully expand its lines of business and adapt them to the needs of a new generation of investors. In the long term, however, it will continue to concentrate on its core competence of securities trading in equities and ETPs. The positive development of trading volume on the tradegatexchange and its other activities as a Specialist, order book manager, Designated Sponsor or market maker on other markets should enable the company to secure the required number of transactions for a profitable business in the years to come and thus compete with old and new providers.

1.4 Development of general market conditions

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

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

However, the successful business model of tradegatexchange and Tradegate AG Wertpapierhandelsbank as a Market Specialist remains excellently positioned and has future-proof competitive advantages.

2. ECONOMIC REPORT

2.1 Business development

In 2022, the business development for the company was as follows: compared with the record year 2021, a slight increase in turnover of 4.3 % was only achieved in the month of March. The beginning of the war in the Ukraine marks a clear break in the development of turnover. In quarters 2 to 4, turnover declined in all months by between 16.7 % and a maximum of 55 %. In the overall view of the year, a decrease in the number of transactions of -29.7 % and a decrease in the transaction volume of -26.3 % had to be recorded. In the still stable first quarter, 39.46 % of the turnover was achieved and in the further course of the year the turnover decreased continuously (Q2: 22.89 %; Q3: 19.77 %; Q4: 17.39 %). The month with the highest turnover was January with around € 37 billion, the month with the lowest turnover was October with around € 15 billion.

Both the gross and net trading margins fell compared with last year. This is essentially due to two effects. On the one hand, institutional and professional market participants are increasingly routing orders to tradegatexchange and improving liquidity and price quality. This significantly reduced the achievable trading margins for the Market Specialist. This development is positive in principle, but it could not be compensated by corresponding growth in turnover last year. On the other hand, last year there were no unusual volatile movements in the overall market or in individual securities as in previous years, for example with vaccine manufacturers.

On the tradegatexchange, for the first time in 20 years, the transaction figures and turnover could not be further increased for the above-mentioned reasons. After an increase of 14.5 % in 2021, there was a decrease of around 29.7 % to 43,601,485 transactions in 2022. The average trading volume per individual trade rose in 2022 from ca. € 6,089 to ca. € 6,383. Overall, the trading volume within the scope of specialist activities on tradegatexchange for equities and ETPs decreased by 26.3 % in 2022 from around € 378 billion in 2021 to now around € 278 billion.

The company continuously reviews the product portfolio which it manages as a market specialist on the tradegatexchange, Frankfurt and Berlin stock exchanges. In the course of this process, the company regularly applies for new, interesting and sought-after classes of securities from all over the world to be listed on the exchanges mentioned. On the other hand, non-sales or illiquid classes are delisted again. This results in the following balance as at 31.12.2022: the number of securities managed on the tradegatexchange came to 8,966 (65 more than last year), on the Frankfurt Stock Exchange 478 (23 fewer than last year) and on the Berlin Stock Exchange 2,174 (103 fewer than last year).

The business area Private Banking, which is operated under the name "Berliner Effektenbank", was also expanded in 2022. As at 31.12.2022, the Berliner Effektenbank had around 380 customers who held deposits of around € 75.6 million with the bank and a custody account volume of around € 2.4 billion.

The number of employees in the company has increased once again with 23 new-comers and 17 leavers. At the end of the year the Tradegate AG Wertpapierhandelsbank employed 154 people. The age structure changed only slightly over time. The average age is 42.2 (last year 42.0). The average length of service remains unchanged at 11 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



neration 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 employees participate appropriately 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 is mainly dependent on the company's result under commercial law. The allocation to the individual employees and board members is based on various criteria, e.g. position in the company and length of service, but in particular on the basis of the individual performance assessment. Of the total remuneration of € 25,452,000, € 12,107,000 was paid in the form of variable remuneration to all employees who were employed during the reporting period.

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

Due to the lower net margins, price increases in general administrative expenses and the start of depreciation on new investments, the decline in the result from ordinary activities of around -56 % to now € 77,423,000 is greater than the decline in the company's turnover. In last year's management report, Tradedate AG Wertpapierhandelsbank had assumed that the operating result in 2022 would be significantly lower, but of course could not take into account the extremely deteriorated war-related market environment in its planning.

Overall, the company considers the business result to be satisfactory under the given circumstances. The two extremely positive years 2020 and 2021 should initially be regarded as exceptional years in the medium term, which can only be reached again if the various crisis scenarios ease significantly. Compared to the last normal financial year 2019, an increase of 127 % in the result from normal business activities was still generated in 2022.

2.2 Business outlook

2.2.1 Earnings situation

For the financial year 2022, Tradedate AG Wertpapierhandelsbank reports a net profit of € 45,773,000 compared with € 104,156,000 in the previous year. Tradedate AG Wertpapierhandelsbank's earnings situation is characterised by the net result of the trading portfolio, which includes the main earnings components of the specialist activities. The share of the segment Private and Business Customers is developing satisfactorily.

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

	2020 in '000€	2021 in '000€	2022 in '000€
Interest income	- 2,104	- 2,786	1,384
Commission result	2,533	2,831	1,659
Net income from the trading portfolio	260,577	244,222	140,713
General administrative expenses	- 82,446	- 74,321	- 68,859
Result from ordinary business activities	182,194	176,979	77,424
Allocation to fund for general banking risks	- 21,680	- 19,331	- 8,102
Taxes on income and profit	- 55,242	- 53,493	- 23,548
Net profit for the year	105,272	104,156	45,773

The result as the balance of interest income and interest expenses - including current income from investments - increased significantly compared to the previous year. The European Central Bank's interest rate policy and the investment of interest-bearing customer deposits in current accounts at credit institutions and the Deutsche Bundesbank result in negative interest income, which was more than offset by a distribution of the shareholding. The investment of profits and their use in specialist activities still generated significant negative interest income during the year.

The commission result has decreased. The main components of the commission result continue to be the remuneration for brokerage and specialist activities as well as commissions from the Private Banking business segment.

The net result of the trading portfolio is characterised on the one hand by the realised results from specialist activities and on the other hand by the commission expenses included. The commission expenses fell from € 104,068,000 to € 77,925,000. The background to this was the low turnover and the commission expenses depending on it. The decrease in the number of completed trades in particular led to a 42 % reduction in the net result of the trading portfolio.

The earnings situation again allowed the company to give employees a share in the results. Personnel expenses increased by a good 12 % due to the adjustment of fixed salaries and the change in the number of employees. Other administrative expenses decreased by € 8,648,000 due to material expenses, which depend on the business figures.

The company pays into the fund for general banking risks according to § 340e (4) Handelsgesetzbuch (German Commercial Code). In 2022, the fund was to be endowed with € 8,102,000.

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

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

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

	2020	2021	2022
Turnover equivalent	268,903,000 €	254,922,000 €	149,080,000 €
CIR	31.8 %	30.7 %	48.7 %
RoE	138.20 %	74.60 %	31.87 %
EpS	5.202 €	5.060 €	2.208 €

Above all, the net result of the trading portfolio decreased significantly. As general administrative expenses did not change accordingly, the cost/income ratio increased to 48.7 %.

The earnings situation deteriorated overall in the past business year, but remained at a satisfactory level.

2.2.2 Financial position

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

In 2022, the company sold more own shares in the course of trading activities than it acquired. Equity increased as a result of trading in own shares by € 1,214,000 (last year a decrease of € 2,742,000). Due to the lower net income for the year, a lower equity is shown compared to the balance sheet date of the previous year. The equity ratio decreased from 51.7 % to 41.9 %. Liabilities to credit institutions and customers are only due daily. No fixed interest rates were agreed for the liabilities due on demand.

Investments in intangible assets and tangible fixed assets amounted to € 4,449,000. No outside capital was raised for the investments.

The financial situation is in good order.

2.2.3 Liquidity

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

The customer deposits of private and business customers are invested with matching maturities, used in the lending business or held as liquid funds. Information on the regulatory liquidity ratios can be found in the risk report.

The company's ability to pay was given at all times.



2.2.4 Net assets

The balance sheet total of Tradegate AG Wertpapierhandelsbank decreased by € 32,542,000 compared to the balance sheet date of the previous year. On the assets side, the main decrease was in bank balances. This was due to the lower net profit for the year and the associated lower inflow of liquid funds, the dividend payment and further investments.

Liabilities to customers recorded an inflow of € 29,858,000. Provisions amount to € 19,361,000 compared with € 44,257,000 in the previous year. In particular, the formation of provisions for brokerage commission / marketing subsidy, personnel expenses and investment services are responsible for the decline. The explanation of the fund for general banking risks can be found in the paragraph on the earnings situation (2.2.1). The reduction in equity is mainly the result of the dividend payment and the reduced net profit for the year.

The company's net assets are in good order.

3. OUTLOOK, OPPORTUNITIES, RISK REPORT

3.1 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.

3.1.1 Organisation of risk management

The Tradegate AG Wertpapierhandelsbank operates in an environment that is subject to strong fluctuations in terms of business volume on the one hand, and upheaval in the general conditions on the other. In this environment, it is necessary to continuously develop the means to manage, monitor and control the relevant risks. With the minimum requirements for risk management (MaRisk), which are regularly improved by the supervision and adapted to current developments, a strict legal framework for the 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 specialist, the creation and holding of securities positions with the expectation of positive price developments is not the approach of the business strategy. Rather the business activity is geared towards enabling as many dealings in securities as possible. In doing so, the company assumes an interim position as buyer or seller during the course of a day with the aim of settling most of these positions by the close of trading. The number of positions that are held until the start of trading on the next day is small compared with the trading volume. If any one position worthy of note is held open, then this happens strictly within the scope of investments in liquid assets.

Developments in the German and European stock market landscape are an important influencing factor for business activities and the related technical developments and surrounding conditions. These trends must be monitored at an early stage for their impact on the company's business areas and on technical necessities. Above all, wrong decisions can lead to high costs, loss of earnings and delays.

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

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

3.1.2 Institutional supervision

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

In accordance with part 8 (Articles 435 to 455) of the directive (EU) 575/2013 of the European Parliament dated 26 June 2013, also known as the Capital Requirement Regulation (CRR), certain information must be disclosed. The Tradegate AG Wertpapierhandelsbank fulfils this disclosure requirement in a separate report, which is published in the Federal Gazette and on the company's website at www.tradegate.ag.

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

The reference figures for the company with regard to the CRR Regulations always met the minimum requirements without any problems. The total capital ratio according to the CRR was between 28.03 % and 44.37 %. For current business activities, the CRR reference figure is not the decisive factor for the provision of equity. 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. With regard to the credit business currently operated, part of the equity is reserved in accordance with business planning. The company uses the credit risk standardized approach, the standardized

approach for market risk positions and the basic indicator approach for operational risks for the institution's reporting. As at 31 December 2022, the risk positions and capital resources were follows:

Risk positions	Amount in '000€
Counterparty default risks	52,165
Market price risks	32,509
Operational risks	368,107
Risk of a credit valuation adjustment	189
Total	452,970

Description	Amount in '000€
Paid-in capital	24,403
Capital reserves	6,001
Own shares	- 1,794
Retained earnings	69,422
Special item for general banking risks	69,175
Value adjustments	- 14
Intangible assets	- 10,804
Core capital	156,389

Own funds of the financial holding group are made up of the subscribed stock of the Berliner Effktengesellschaft AG, its capital reserves and other reserves, insofar as they are not reduced as part of the equity consolidation. Own shares, asset-side differences from capital consolidation and intangible assets are deducted from this. The item intangible assets includes software and acquired assets. The Group's own funds also include eligible own funds of the Tradegate AG Wertpapierhandelsbank from the minority shareholders. As at 31 December 2022, the risk positions and capital resources were as follows:

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



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

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

3.1.3 Market price risks

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

Last year the controlling limits were monitored in line with supervision requirements. Due to the earnings forecast for 2022 and the equity capitalisation, a new absolute upper loss limit was decided by the managing board with effect from January, together with the limits assigned in each case for all of the company's transactions. 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. Furthermore, any possible losses are estimated at the end of the day with the help of a statistical model. In 2022, when considering the reference price, there were very rare, short-term breaches of the limits, which were usually only used to a limited extent. In nearly all cases, the reason for exceeding the limit was that the monitoring system was provided with incorrect reference prices. If risk control notifies a limit exceedance, the cause is investigated and the board member responsible for controlling is informed accordingly. The board member responsible for controlling discusses the steps to be taken with the board member responsible for trading, and informs risk control of the result. If losses that exceed a certain threshold value are actually incurred, the limit concerned is lowered automatically. In a subsequent comparison of the actual and planned result of the company, a decision is made on the retention or change of the limit alignment. In addition, based on the historical development of the DAX and supplementary information, a value-at-risk is determined for the end of the day. This is then compared to the assigned loss limit. In 2022 there were no adjustments to the controlling limits for trading securities portfolios. A limit breach was recorded on two days due to a public holiday and very high trading volumes as well as in connection with the start of the Russian invasion.

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

3.1.4 Operational risks

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

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

The management of operational risks is the responsibility of each department head. They monitor the work processes and, if necessary, intervene or make adjustments. Within the revised risk strategy, a graduated procedure to determine the upper loss limit was followed and part of the risk coverage potential was reserved for operational risks. The graduated procedure determines the upper loss limit on the basis of various assessment parameters, which from the company's point of view are key drivers of operational risk.

3.1.5 Sustainability risks

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

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

3.1.6 Other risks

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

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

Liquidity risk is understood to be the danger that payment obligations might be made not at all, too late or incompletely, or that due to illiquid markets assets cannot be sold, or sold at the expected price. 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. Financial institutions have to fulfil a liquidity coverage ratio (LCRDR) and provide for a stable funding ratio. Within the requirements of the liquidity coverage ratio banks are required to hold liquid assets at least to an amount that covers the total value of liquidity outflow defined in the liquidity coverage ratio, less the inflow of liquidity under stress conditions also defined therein. For the business year, the ratio of liquid assets to the net liquidity outflow was between 3.13 and 7.61. The corresponding figure for the Group moved between 3.12 and 12.36. The purpose of the stable funding ratio is to make sure that the long term liabilities of financial institutions are backed appropriately by stable funding. Due to the structure of the business and the available equity, long-term refinancing was guaranteed at all times during the financial year. The market liquidity risk is controlled and monitored through the choice of where to trade, consideration of the current market situation when completing transactions and the limitation of open positions. In addition, the change in the number of transactions is considered as a benchmark.



3.1.7 Reporting

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

3.2 Outlook and opportunities

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

- The company expects 2022 to be an ongoing solid business year in securities trading with private investors. The first turnover figures for January and February do not allow us to make a reliable forecast for the rest of the year but would seem to indicate that currently no significant growth is to be expected in 2022.
 - The established online banks and scores of new neo-brokers have, in the last couple of years, gained hundreds of thousands of new, mainly younger customers whose medium and long-term behaviour is still difficult to assess.
 - The company has used the favourable profit situation of 2020 and 2021 to strengthen the equity capital of the company by adapting it to the new, high volume in turnover in order to maintain a comfortably high equity ratio in the future.
 - In 2021, large investments were made in IT-infrastructure, software and future projects that should enable the company to secure long-term growth in a changing market environment. The investments will continue into 2022 and for the most part can only develop their potential yield in 2023.
 - In the second quarter of 2022, the company will occupy a second large headquarters in Berlin where a further trading centre will be based and other departments with a growing number of staff located.
 - The general administrative costs (excluding profit-related special payments) will therefore increase considerably over and above the usual rise in costs. Capital expenditure in tangible and intangible assets will first be integrated into scheduled depreciation and the respective projects put into operation.
- On the income side, no increase in gross and net margins can be expected, at least without unforeseen special effects. It is more likely that increasing liquidity will cause a further decrease, which can be overcompensated by equivalent growth.
 - Overall, providing turnover remains the same, it is assumed that earnings will be considerably lower than last year. The company is going through a necessary investment phase to ensure growth in the mid and long-term. Several projects will only be completed during the second half of the year and will not therefore be able to deliver any significant contribution to profit for the year 2022.
- All of the key estimates initially materialized in the course of the financial year, although the significant decrease in turnover caused by the war as of the second quarter of 2022 could not be predicted and projects could not be completed as planned in 2022.
- For the 2023 financial year, the company must initially assume a turnover level that corresponds to the last nine months of 2022. Since the first quarter was still very strong in terms of turnover in 2022, there would currently be a further decline in sales and profit for the year as a whole.
- As soon as it is foreseeable whether further worst-case scenarios in the war in the Ukraine can be ruled out and a ceasefire and negotiations to end the conflict begin to take shape, the restraint of private investors would end and growth in turnover will be possible again.
- The interest rates of around 2% that are available at the moment are generally not positive for equity investments. In all likelihood, however, no further significant increase in interest rates is to be expected that could compensate for the loss of wealth due to higher inflation rates. In this respect, investments in shares or ETFs remain indispensable for asset accumulation and retirement provision in the medium term.
- The company's general administrative expenses, including personnel expenses, will also tend to increase in 2023.
- However, the company's net interest income is significantly improved, since the company holds considerable liquidity with the Bundesbank and now receives the current daily interest rate instead of negative interest.
- Some investments from the years 2021 and 2022 are to be put into production in the course of 2023. The extent to which the planned innovations can already generate contributions to earnings that exceed initial depreciation, e.g. on capitalised intangible assets, depends on the timing of the project start in the course of the year.

4. INFORMATION ACCORDING TO § 160 OF THE COMPANIES ACT

For information according to § 160 (1) No. 2 of the Companies Act please refer to the Notes.

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 2022. 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, 14. March 2023

Tradegate AG Wertpapierhandelsbank

Thorsten Commichau

Karsten Haesen

Jörg Hartmann

Klaus-Gerd Kleversaat

Kerstin Timm

Holger Timm

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.

LADIES AND GENTLEMEN,

In the 2022 financial year, the supervisory board dutifully performed the tasks incumbent upon it by law and the company's articles of association. It advised the managing board on the management of the company and supervised it in the conduct of business. In addition, 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 comprises six members, the audit committee has three members.

Supervisory board tasks and meetings

During the reporting year, the supervisory board convened for a total of four supervisory board meetings in March, June, September and December. The audit committee held one meeting in each of the months March, September and December 2022. All members of the managing board were also present at the meetings.

During their meetings, the supervisory board addressed the trading volume and the development of earnings, the current risk situation and the organisational and strategic development of the business taking into consideration the current market share. The main topics of discussion were the effects of inflation and rising interest rates on the trading behavior of private investors and the rapidly changing competitive environment in the area of retail brokerage and the influence of this on trading venues and the company's business development. In addition, the expansion of private banking, the requirements resulting from current regulatory developments and the remuneration structure were discussed.

To all knowledge of the supervisory board the managing board has taken appropriate measures to identify at an early stage any developments which might endanger the continued existence of the company (§ 91 II Companies Act). To this end, it maintains an effective electronic monitoring system.

The company has an efficient controlling system and produces meaningful monthly reports.

Risk monitoring has been further improved. The managing board informed the supervisory board regularly of the results of the internal audit report. In each meeting the supervisory board members received a quarterly report made by the Internal Revision Department according to § 25c of the Companies Act. 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 the meeting on 2 December 2022 the supervisory board discussed the yearly compliance report. There were no objections.

The auditors of Dohm Schmidt Janka Revision und Treuhand AG, Wirtschaftsprüfungsgesellschaft, Berlin, carried out the audit for the reporting year according to § 89 (1) of the Securities Trade Act. The audit report was sent 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 auditors. The auditors 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 (1) 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 (3) of the Companies Act, issued the following certificate dated 6 March 2023:

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 transactions referred to in the report were not inappropriately high, nor were disadvantages compensated."*

In the course of its own examination of this report, the supervisory board raises no objections and agrees with the results of the auditors' examination.

Annual financial statements 2022

The annual financial statements compiled by the managing board for the business year 2022, including the accounting and management reports, were examined by the auditors Dohm Schmidt Janka Revision und Treuhand AG, Wirtschaftsprüfungsgesellschaft, Berlin. The latter issued an unqualified audit opinion.

The supervisory board members received a copy of the report and discussed it at length with the responsible auditors in the meeting on 22 March 2022. The supervisory board examined the financial statements and the report of the managing board. After its own examination, the supervisory board endorsed the result of the audit of the annual financial statements by the auditor and approved the annual financial statements, which are thus established.

The supervisory board concurs with the managing board's proposal to use the unappropriated profit of € 110,022,720.35 reported as at 31 December 2022 to pay a dividend of € 1.70 per share in circulation and to carry forward to new account the portion of the unappropriated profit remaining after payment of the dividend is approved.

The supervisory board would like to thank the managing board and all employees for their great personal commitment and hard work during the year 2022.

Berlin, 22. March 2023



Professor Dr. Jörg Franke
Chairman of the Supervisory Board



TRADEGATE AG

WERTPAPIERHANDELSBANK

Kurfürstendamm 119 · 10711 Berlin

Telephone: +49 (0)30-89 606-0

Fax: +49 (0)30-89 606-199

Branch Office:

c/o IHK · Börsenplatz 4 · 60313 Frankfurt/Main

Internet: www.tradegate.ag

email: info@tradegate.de

Impressum

Idea/text: Catherine Hughes

Production: hlm-base.de

Photo credits: istockphoto

Date of printing: May 2022

Tradegate® is a listed brand of the Tradegate AG Wertpapierhandelsbank

All rights reserved. Reproduction and copying may only occur with the permission of the publisher:

Tradegate AG Wertpapierhandelsbank · Kurfürstendamm 119 · 10711 Berlin

