ACROSS ALL BOUNDARIES

ANNUAL REPORT 2013

wirecard

KEY FIGURES

WIRECARD GROUP	2013	2012	
Sales revenues	**481,744**	394,601	TEUR
EBITDA	**125,957**	109,231	TEUR
EBIT	**98,548**	93,582	TEUR
Earnings after taxes	**82,729**	73,297	TEUR
Earnings per share (diluted)	**0.74**	0.67	EUR
Shareholder's equity	**608,411**	541,730	TEUR
Total assets	**1,430,520**	1,127,884	TEUR
Cash flow on ordinary transactions (adjusted)	**107,452**	94,900	TEUR
Employees	**1,025**	674	
of which part-time	**154**	147	

SEGMENTS		2013	2012	
Payment Processing & Risk Management	Sales revenues	**351,398**	278,206	TEUR
	EBITDA	**98,019**	82,608	TEUR
Acquiring & Issuing	Sales revenues	**169,928**	140,510	TEUR
	EBITDA	**27,752**	26,263	TEUR
Call Center & Communication Services	Sales revenues	**4,797**	4,774	TEUR
	EBITDA	**191**	433	TEUR
Consolidation	Sales revenues	**–44,379**	–28,889	TEUR
	EBITDA	**–5**	–73	TEUR
Total	Sales revenues	**481,744**	394,601	TEUR
	EBITDA	**125,957**	109,231	TEUR

“Internet technologies will increasingly determine payment functionalities in specific sales channels in the future. Wirecard is driving this trend.”

Dr Markus Braun, CEO, Wirecard AG

CONTENT

DR MARKUS BRAUN

CEO, CTO

Letter from the CEO

Dear shareholders and business partners,

We can report on a successful fiscal year for Wirecard AG. Transaction volumes processed over the Wirecard platform grew by 28.4 percent, from EUR 20.8 billion in the previous year to EUR 26.7 billion. Of this total transaction volume, 16.8 percent was attributable to Asia. Consolidated revenue grew 22.1 percent year-on-year to reach EUR 481.7 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) were up by 15.3 percent to EUR 126 million. When adjusted to reflect investments in the Mobile Payment area, EBITDA would have been up by 24.4 percent.

2013 trends

Our core business, which spans global payment processing, risk management and payment acceptance, as well as card issuing, reported an extremely positive trend. Growth in the e-commerce market, the resultant increase in our existing customers' processing volumes, our added value services, sales successes with new customers, strategic expansion in Asia, and innovative strength contributed to this success. Wirecard offers its business customers cost-saving potentials and added values by enabling them to outsource the growing complexity of payment processing to a service-provider. Based on Internet technologies, Wirecard today offers payment processing for all sales channels, whether online, offline or mobile.

We continued to integrate further payment systems during the business year elapsed. We presented a new standardised solution in 2013 for small and medium-sized companies that simplifies the process of setting up payment pages in online shops, and of equipping them with payment options and standardised risk management solutions according to their specific requirements. As a consequence, we offer a quick and unbureaucratic selection of suitable payment and risk management instruments.

We are assuming a leading position on the European market for the issuing of innovative card products, especially in the prepaid card area. Business trends for prepaid cards and co-branded card products, which are issued either as Visa and MasterCard products, or as voucher cards for large retail chains, reported very gratifying progress during 2013.

Thanks to its innovative strengths, Wirecard also expanded its position as a leading Europe partner in the new Mobile Payment business areas – both as a key company for technology services and as a card issuer.

Thanks to its modular construction, the Wirecard Mobile Wallet Platform offers flexibility at all times, especially with regard to integrating it into different transmission technologies such as Near Field Communication (NFC), both in a classic and in a Host Card Emulation Environment (HCE), as well as Quick Response Code (QR Code) or Bluetooth Low Energy (BLE).

Numerous products – whether mobile wallets, the mobile PoS solution Card Reader, and mobile payment applications – are already deployed through our partners on various European markets. This year, we will present further solution approaches in this area through cooperation ventures.

Wirecard is also supplementing its highly varied Mobile Payment solutions by combining added value services such as loyalty and couponing. The added value services area forms a key component of mobile user scenarios in the payment area – because added value integrations combine the intelligence of smartphones with global card payments standards. Along with classic wallets and payment apps, added value services are also boosting solutions' appeal and tapping new earnings potentials in the money remittance and mobile card acceptance areas, for example.

Integrations of current mobile payment projects into the Wirecard Loyalty and Couponing platform are already being deployed successfully. Together with our partners, we are pushing ahead toward the full geographic footprint of mobile payment offerings. Our aim is to create innovative solutions for a mobile, cashless future.

Geographic expansion

Our operating business has developed very well, both with existing customers and through concluding new contracts. We have further strengthened our position in Southeast Asia through the two takeovers that we realised in the 2013 fiscal year, and the PT Aprisma transaction in Indonesia that we closed in February 2014. Besides Singapore, we are now operating strongly also in Indonesia, Malaysia, Thailand and Vietnam.

Digital convergence

In previous years' annual reports – *At the Pulse of the Future* (2011) and *The Power of Convergence* (2012) – we already formulated the trends that are now gradually determining our everyday lives. This year's annual report carries the title *Across All Boundaries*, which in an extended sense refers to both our geographic expansion and, driven by Internet technologies, the convergence of sales channels. Retailing and wholesaling will undergo far-reaching change over the coming years due to the dynamic digitalisation of our lives.

Internet technologies as key to all PoS payment processing

We expect that, by the end of 2014, every third bricks and mortar PoS in many European countries will be equipped with Near Field Communication (NFC) technology – the capture technology with the largest infrastructure in Europe today. Most purchases are currently paid for in cash at the Point-of-Sale. Several studies anticipate that this option will decline in favour of electronic payments over the coming years, while cash handling will become increasingly expensive for retailers, by contrast.

Mobile devices form the bridge between retailing at the Point-of-Sale and e-commerce. Retailing is undergoing an evolutionary development towards the personalisation of customers in this context. The information about their customers' purchasing patterns that e-commerce merchants are already deploying today will also be applied in bricks and mortar retailing in the future. Site-related services and marketing offerings can be combined with customer loyalty programs. As a technical service-provider, we are interlinking these real-time functions with targeted marketing products. Bluetooth (BLE) in combination with Beacon technology serves as the related transmission technology.

Outlook

We will continue to dynamically expand our core business – the global processing of payments based on Internet technologies through our Multi-Channel Payment Gateway. According to our planning, it will also grow faster than the market in Europe this year. We anticipate increasing growth impulses from the geographic expansion of our business, especially in Southeast Asia. We are continuing to integrate further alternative online payment solutions, both in Europe and internationally. Newly developed standard solutions such as our payment portal for SMEs are to be rolled out at international level. The Wirecard Group is also focusing on applications in the areas of Mobile Payment acceptance, mobile money transfer, and the technological provision of loyalty and couponing programs that are fully integrated into Mobile Payment processes. These added value services form an integral component of Mobile Payment products. Our technological expertise is being combined with various services to form a unique overall offering – from card and payment processing to card management, and through to issuing licensing.

Our strategy of primarily organic growth generated in our target markets of Europe and Asia remains unchanged. With the recently completed capital increase, Wirecard AG is optimally prepared to exploit the takeover opportunities on offer in order to continue its acquisition strategy of recent years. As a leading European payments service-provider, we intend to benefit to a disproportionate extent from the payment industry's accelerating consolidation.

Overall, we are assuming very good business trends. Wirecard AG's Management Board expects operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 160 million and EUR 175 million in the 2014 fiscal year.

Our growth forecast is based on market growth in online transactions in Europe, dynamic trends in Asia, and the tapping of new business areas.

My Management Board colleagues and I would like to thank all of those involved with us who have supported the Wirecard Group during the past year. First of all, thanks and recognition are due to all Wirecard staff for their outstanding commitment. We would like to thank our customers and partners for the positive manner in which we have worked together. We would like to thank our shareholders for the trust and confidence that they have invested in us. We will propose to this year's Annual General Meeting the approval of a dividend of EUR 0.12 per share.

Yours sincerely,

Dr. Markus Braun
CEO of Wirecard AG

BURKHARD LEY

CFO

JAN MARSALEK

COO

WULF MATTHIAS

Chairman of the Supervisory Board

Report of the Supervisory Board

Dear shareholders,

During the year under review, the Supervisory Board of Wirecard AG concerned itself intensively with the situation and prospects of the Wirecard Group. It performed the tasks incumbent upon it pursuant to the law and its articles of incorporation, and consulted with and supervised the Management Board in compliance with applicable law and the German Corporate Governance Code. The Management Board directly included the Supervisory Board in considering the company's strategic orientation and coordinated significant corporate decisions with the Supervisory Board, such as investments in the Mobile Payments project.

In addition, the Management Board consulted with the Supervisory Board in each case ahead of other specific transactions, various corporate acquisitions and significant cooperation ventures that require Supervisory Board approval due to legal regulations, the articles of incorporation or the Management Board's rules of business procedure.

In order to exercise our controlling function, we maintained intensive contact with the Management Board, which reported to us regularly, promptly and comprehensively – both verbally and in written form – about all relevant business transactions and preparations to implement strategic intentions. In addition, at all of its meetings the Supervisory Board dealt with the Management Board's risk management reports, and risks at the Wirecard Group identified by the Management Board. Matters requiring approval, investment projects and fundamental questions about corporate policy and strategy were covered in particular detail, and the respective decisions were taken on the basis of extensive documentation and querying of the Management Board. The Management Board regularly informed the Supervisory Board about the most important financial key performance indicators through presenting the monthly, quarterly and semi-annual reports in good time prior to their publication.

The Supervisory Board convened for four meetings in the year under review, whereby one meeting was held during each quarter. On numerous occasions between meetings, important urgent information was conveyed in writing, or in the context of telephone conferences. All Supervisory Board resolutions concerning the approval of corporate acquisitions and about credit agreements occurred after extensive verbal and written explanation by the Management Board by way of written or telephone procedures. All Supervisory Board members participated in all resolution votes at all meetings, or at those conducted by telephone or written circular procedure.

The Supervisory Board Chairman was in close contact with the Management Board between meetings, and was informed about current business trends and important business transactions.

The Supervisory Board of Wirecard AG did not form committees.

Focal points of consultations

Regularly and at all meetings during the year under review, the Supervisory Board concerned itself intensively with the revenue and earnings trends of the company and the Group, as well as with significant investment projects and risk management. The following various focal topics were also discussed at the individual meetings:

Consultations at the joint meeting between the Supervisory and Management boards in January 2013 focused on the preliminary Wirecard Group results for the 2012 fiscal year, the 2013 fiscal year business plan, approval of the 2013 fiscal year budget, investments in Mobile Payments and related added value services, as well as the Group 2013 fiscal year investment strategy.

Following intensive discussion relating to performance, fees, qualifications and the ensuring of the auditor's independence, the Supervisory Board approved the awarding of the audit mandate to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the 2013 fiscal year. The Board also concerned itself with the Group's financial accounting process, risk management system and internal controlling system. In addition, the Supervisory Board also consulted about the efficiency and productivity of its cooperation.

At its meeting in April 2013, the Supervisory Board consulted about the separate annual financial statements and consolidated financial statements as of 31 December 2012. The external auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, sometimes participated in this meeting. Discussions also covered business trends during the past first quarter of 2013, especially in the Mobile Payment Solutions business area, the forthcoming Annual General Meeting, and developments in various legal matters. Further noteworthy agenda items included cooperation projects and the Group's strategic targets in the Asian region.

One focus of the meeting in September 2013 was on current business trends, especially in the areas of airline/travel, consumer goods, digital products and mobile payment solutions. Further topics included Group risk management, the acquisition of PaymentLink Pte. Ltd., and of two subsidiaries in Singapore and Malaysia, as well as personnel changes within the Management Board of Wirecard Bank AG.

At its final meeting in November 2013, the Supervisory Board primarily discussed the progression of business during the first three quarters of 2013, and expected trends for the full 2013 year.

The company's share capital

Compared with the previous year, the company's subscribed share capital has undergone only slight change as a result of the subscription of 100,000 shares from convertible bonds of the Conditional Capital (2004/1) that was approved on July 15, 2004. On 31 December 2013, the subscribed share capital amounted to EUR 112,292,241.00, divided into 112,292,241 no-par value bearer shares with a notional share in the capital stock of EUR 1.00 per share.

Due to the share capital increase that was entered in the commercial register on February 27, 2014, the share capital now amounts to EUR 123,490,586.00, and is split into 123,490,586 no-par value bearer shares based on a notional interest in the capital stock of EUR 1.00 per share.

Corporate Governance Code / Corporate Governance statement

Prior to the compliance statement published on 28 March 2013, the Supervisory Board conducted intensive consultations about Group corporate governance after having previously discussed it in detail with the Management Board. As a result of these consultations, the Supervisory Board considers it appropriate to maintain the previous year's compliance statement as it stands.

At the start of the 2014 fiscal year, too, the Supervisory Board concerned itself by way of preparation for the issuing of the compliance statement pursuant to Section 161 of the German Stock Corporation Act (AktG) with the contents of the German Corporate Governance Code, especially including the amendments in the version dated 13 May 2013. It determined that no amendments for this year's compliance statement arose from the Code's new version, especially relating to Management Board compensation. Following in-depth discussion, the Management and Supervisory boards, at their conference call meeting on 26 March 2014, then passed a resolution to issue the current compliance statement pursuant to Section 161 of the German Stock Corporation Act (AktG) dated 28 March 2014, which is permanently available to shareholders on the company's website.

The corporate governance report and the corporate governance statement contain more information about corporate governance and an in-depth report about the level and structure of Supervisory and Management board compensation.

Separate and consolidated financial statements

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the separate financial statements of Wirecard AG as of 31 December 2013, the consolidated financial statements as of 31 December 2013, and the management report for the company and the Group, and issued them with unqualified audit opinions. The separate financial statements for the parent company were prepared according to German Commercial Code (HGB) accounting standards, and the consolidated financial statements were prepared according to International Financial Reporting Standards (IFRS).

The aforementioned documents, the Management Board's proposal for the application of unappropriated retained earnings, and the auditor's audit reports were presented to all Supervisory Board members in good time before the Supervisory Board meeting on 8 April 2014. The auditors participated at this meeting, reported on key audit results, and were available to the Supervisory Board members to provide supplementary information. The auditors also explained their findings on the company's controlling and risk management system relating to the financial accounting process. The auditors also stated their independence, and provided information about services that they had rendered in addition to the auditing services in the 2013 fiscal year. All Supervisory Board members also carefully and intensively examined the separate financial statements, the management report for the company and the Group, the consolidated financial statements and the auditor's report for themselves.

Following the conclusive result of its examination, the Supervisory Board arrived at the conclusion that no objections are to be raised. With a resolution dated 8 April 2014, the Supervisory Board approved the separate annual financial statements of Wirecard AG prepared according to German Commercial Code (HGB) accounting standards in April 2014, and the consolidated financial statements prepared according to IFRS for the 2013 fiscal year prepared by the company in April 2014. The separate annual financial statements have consequently been adopted in the meaning of Section 173 of the German Stock Corporation Act (AktG).

The Management Board plans to propose to the Annual General Meeting the distribution of a dividend of EUR 0,12 per share to shareholders, and to carry forward Wirecard AG´s remaining retained earnings of kEUR 39,519,419.20 to a new account. The Supervisory Board concurs with this proposal.

Change of control clause

From 2006, the German Takeover Directive Implementation Act obligates listed companies in the instance of a takeover offer to publish in the management report compensation agreements with management board members or employees. As of 27 December 2006, the Supervisory Board has made special settlement arrangements for the Management Board and employees in the instance of a change of control above a 30% shareholding threshold. All of the related valuation factors are listed in detail in the notes to the financial statements in the chapter entitled "Management Board".

Personnel-related details and conflicts of interest

Compared with the previous year, no changes occurred in the 2013 reporting year relating to the composition of the company's boards. In the year under review, the Supervisory Board was not aware of any conflicts of interest relating to Supervisory Board Members.

Outlook

Due to the expected continued positive growth of the e-commerce market in Europe and Asia, the continued migration of previously bricks-and-mortar purchases to the Internet, and planned and already realised investments in the mobile telephony area – which are expected to offer considerable short- and medium-term earnings potential – the company expects that the company's sustainable growth will continue in 2014.

The Supervisory Board would like to express to both the Management Board and employees its acknowledgement and gratitude for their high degree of commitment and above-average performance in the 2013 fiscal year.

Aschheim, April 2014

Wulf Matthias
Supervisory Board Chairman

Corporate governance report

Corporate governance statement

Pursuant to Section 3.10 of the German Corporate Governance Code in its version dated 13 May 2013 and pursuant to Section 289a (1) of the German Commercial Code (HGB), in this declaration the Management Board – also on behalf of the Supervisory Board – issues the following statement concerning the corporate governance of Wirecard AG and concerning the remuneration report.

The standards of good and responsible corporate governance, acknowledged both internationally and in Germany, are accorded high priority throughout the Wirecard Group. Compliance with these standards forms an essential prerequisite for qualified and transparent corporate governance with the aim of achieving long-term success for the Group as a whole. In this context, we wish to affirm the confidence of our investors, the financial markets, business associates, the general public and our staff.

Detailed information on corporate governance in the Wirecard Group can be found on our website, where the current compliance statement is available along with those issued in previous years.

Service and website information for our shareholders

On our website www.wirecard.com/investor-relations under the "Financial Calendar" menu item and in our annual and interim reports we keep our shareholders, analysts, shareholder associations, the media, and interested members of the general public informed of key recurring dates, such as that of our Annual General Meeting. As part of our investor relations activities, we conduct regular meetings with both analysts and institutional investors. In addition to the annual analysts' conferences on the annual financial statements, telephone conferences for analysts are held on the publication of the quarterly reports. Wirecard also participates in many capital market conferences. Information on the Annual General Meeting, together with the documentation to be made accessible to shareholders, are readily accessible on the company website along with the invitation to the meeting.

The Annual General Meeting is organised and held with the aim of effectively providing all shareholders with comprehensive information prior to and during the meeting. To simplify registration for the General Meeting and the exercise of shareholder voting rights, in the period leading up to the meeting the shareholders are informed about the past fiscal year and the items on the agenda by the annual report and the invitation to the Annual General Meeting.

Working methodologies of the Management and Supervisory boards

As a German public stock corporation (Aktiengesellschaft / "AG"), Wirecard AG operates under a dual management and control structure consisting of two bodies – the Management and Supervisory boards, each with its own set of competences. The Management and Supervisory boards cooperate very closely and on the basis of mutual trust in the company's interests. The critical joint objective is to sustainably boost the company's market position and profitability.

The Management and Supervisory Boards comprise three members each. To guarantee the Supervisory Board's independent consulting with and monitoring of the Management Board, the number of members of the Supervisory Board who are former Management Board members is restricted to a maximum of one. The Supervisory Board has not formed any committees, as it consists of only three members. The Management Board makes regular, comprehensive and timely reports to the Supervisory Board on all relevant questions of corporate planning and further strategic development, on the course of business and the Group's position, as well as on questions relating to its risk situation and risk management. Reporting by the Management Board also extends to include compliance, in other words, the activities instituted by Wirecard AG to observe legal and regulatory parameters, as well as internal corporate guidelines. The Supervisory Board must approve significant business transactions. The Supervisory Board has created rules of procedure to govern its activities. In addition, the Supervisory Board regularly reviews the efficiency and productivity of its cooperation. The Supervisory Board Chairman is in constant contact with the Management Board. The Chairman visits the company on a regular basis in order to obtain information on site concerning business performance, and to consult with the Management Board on its decisions.

The company has taken out D&O (directors and officers) liability insurance including an appropriate deductible for members of the Management and Supervisory boards of Wirecard AG, as well as management members of affiliates. Further particulars on D&O insurance policies for members of the Management and Supervisory boards of Wirecard AG are detailed in the remuneration report below. No known conflicts of interest exist between members of the Management Board and Supervisory Board that must be disclosed immediately to the Supervisory Board. Owing to the fact that its size is restricted to three members, the Supervisory Board has dispensed with creating an audit committee or other Supervisory Board committees.

Further particulars on the members and work of the Supervisory Board in the 2013 fiscal year can be found in the Supervisory Board Report as well as in the Management Report I. The Foundations of the Group, Chapter 1.3 as well as in the Notes to the consolidated financial statements (Chapters 8.1. – 8.3.).

Remuneration report

The remuneration report summarises the principles which apply to the definition of total remuneration for the members of Wirecard AG's Management Board, and explains the structure and amount of the remuneration for the members of the Management Board. In addition, it describes the principles and amount of remuneration for members of the Supervisory Board.

The following persons were employed as members of the Management Board at Wirecard AG:

– Dr. Markus Braun, commercial computer scientist, member of the Management Board since 1 October 2004
  CEO
– Burkhard Ley, banker, member of the Management Board since 1 January 2006
  CFO
– Jan Marsalek, computer scientist, member of the Management Board since 1 February 2010
  COO

Remuneration scheme for the Management Board

The remuneration scheme for the Management Board of Wirecard AG is designed to create an incentive for long-term corporate governance based on sustainability. The system and extent of the remuneration paid to the Management Board are determined and reviewed on a regular basis by the Supervisory Board. The members of the Management Board are paid on the basis of Section 87 of the German Stock Corporation Act (AktG). Remuneration comprises fixed and variable components.

The current Management Board compensation scheme has been in place since the start of the 2012 fiscal year. The existing contracts with the members of the Management Board were concluded with a fixed term through to 31 December 2014, and can only be terminated with good cause prior to this date.

Remuneration in 2013 comprised the following components: (1) fixed annual remuneration, (2) an annual bonus (Variable Remuneration I), which is calculated based on Wirecard AG's share price performance, (3) long-term variable remuneration (Variable Remuneration II), which is linked to the multi-year performance of Wirecard AG's share price and (4) a fixed amount as a contribution to retirement benefits. In addition, it is possible for the members of the Management Board to receive the following performance-related remuneration if certain conditions are fulfilled: (5) an extraordinary bonus for sustained and particularly extraordinary performance by the Management Board, (6) a special bonus for retirement benefits (Mr. Burkhard Ley only) and (7) a special bonus in the event of a change of control for the benefit of members of the Management Board and employees. In addition, no non-cash perquisites and other benefits in kind exist, such as private use of a company car and refund of expenses, including business-related travel and entertainment costs.

Remuneration for the Management Board in the 2013 fiscal year

The members of the Management Board received a total of kEUR 2,350 in the year under review as a fixed salary (previous year: EUR 2,350). Mr. Burkhard Ley also received compensation of kEUR 7 for his Management Board and managing director activities at subsidiaries. The remainder of the remuneration paid to the Management Board in the 2013 fiscal year was as follows:

Variable remuneration has two components, Variable Remuneration I and Variable Remuneration II; it is calculated on the basis of Wirecard AG's share price performance. In this regard, the basis price is the average price in the month of December, weighted for turnover, for Wirecard AG's shares on the regulated market of the Frankfurt Stock Exchange (Xetra trading, ISIN DE0007472060), as registered by the stock market information service Bloomberg. The basis price for 2011 has been contractually set at EUR 11.00, however. In addition, the contracts stipulate that – for the purposes of calculating the variable remuneration, the basis price for 2012 is at maximum EUR 13.00, the basis price for 2013 is at maximum EUR 15.00 and the basis price for 2014 is at maximum EUR 17.00. If the basis price should fall during the bonus years, the respective part of the bonus lapses, and no (return) claim exists against the Management Board member.

The annual variable remuneration is capped by a maximum amount. The maximum amount in the case of Dr. Markus Braun is kEUR 550, kEUR 750 for Mr. Burkhard Ley, and kEUR 400 for Mr. Jan Marsalek.

Variable Remuneration I is then calculated as follows: The Management Board receives an annual bonus for each calendar year (bonus year I). This bonus is calculated as 49% of the difference between the basis price of shares of Wirecard AG in bonus year I less the basis price in the previous year, multiplied by the factor. For Dr. Markus Braun this factor in thousands is 275, 375 for Mr. Burkhard Ley, and 200 for Mr. Jan Marsalek. In addition, it has been contractually determined that the basis price for the respective previous year may not be less than EUR 11.00. In order to regulate the bonus, the basis price for 2013 has been restricted to a maximum of EUR 15.00. The basis price for 2012 must be deducted, which is contractually limited to a maximum of EUR 13.00, but which cannot be less than EUR 11.00. The difference is multiplied by 49% and then by the factor.

Variable Remuneration II is then calculated as follows: The Management Board receives a sustainability bonus for a two-year period (2012/2013, 2013/2014 and 2014/2015). This amount is calculated as 51% of the difference between the basis price of Wirecard AG shares in the second calendar year of the two-year period (bonus year II) less the basis price in the year prior to the two-year period, multiplied by the respective factor. The factor in thousands for variable remuneration II is also 275 for Dr. Markus Braun, 375 for Mr. Burkhard Ley, and 200 for Mr. Jan Marsalek. Here too, it has been contractually determined that the basis price for the respective previous year (prior to the two-year period) may not be less than EUR 11.00.

The first sustainability bonus for 2012/2013 is due in January 2014 in an amount of kEUR 867.

In addition, the Management board can also receive an extraordinary bonus in individual cases for sustainable and particularly extraordinary performance. The company's Supervisory Board enjoys discretion in deciding concerning the granting and level of the extraordinary bonus. This type of sustainable and particularly extraordinary performance includes, in particular, extraordinary contributions in terms of customer relationships, contributions from corporate acquisitions and/or further advances in technology. No extraordinary bonuses were awarded in the 2013 fiscal year.

In addition, the company pays the members of its Management Board an annual contribution to their retirement benefits. This contribution totals kEUR 250 gross for Dr. Markus Braun, kEUR 150 gross for Mr. Burkhard Ley, and kEUR 150 gross for Mr. Jan Marsalek. This is paid in twelve monthly instalments. In addition, the company pays a monthly contribution of EUR 150 for a life insurance policy (direct insurance), either as retirement benefits with a capital component or as a monthly pension for the members of the Management Board. No other entitlement to a pension commitment or other retirement benefits exists. Management Board member Burkhard Ley can also claim an extraordinary bonus for retirement benefits of up to kEUR 1,000 comprising two parts, each of kEUR 500, under the following conditions. The payment of the first part of the extraordinary bonus for retirement benefits is conditional upon the Management Board member not having terminated his employment contract prior to the end of the term, that the employment contract is not extended at or prior to the end of the term, and that the Management Board member does not have any entitlement to payment of an extraordinary bonus prior to 1 January 2015 as a result of a change of control (see below). The payment of the second part of the extraordinary bonus for retirement benefits is also conditional on the basis price in 2014 being at least EUR 14.00.

In order to foster the long-term loyalty of executives and employees, at the Annual General Meeting of Wirecard AG held on 15 July 2004, a resolution was adopted to introduce an employee participation program based on convertible bonds (Stock Option Plan 2004). Further particulars of the Stock Option Plan 2004 can be found in the notes to the consolidated financial statements. The Supervisory Board granted Management Board member Burkhard Ley 240,000 convertible bonds from the Stock Option Plan 2004 at the start of his activities, of which 48,000 were still in existence as of 31 December 2013, whereby the statutory dilution protection must be taken into consideration. The related expenditure was taken into account in previous years. The fair value for all convertible bonds amounted to kEUR 1,293 on the issue date.

As a result of a resolution by the Annual General Meeting on 26 June 2012, the possibility also exists to issue to employees shares from authorised capital (Authorized Capital 2012) to increase the long-term loyalty of executives and employees pursuant to Section 204 (3) of the AktG if the issue amount of the new shares issued excluding subscription rights is not materially lower than the stock market price in the meaning of Section 186 (3) Clause 4 of the German

Stock Corporation Act (AktG). In the event of a change of control, in other words, if one or more shareholders acting jointly are entitled to 30 percent or more of the company's voting rights, or if these are attributable to them, each member of the Management Board is entitled to payment of a special bonus depending on the company's value. This guideline has first been agreed on in 2006 and is applied since then without alteration. The special bonus in the case of Dr. Markus Braun and Mr. Burkhard Ley amounts to 0.4 percent of the company value, and to 0.25 percent of the company value for Mr. Jan Marsalek. A company value exceeding the amount of EUR 2 billion is not taken into account for the purpose of calculating the special bonus; the special bonus is not paid if the purchase price in relation to all shares of Wirecard AG falls below EUR 500 million. The members of the Management Board are not entitled to extraordinary termination in the event of a change of control.

In addition to the special bonus, the Management Board members are entitled to the following remuneration in the event of their employment agreements being terminated: payment of fixed remuneration for the fixed duration of the employment agreement, payable in one lump sum but discounted to the date of disbursement at an interest rate of four percent p.a. as well as payment of the market value in cash for stock options allocated but not yet exercised at the time of termination.

Post-contractual prohibitions on competition (restraint of trade) were agreed with the members of the Management Board, providing for compensation to be paid by the company for the duration of the post-contractual restraint of trade of two years. This compensation amounts to 75 percent of the fixed salary last drawn by members of the Management Board. Other income generated by the members of the Management Board for the duration of the prohibition on competition is to be deducted from such compensation.

Furthermore, standard rules are in place relating to company cars, refunds of out-of-pocket expenses and other business-related expenditure.

Moreover, the company has committed itself to paying a Management Board member's fixed salary for a period of six months from the commencement of an illness. In the event of the death of a member of the Management Board, his or her surviving dependents will receive the member's salary payments for six months, and at maximum through to the end of the contractual term.

In addition, the Company has concluded the following insurance policies for the members of the Management Board: (i) accident insurance with insurance benefits of at least kEUR 250 in the event of death and kEUR 500 in the event of invalidity, (ii) D&O insurance for the activities of the activities of the board member as a member of the company's Management Board with minimum cover of kEUR 50,000 and a deductible of ten percent of the damage up to at least one-and-a-half times the fixed annual remuneration of the Management Board member. The company has concluded this insurance for the benefit of its Management Board members.

The amount of the insurance premiums for these insurance policies totalled kEUR 144 in the 2013 fiscal year.

There were no loans, advance or other liabilities entered into in favour of the members of the Management Board by the company or the subsidiaries in the 2013 fiscal year. In the 2013 fiscal year the total emoluments of all members of the company's Management Board, in other words, the total remuneration during the fiscal year for the duration of the individual person's tenure on the Management Board, including amounts not yet disbursed for Variable Remuneration I, Variable Remuneration II and other payments amounted to kEUR 4,652 (previous year: kEUR 4,642).

The following remuneration was set for the individual members of the Management Board for fiscal year 2013 (individualised):

Benefits

	Dr. Markus Braun				Burkhard Ley				Jan Marsalek			
in kEUR	**2013**	**2013 (Min.)**	**2013 (Max.)**	2012	**2013**	**2013 (Min.)**	**2013 (Max.)**	2012	**2013**	**2013 (Min.)**	**2013 (Max.)**	2012
Non-performancebased components												
Fixed remuneration	**950**	**950**	**950**	950	**750**	**750**	**750**	750	**650**	**650**	**650**	650
Fringe benefits	**272**	**272**	**272**	270	**177**	**177**	**177**	169	**153**	**153**	**153**	153
	1,222	**1,222**	**1,222**	**1,220**	**927**	**927**	**927**	**919**	**803**	**803**	**803**	**803**
Performance-based remuneration												
One-year variable compensation												
2012	**-**	**-**	**-**	270	**-**	**-**	**-**	368	**-**	**-**	**-**	196
2013	**270**	**0**	**270**	0	**368**	**0**	**368**	0	**196**	**0**	**196**	0
Multi-year variable compensation												
2012/2013	**140**	**0**	**140**	281	**191**		**191**	383	**102**		**102**	204
2013/2014	**140**	**0**	**140**	-	**191**	**0**	**191**	-	**102**	**0**	**102**	-
	550	**0**	**550**	**550**	**750**	**0**	**750**	**751**	**400**	**0**	**400**	**400**
Total	**1,772**	**1,222**	**1,772**	**1,770**	**1,677**	**927**	**1,677**	**1,669**	**1,203**	**803**	**1,203**	**1,203**

Allocation

	Dr. Markus Braun		Burkhard Ley		Jan Marsalek	
in kEUR	**2013**	2012	**2013**	2012	**2013**	2012
Fixed remuneration						
Fixed remuneration	**950**	950	**750**	750	**650**	650
Fringe benefits	**272**	270	**177**	169	**153**	153
	1,222	**1,220**	**927**	**919**	**803**	**803**
Performance-based remuneration						
One-year variable compensation						
2011	**0**	30	**0**	28	**0**	24
2012	**270**	0	**368**	0	**196**	0
Multi-year variable compensation						
2012/2013	**0**	0	**0**	0	**0**	0
	270	**30**	**368**	**28**	**196**	**24**
Total	**1,492**	**1,250**	**1,295**	**947**	**999**	**827**

Remuneration for the Supervisory Board in the 2013 fiscal year

Remuneration of the Supervisory Board is governed by Section 14 of Wirecard AG's articles of incorporation. Accordingly, members of the Supervisory Board receive fixed and variable compensation for any out-of-pocket expenses incurred in connection with exercising their office (as well as any value added tax paid on their remuneration and out-of-pocket expenses). Annual fixed remuneration totals kEUR 55. Variable remuneration is performance-related and geared to the company's consolidated EBIT. For each full one million euros by which the company's consolidated EBIT on 31 December 2008 exceeds a minimum amount of EUR 30 million, the variable remuneration component totals kEUR 1. This minimum amount of EUR 30 million increases from the start of fiscal year 2009 by ten percent per year and accordingly amounts to EUR 48.3 million in the 2013 fiscal year.

In accordance with the provisions of the German Corporate Governance Code, the Chairman and Deputy Chairman are taken into separate consideration. There are no committees within the company's Supervisory Board. The Supervisory Board Chairman receives double, and the Deputy Chairman of the Supervisory Board receives one-and-a-half times, the so-called basic rate of fixed and variable remuneration. Changes to the composition of the Supervisory Board during the fiscal year lead to pro-rata remuneration being paid. In addition, the members of the Supervisory Board receive a meeting fee of EUR 1,250.00 plus VAT for each meeting of the Supervisory Board that they attend.

The Supervisory Board also acts, with the same members, as the Supervisory Board for the subsidiary Wirecard Bank AG and, until its change of legal form in 2012, also for Wirecard Technologies AG. No other remuneration or benefits for personally rendered services, in particular consulting and agency services, were paid in the 2013 fiscal year.

As at 31 December 2013, no loans have been granted to members of the Supervisory Board.

Supervisory Board remuneration 2013

in kEUR	Function	of	up to	fixed	Meeting fee	performance -based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2013	31.12.2013	110	5	100	0	65	**280**
Alfons W. Henseler	Deputy	01.01.2013	31.12.2013	83	5	75	0	60	**223**
Stefan Klestil	Member	01.01.2013	31.12.2013	55	5	50	0	55	**165**
Total remuneration				**248**	**15**	**225**	**0**	**180**	**668**

Supervisory Board Remuneration 2012

in kEUR	Function	of	up to	fixed	Meeting fee	performance -based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2012	31.12.2012	110	5	98	0	71	**284**
Alfons W. Henseler	Deputy	01.01.2012	31.12.2012	83	5	74	0	66	**227**
Stefan Klestil	Member	01.01.2012	31.12.2012	55	5	49	0	61	**170**
Total remuneration				**248**	**15**	**221**	**0**	**198**	**681**

In the 2013 fiscal year remuneration for the Supervisory Board totalled kEUR 668 (previous year: kEUR 681). This remuneration includes remuneration for activities as a member of the Supervisory Board at subsidiaries in the amount of kEUR 180 (previous year: kEUR 198). A provision was formed and expensed in the amount of kEUR 254, and will be paid in 2014.

Directors' Dealings

In accordance with Section 15a of the German Securities Trading Act (WpHG), the members of the Management Board and Supervisory Board of Wirecard AG are required to disclose the purchase and sale of Wirecard AG shares and related financial instruments. In the fourth quarter of 2013, the following notices were received, which are published online at ir.wirecard.com/directors-dealings.

On 5 December 2013, Burkhard Ley used part of his subscription rights from the Stock Option Plan 2004 that is based on convertible bonds, and acquired 100,000 shares of the company at a price of EUR 13.574 with a total value of kEUR 1,357. On 9 December 2013, Burkhard Ley sold these at a price of EUR 27.00 (Frankfurt, OTC) for a total amount of kEUR 2,700.

In total, the Management Board directly or indirectly holds a 5.9 percent equity interest in the company as per 31 December 2013. The Supervisory Board does not hold any shares in the company.

Responsible risk management

Responsible risk management constitutes an important basis for good corporate governance. The Management Board ensures appropriate risk management and risk controlling within the company. The Management Board notifies the Supervisory Board on a regular basis of existing risks and the changes that they undergo. Details relating to risk management can be found in the Risk report (Management report III. Report on outlook, opportunities and risks, Chapter 2).

Transparency and communication

The Management Board of Wirecard AG immediately publishes insider information about the Group, unless exempted to do so due to special circumstances. The objective is to create the highest possible degree of transparency and equal opportunities for all, and to make the same information available to all target groups at the same time as far as possible. Existing and potential shareholders can obtain current information on the Internet about the Group's growth and development. All press releases and ad hoc disclosures on Wirecard AG are published on the company's website.

Audit of the annual financial statements and financial accounting

Since the 2005 fiscal year, Wirecard AG has applied International Financial Reporting Standards (IFRS) as the basis for its financial accounting. At the Annual General Meeting, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Munich, was appointed as the auditor for Wirecard AG. Interim reports were made accessible to the public within two months of the end of the quarter, and consolidated financial statements within four months of the end of the fiscal year. The Supervisory Board discusses semi-annual and quarterly financial reports with the Management Board before they are published.

The auditor of the annual financial statements is also required to report without delay on all findings and events material to the tasks of the Supervisory Board, as determined in the course of its audit. In addition, the auditors are required to inform the Supervisory Board and/or to make a note in the audit report if they encounter facts in the course of the audit that are irreconcilable with the statement of compliance issued by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG).

Corporate social responsibility

The Management Board believes that the exercising of corporate social responsibility (CSR) makes a major contribution to the company's sustained growth. The Management Board is convinced that unless it is also responsible in the ecological, ethical and social dimensions, the Wirecard Group will be unable to enjoy a successful business future. Given this, the Management Board has set out a sustainability strategy as well as guidelines for "Responsibility for Fundamental Social Rights and Principles", "Leadership Culture and Cooperation", Equal Opportunity and Mutual Respect" and "Management of Resources".

Sustainability strategy and management

In its sustainability strategy, the Wirecard Group aims to define objectives for the orientation of its core business activities, in other words, minimum standards for energy consumption, assessment of environmental risks and so on. In its sustainability management, the company stringently pursues the targets determined in the sustainability strategy.

Responsibility for fundamental social rights and principles

The Wirecard Group respects internationally acknowledged human rights, and supports compliance with them accordingly. For this reason, it bases its activities on the relevant requirements of the International Labour Organisation, and rejects any deliberate use of forced or mandatory labour. Child labour is prohibited. It goes without saying that the Wirecard Group observes minimum age requirements for employment pursuant to state legislation. The remuneration paid for and the benefits provided in a normal working week correspond at least to the relevant statutory minimum standards and the minimum standards of the relevant national fields of business.

Leadership culture and cooperation

All managers assume responsibility for their staff. All managers set an example and are especially required to rely on the principles of conduct in all of their actions. Managers ensure compliant staff behaviour through regular information and clarification of duties and authorisations of relevance to their working areas. Managers place trust in their staff members, set clear, ambitious and realistic targets, and give staff as much autonomy and freedom of action as possible. Managers monitor and recognise staff performance. Outstanding services receive special recognition. Within the scope of their leadership functions, managers prevent inappropriate behaviour. They are responsible in their field of responsibility for ensuring that no rules are violated where this could have been prevented, or rendered more difficult in the event of appropriate supervision. Trusting and positive collaboration is reflected in mutual and transparent information and support. In this way, managers and staff members always inform each other of matters and operational circumstances to enable them to act and make decisions. Staff members and, in particular, managers ensure that information is exchanged quickly and smoothly. As far as possible within applicable restrictions, knowledge and correct and full information are to be passed on rapidly, in order to foster collaborative effort.

The Wirecard Group has set itself the objective of offering its staff personal and professional prospects in order to promote outstanding performance and results. As a consequence, the Wirecard Group invests in the qualifications and competence of its employees, and also expects all employees to make exacting demands of themselves, their performance and their health, and to engage proactively in their own development.

Equal opportunities and mutual respect

The Wirecard Group ensures equal opportunities and equal treatment, irrespective of a person's ethnic origin, skin colour, gender, disability, religion, citizenship, sexual orientation, social origin, religious or philosophical viewpoints, or political attitude, to the extent that this is based on democratic principles and tolerance of dissenting thought. Accordingly, it goes without saying that the employees of the Wirecard Group are selected, recruited and promoted solely on the basis of their qualifications and abilities.

Each of our employees is trained to refrain from any kind of discrimination (for example, by placing others at a disadvantage, harassment or bullying), and to enable everyone to cooperate in a respectful manner in a spirit of mutual partnership.

Management of resources

The Wirecard Group strives for a proactive orientation to products, services and technologies with a positive impact on the Group's sustainability track record. In doing so, we promote environmentally friendly technologies and help to reduce the carbon footprint. Moreover, CO_2 emissions arising from business travel, building management, IT data centres and the consumption of materials are to be continuously lowered over time.

The Wirecard Group also defines mandatory sustainability criteria for the procurement of products and services, including environmental and social aspects in particular. These criteria are taken into account in the field of contract awards. In the event of any material violations of sustainability standards, the Wirecard Group reserves an extraordinary right of termination.

Corporate governance outlook

Upholding our corporate governance principles will remain one of our key management tasks in 2014. We will continue to gear our activities to the requirements of the German Corporate Governance Code, and implement them correspondingly. The Management and Supervisory Boards will continue to cooperate closely in a spirit of mutual trust and undertake to deal jointly with all significant business transactions. We will provide our shareholders with the usual service regarding proxies and exercising of voting rights at the Annual General Meeting scheduled for 18 June 2014. Implementing and improving our Group-wide compliance program comprises another permanent managerial function that we are determined to pursue.

Statement of compliance with the German Corporate Governance Code by Wirecard AG pursuant to Section 161 of German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board declare that since the submission of the last statement of compliance dated 28 March 2013, the Company has complied and will comply with the recommendations of the Government Commission on the German Corporate Governance Code. This statement refers to the recommendations of the Code in its version dated 13 May 2013.

The following exceptions apply to the statement of compliance referred to above:

1. Art. 3.8 (3) of the Code recommends that the company take out D&O insurance for its Management Board and Supervisory Board with an excess (deductible) in the amount required by Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG). Wirecard AG has taken out a D&O insurance policy for its Management Board and Supervisory Board. This policy provides for excess (deductible) provisions both for members of the Management and Supervisory boards. The excess (deductible) for members of the Supervisory Board does not correspond to the amount required for members of the Management Board by Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG). According to the overwhelming prevailing opinion, the statutory provision does not apply to members of the Supervisory Board. Accordingly, the company does not plan to raise the excess (deductible) payments for members of the Supervisory Board at this time. The Board of Management and the Supervisory Board consider it important to ensure that suitable persons are not deterred from taking on a Supervisory Board mandate with Wirecard AG due to an increased risk of personal liability resulting from an excess (deductible).

2. Art. 5.2 (2) and Arts. 5.3.1 – 5.3.3 of the Code contain individual recommendations on committees of the Supervisory Board. Since the present Supervisory Board of Wirecard AG consists of only three members, it has dispensed with setting up committees. All transactions subject to approval have always been dealt with by the plenary Supervisory Board. The Supervisory Board also plans to proceed in this manner in future.

3. Art. 5.4.1 (2) and (3) of the Code contain recommendations on the composition of the Supervisory Board. Art. 5.4.1 (2) of the Code recommends that the Supervisory Board should specify specific objectives regarding its composition which, whilst having regard for the company's specific situation, take into account the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2 of the Code, an age limit to be specified for the members of the Supervisory Board and diversity. In particular, these specific objectives should stipulate an appropriate degree of representation by women. Art. 5.4.1(3) of the Code recommends that the proposals that the Supervisory Board makes to the relevant election bodies should take these specific objectives into account.

The Supervisory Board of Wirecard AG has not defined any concrete objectives for its composition. In its election proposals submitted at the Annual General Meeting, it will continue to adhere to the recommendations of the Code in future, assigning priority to the specialist and personal qualifications of candidates, irrespective of gender. In doing so, it goes without saying that the company's international activities are taken into account as well as potential conflicts of interest. The Supervisory Board will ensure that it has such number of independent members as it considers appropriate. It welcomes the intention of the Code to counteract any form of discrimination and to promote diversity to an appropriate degree. Wirecard AG is of the view that it is unnecessary to stipulate specific objectives to this end. Instead, the definition of such objectives would impede the Supervisory Board in its selection of suitable members. Therefore, a divergence from Art. 5.4.1 (2) of the Code is declared. The company has consequently diverged, and will diverge from, Art. 5.4.1 (3) of the Code. Nevertheless, the Supervisory Board has based its election proposals to the competent election bodies on the recommendations of the Code and will also continue to do so in future.

4. Art. 5.4.6 (2) Clause 2 of the Code recommends that any performance-based remuneration of Supervisory Board members, to the extent any commitment to any such remuneration is made, should be commensurate with the company's sustainable development and growth.

The currently applicable articles of association of Wirecard AG provides for performance-based remuneration of the Supervisory Board members. This remuneration depends on the results of the ordinary course of business before interest and taxes on earnings of the past financial year and does not provide for any calculation by comparing the results of several financial years. Wirecard AG consequently currently diverges from the recommendation that any performance-based remuneration should be commensurate with the company's sustainable development and growth.

The Management and Supervisory boards of Wirecard AG intend to adhere to the existing compensation scheme for the Supervisory Board. They are of the opinion that the performance-based remuneration component regulated in Art. 14 (1) of the articles of association of Wirecard AG has proved to be comprise consideration for the execution of the supervisory obligations incumbent upon the Supervisory Board, and that the past remuneration scheme is also appropriate for the future.

5. Art. 7.1.2 of the Code recommends that the consolidated annual financial statements to be made accessible to the public within 90 days of the end of a financial year and the interim reports within 45 days of the end of the reporting period.

The regulations of the Frankfurt Stock Exchange applicable to the Prime Standard have to date required that consolidated financial statements be published within a period of four months after the end of a financial year. According to these regulations, interim reports are to be published within two months. Today, the company has adhered to these periods laid down by the Frankfurt Stock Exchange since the Board of Management considers this time regime appropriate. The Company may publish the reports at an earlier date if internal procedures allow this to be done.

Takeover law disclosures

Subscribed capital

As of the 31 December 2013 balance sheet date, Wirecard AG's equity amounted to kEUR 608,411 compared with kEUR 541,730 as of the previous year's balance sheet date.

The Company's subscribed capital as at 31 December 2013 amounted to kEUR 112,292,241 and was divided into 112,292,241 no-par value bearer shares based on a notional capital stock of EUR 1.00 per share. Each share confers one vote.

Contingent and authorized capital; purchase of treasury shares

Conditional Capital 2004/I on the balance sheet dated totalled kEUR 689. Conversions that were performed in the 2013 fiscal year reduced conditional capital by kEUR 100.

In addition, the Annual General Meeting on June 26, 2012 authorized the Management Board, with the consent of the Supervisory Board, to issue, once or on several occasions, bearer bonds with warrants and/or convertible bonds with a total nominal amount of up to kEUR 300,000, and to grant the holders or creditors of bonds with warrants option rights, or the holders or creditors of convertible bonds conversion rights to new bearer shares of the company with a proportionate amount in the share capital of up to kEUR 25,000, according to the details in the terms for the bonds with warrants or the convertible bonds.

According to the resolution by the General Meeting on June 26, 2012, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital up to June 25, 2017, once or on several occasions, by up to a maximum total of kEUR 30,000 against cash and/or non-cash capital contributions, including so-called "mixed non-cash capital contributions", by issuing up to 30 million new no-par-value bearer shares (Authorized Capital 2012) and to determine that profit participation is to begin at a time other than that stipulated by legislation, to the extent that no resolution has been passed to date regarding the profits for this fiscal year elapsed.

The Management Board is authorized to acquire treasury shares up to 10 percent of the value of Wirecard AG's capital stock existing on the date of the resolution's adoption. The Management Board did not make use of its authority to acquire and utilize treasury shares by 31 December 2013. For further details on capital, please refer to the Notes.

Notification of voting rights

The Company has received no reports that any shareholder holds a direct or indirect share of voting rights in excess of 10 percent. The Company's Management Board is not aware of any restrictions relating to voting rights or the transfer of stocks.

Statutory regulations regarding changes to the Articles of Incorporation and the Management Board

The statutory rules and regulations apply to the appointment and recall from office of the members of the Management Board. Accordingly, the Supervisory Board is generally responsible for such appointments and recalls from office. The statutory rules and regulations apply to amendments to the Articles of Incorporation. Amendments to the Articles of Incorporation are approved at the Annual General Meeting pursuant to Section 179 of the German Stock Corporation Act (AktG). The resolution at the Annual General Meeting calls for a majority equivalent to at least three quarters of the capital stock represented at the time of the resolution's adoption.

Arrangement in the event of a change of control

A change of control of the Company, for purposes of employment contracts, shall apply at the point in time at which a notice pursuant to Sections 21, 22 of the German Securities Trading Act (WpHG) is received or should have been received by the Company to the effect that 30 percent or more of the Company's voting rights in the meaning of Sections 21, 22 WpHG are to be assigned by way of entitlement or attributable to a natural or legal person or a body of persons. In the event of a change of control, each member of the Management Board is entitled to receive a special bonus, which is dependent on the company's value. The amount of the special bonus for Dr. Markus Braun and Mr. Burkhard Ley is 0.4 percent of the company's value and for Mr. Jan Marsalek 0.25 percent of the company's value. In the event of such a change of control, the Management Board shall not be entitled to extraordinary termination of the employment agreement. Entitlement to a special bonus shall apply only if the change of control is effected on the basis of an offer to all shareholders of the Company, or if such change of control is followed by an offer to all shareholders. The company's value is defined as the offer for the Company in euros per share, multiplied by the total number of all shares issued at the time of publication of the offer. The special bonus shall be payable only if the company value determined in this manner reaches at least EUR 500 million. A company value in excess of EUR 2 billion shall not be taken into account in calculating the special bonus. Such special bonus payments are payable in three equal instalments.

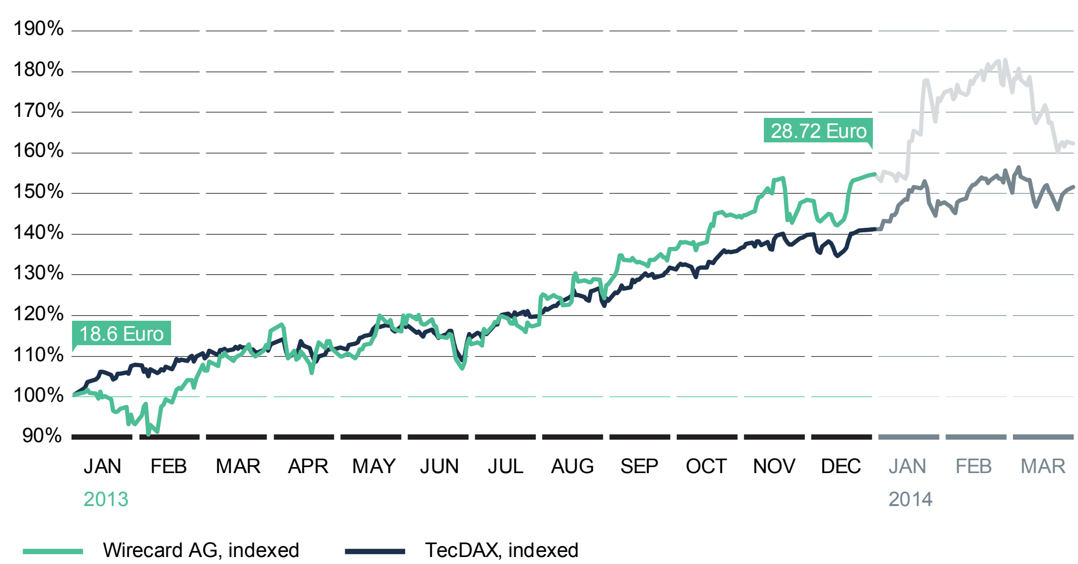
The Management and Supervisory boards have adopted a resolution to the effect that employees of Wirecard AG and of its subsidiaries can be awarded a special bonus on similar terms and conditions as for the Management Board. To this end, a total of 0.8 percent of the company's value has been made available. The Management Board can grant special bonus awards to employees in the event of a change of control with the consent of the Supervisory Board in each instance. A precondition for such a special bonus payment is that the employee must be employed at the time the change of control occurs. Such special bonus payments shall also be made in three instalments.

Wirecard stock

German equity markets performed very well in 2013. The DAX index of leading German stocks was up by around 25 percent to reach 9,552 points. It marked its low for the year of 7,460 points on April 19. Following a strong rise during the second half year, the DAX achieved its high for the year of 9,589 points on 27 December. The MDAX index of second-tier German shares outperformed the DAX over the course of year, ending the stock market year with an appreciation of around 39 percent at 16,574 points.

The TecDAX index that is of relevance to the Wirecard share also performed very well, and was up by almost 41 percent over the course of the year. The low for the TecDAX index was registered on the first trading day of the year, at 843 points, and the high for the year was recorded on the last trading day of 2013, when it closed at 1,167 points on 30 December.

Measured against the previous year's closing price of EUR 18.60, the Wirecard share appreciated by 54.4 percent year-on-year to reach EUR 28.72. Last year, it consequently outperformed the comparable TecDAX index. Following a positive performance at the start of year, the share fell slightly during the second quarter, before climbing continuously during the second half of the year. The low for the year was reached on January 31 at EUR 16.77. The Wirecard share's high for the year of EUR 28.72 also marked its closing price for 2013.



Performance in %

	1 year 2013	5 years 2009-2013	10 years 2004-2013
Wirecard AG (excluding dividend)	+54.4	+595.3	+1,502.4
Wirecard AG (including dividend)	+55.2	+627.5	+1,576.6
DAX (Performance-Index)	+25.5	+91.7	+133.9
TecDAX (Performance-Index)	+40.9	+122.0	+115.6

During the year, a total of 76.1 million Wirecard shares were traded on the electronic XETRA trading platform, which corresponds to an average trading volume of 300,897 shares per day. The company's market capitalisation stood at EUR 3.2 billion on the last trading day of the year (28 December).

Wirecard AG's market capitalisation as of December 31

In EUR mn	
2013	3,225
2012	2,086
2011	1,264
2010	1,043
2009	982

Capital measures during the year under review

A convertible bond-based Stock Option Plan ("SOP") deriving from the 2004 fiscal year that was already closed in 2011 was utilised in December 2013 for the conversion of 100,000 shares. The number of Wirecard shares in issue as of the 31 December 2013 balance sheet date amounted to 112,292,241. The subscribed capital as at 31 December 2013 stood at EUR 112,292,241.00 and was split into 112,292,241 no-par value bearer shares based on a notional capital stock of EUR 1.00 per share.

Annual General Meeting/Dividend resolution

Wirecard AG's Ordinary Annual General Meeting was held in Munich on 20 June 2013. The motions passed including distributing an amount of EUR 12,341,146.51 as a dividend from the profit of EUR 41,920,238.21 for the 2012 fiscal year included in retained earnings. This corresponds to an amount of EUR 0.11 per share for the 112,192,241 dividend-entitled shares.

All of the agenda items were passed with a majority. Information on the Ordinary General Meeting and details on the results of voting are available online at: ir.wirecard.com/annual-general-meeting

KPIs for Wirecard`s shares in 2013

		2013	**2012**
Number of shares (31 December) – all dividend-entitled		112,292,241	112,192,241
Share capital	kEUR	112,292	112,192
Market capitalisation (31 December)	mn EUR	3.23	2.09
Year-end price (31 December)	EUR	28.72	18.60
Year-high	EUR	28.72	19.15
Year-low	EUR	16.77	12.78
Earnings per share (basic)	EUR	0.74	0.67
Earnings per share (diluted)	EUR	0.96	0.85
Cash flow from operating activities (adjusted) per share	EUR	0.74	0.66
NAV per share (basic)	EUR	5.42	4.83
Dividend per share	EUR	0.11	0.10
Total dividend payout	kEUR	12,341.15	11,198.35

Stock data: XETRA closing prices

Investor relations

Significant topics of communication with the capital markets in 2013 included the growth strategy in Europe and Asia with regard to the development of the core business. The positioning within the new Mobile Payment business area met with great interest. Several hundred individual Management Board and investor relations meeting contacts were made within the context of numerous investor conferences and roadshows, both in Germany and abroad, as well as during visits to the Group headquarters and as part of telephone conferences.

At the end of the period under review, a total of seventeen analysts from renowned banks were conducting research on the Wirecard share. The various analysts' most recent recommendations are available on our website at www.wirecard.com under the menu items "Investor Relations" and "Share".

Shareholder structure

Most of the 94.1 percent free float as per 31 December 2013 continues to comprise institutional investors from the Anglo-American region and Europe.

The Management and Supervisory boards of Wirecard AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustained corporate governance. Special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

Basic information on Wirecard stock

Year established:	1999	
Market segment:	Prime Standard	
Index:	TecDAX	
Type of equity:	no-par-value common bearer shares	
Stock exchange ticker:	WDI; Reuters: WDIG.DE; Bloomberg: WDI GY	
WKN:	747206	
ISIN:	DE0007472060	
Authorized capital, in number of shares	112,292,241	
Group accounting category	exempting consolidated financial statements in accordance with IAS/IFRS	
End of fiscal year	December 31	
Total capital stock as at 31 December 2013	TEUR 112,292	
Beginning of stock market listing	25 October 2000	
Management Board	Dr. Markus Braun	CEO, CTO
	Burkhard Ley	CFO
	Jan Marsalek	COO
Supervisory Board:	Wulf Matthias	Chairman
	Alfons W. Henseler	Deputy Chairman
	Stefan Klestil	Member
Shareholder structure* as at 31 December 2013		
(Shareholders holding more than 3% of voting rights)	5.9 % MB Beteiligungsgesellschaft mbH	
	94.1 % freefloat (according to Deutsche Börse´s definition) of that	
	6.27 % Jupiter Asset Management Ltd. (UK)	
	4.94 % Alken Luxembourg S.A. (LU)	
	3.79 % Artisan Partners (US)	
	3.07 % Ameriprise Financial, Inc. (US)	
	3.01 % WA Holdings, Inc. (US)	

*Interests (rounded) according to last notification by investors (Section 26a WpHG)

MANAGEMENT REPORT

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1.5

TIME IN SECONDS TO PROCESS A TRANSACTION (WIRECARD BANK AS ACQUIRER)

1180

EMPLOYEES

608,411

SHAREHOLDERS' EQUITY IN THOUSAND EUROS

ABOVE 16,000

EXISTING CUSTOMERS

200

INTERNATIONAL PAYMENT NETWORKS

Some numbers rounded

I. Foundations of the Group

1. GROUP STRUCTURE, ORGANIZATION AND EMPLOYEES

1.1. Group

Wirecard Group supports companies in accepting electronic payments across all sales channels. A global multichannel platform bundles international payment acceptances and methods, flanked by fraud prevention solutions. With regard to issuing own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite issuing licenses for card and account products.

The Group parent company Wirecard AG assumes strategic corporate planning and the central tasks of Human Resources, Treasury, Controlling, Accounting, Legal, Risk Management, M&A and Financial Controlling, Corporate Communications and Investor Relations, Strategic Alliances and Business Development, and Facility Management. The holding company also manages the acquisition and management of participating interests.

1.2. Subsidiaries

The Wirecard Group comprises various subsidiaries, which perform the entire operating business. They are positioned as software and IT specialists for outsourcing and white label solutions in payment processing, and for the distribution of issuing products.

Europe

Wirecard AG is headquartered in Aschheim near Munich, Germany, which is also the head office of Wirecard Bank AG, Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH, Wirecard Retail Services GmbH, and Click2Pay GmbH. Wirecard Communication Services GmbH is headquartered in Leipzig, Germany.

Wirecard Technologies GmbH develops and operates the software platform that represents the central element of our portfolio of products and internal business processes.

Wirecard Retail Services GmbH complements the range of services of the sister companies by assuming the sale and operation of point of sale (PoS) payment terminals. This provides our customers with the option to accept payments for their internet-based and mail-order services, as well as electronic payments made at their PoS outlets through Wirecard.

Wirecard Communication Services GmbH bundles expertise in virtual and stationary call centre solutions into a hybrid structure. The resulting flexibility enables dynamic response to the changing requirements of Internet-based business models. The services provided by Wirecard Communication Services GmbH are aimed mainly at business and private customers of the Wirecard Group, and especially those of Wirecard Bank AG.

The subsidiaries Wirecard Payment Solutions Holdings Ltd., Wirecard UK & Ireland Ltd. and Herview Ltd., all with head offices in Dublin (Ireland), as well as Wirecard Central Eastern Europe GmbH based in Klagenfurt (Austria) provide sales and processing services for the Group's core business, namely Payment Processing & Risk Management. Click2Pay GmbH operates wallet products.

Wirecard Card Solutions Ltd., based in Newcastle (United Kingdom) operates under an eMoney license from the UK's Financial Services Authority. Wirecard acquired the entire prepaid card issuing business from Newcastle Building Society in the United Kingdom in 2012.

Wirecard Acquiring & Issuing GmbH and Wirecard Sales International, both headquartered in Aschheim, Germany, act as intermediate holding companies for subsidiaries within the Group and have no operating activities.

Gibraltar-based Wirecard (Gibraltar) Ltd. is currently in the liquidation process.

Asia

Wirecard Processing FZ-LLC, with its registered office in Dubai, United Arab Emirates, specialises in services for electronic payment processing, credit card acceptance and the issue of debit and credit cards and attends to a regional portfolio of customers.

cardSystems Middle East FZ-LLC, Dubai focuses on the sale of affiliate products along with associated value-added services.

The Wirecard Asian Group, consisting of Wirecard Asia Pte. Ltd. and its subsidiaries E-Credit Plus Corp., Las Pinas City (Philippines), Wirecard Malaysia SDN BHD, Petaling Jaya (Malaysia), E-Payments Singapore Pte. Ltd. (Singapore), operates in the online payment processing area predominantly for e-commerce merchants in the East Asia region.

With its subsidiaries and TeleMoney brand, Systems@Work Pte. Ltd., which is headquartered in Singapore, ranks as one of the leading technical payment service providers for merchants and banks in the East Asia region. The group includes the subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia).

PT Prima Vista Solusi with its headquarters in Jakarta (Indonesia) is a leading provider of payment transaction, network operation and technology services for banks and retail companies in Indonesia.

The consolidation of Trans Infotech Pte. Ltd., Singapore, which was acquired in December 2012, was completed in April 2013. The group ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Furthermore Trans Infotech acts as a technology partner in the area of payment and technology services for banks, transportation businesses and retail companies in Singapore and the Philippines.

In October 2013, the takeover of PaymentLink Pte. Ltd., Singapore, and two subsidiaries, Korvac (M) SDN BHD, Kuala Lumpur (Malaysia) and Korvac Payment Services (S) Pte. Ltd. (Singapore) was concluded. PaymentLink operates one of the largest payment networks for local contactless payment cards in Singapore. The company is also one of the leading domestic acquiring processors and distributes local prepaid cards. The Malaysian subsidiary is a well-established provider of PoS infrastructure, as well as payment and technology services, mainly for banks and financial service providers.

On 27 November 2013, the acquisition of all shares in Indonesian company PT Aprisma Indonesia was announced.

An overview of the scope of consolidation is provided in the notes to the consolidated financial statements.

1.3. Management and Supervisory boards

The Management Board of Wirecard AG remained unchanged as of 31 December 2013, consisting of three members:

- Dr. Markus Braun, CEO, CTO
- Burkhard Ley, CFO
- Jan Marsalek, COO

No changes occurred to Wirecard AG's Supervisory Board. The Supervisory Board comprised the following members on 31 December 2013:

- Wulf Matthias, Chairman
- Alfons Henseler, Deputy Chairman
- Stefan Klestil, Member

The compensation scheme for the Management and Supervisory boards consists of fixed and variable components. Further particulars are documented in the Corporate Governance Report.

1.4. Employees

Our international staff team - active around the world at locations ranging from Dublin and Munich, and across to Dubai, Singapore and Jakarta - plays a significant role in the success of the Wirecard Group. Their motivation and commitment, and desire for joint success, are key to the secret of Wirecard AG, which has become a global payment brand over the past years.

In order to ensure that "made by Wirecard" careers also prove successful, the personnel department joins forces with management to help staff in moving ahead in line with their skills and qualifications as best as possible, and offer them development opportunities accordingly.

Adherence to fundamental social principles and pronounced entrepreneurial activity are indispensable to Wirecard AG managers. They are broadminded from an intercultural perspective, and deploy a management style fostering an open climate that more strongly integrates employees into decision-making processes, as well as promoting a team approach with the objective of developing ideas and advancing innovations.

Development in 2013

The number of employees rose significantly over the past fiscal year. A total of 114 new jobs were created at the Group headquarters in Aschheim as at 31 December 2013, mainly for the Mobile Payments business area. The headcount on a year-average basis also rose as a result of the acquisitions in Asia that were consolidated last year. The Group employed an average of 1,025 staff in 2013 (previous year: 674), in both cases excluding Management Board members and trainees. Thereof 38 (previous year: 30) are employed by a subsidiary as Management Board members or as managing directors.

In Germany, the number of female staff at the Wirecard Group amounts to 285 as at 31 December 2013, comprising 46 percent of total employees (31 December 2012: 230 female staff, 49 percent). The company cultivates a flat hierarchy. The first management level (direct reporting to the Management Board) as at 31 December 2013 employed a total of 5 women and 9 men in Germany in 2013 (2012: women: 7, men: 11). At the second management level, a total of 10 female and 14 male managers are employed in Germany (2012: women, 7 men: 17).

Wirecard AG employs a multinational team. As at 31 December 2013 a total of 1,180 persons (excluding the Management Board) were employed at the Group. At the foreign subsidiaries, staff as at 31 December 2013 were distributed as follows:

- Wirecard Central Eastern Europe GmbH, Austria: 30 (previous year: 26)
- Wirecard UK & Ireland Ltd., Ireland: 24 (previous year: 25)
- Wirecard Card Solutions Ltd., United Kingdom: 33 (previous year: 29)
- Wirecard (Gibraltar) Ltd.: 0 (previous year: 6)
- Wirecard Processing FZ-LLC, United Arab Emirates: 21 (previous year: 14)
- Wirecard Asia Pte. Ltd. Singapore: 16 (previous year: 21)
- Systems@Work Pte. Ltd., Singapore 31 (previous year: 34)
- PT Prima Vista Solusi, Indonesia: 275 (previous year: 275)

Initial consolidation 2013:
- Trans Infotech Pte. Ltd., Singapore: 78
- Payment Link Pte. Ltd., Singapore: 62

Human resources strategy

The development of our employees through measures tailored to suit each individual, in harmony with our corporate objectives, is one of the essential tools in our human resources development strategy. Here, the personal development of each individual is considered in the context of entrepreneurial success, in order to explore the development perspectives tailored to the requirements of each employee.

With regard to long-term human resources development, the Wirecard Group is pursuing a specially developed concept geared to the paramount objective of enhancing the image of Wirecard AG as an attractive employer. Regular development discussions between managers and staff, along with the performance targets that are agreed at these meetings, help our employees to bring their skills, performance and personal potentials to bear in our mutual interest. This is coupled with HR development activities to further develop our employees' strengths.

We have recently created the option of three to six month sabbaticals. This is subject to certain preconditions, such as length of service at Wirecard. As far as possible, we offer our employees interesting perspectives for further development in other departmental areas. We deploy specific employer branding activities to position Wirecard as an attractive employer in order to recruit specialists in all areas worldwide. With regard to the year 2013, the new career page on the

Wirecard website deserves particular mention. Additional to the German language courses offered, a relocation agency was assigned to make it easier for new staff – who are increasingly also recruited abroad – to move to, and settle in, Germany.

Positive working environment

Our headquarters, in close vicinity to the Munich Trade Fair grounds, offer our qualified employees an attractive working environment. In addition, we maintain a culture of mobile attendance, which allows our employees to balance child care and their working hours as best as possible. The structure of the office premises follows a visual concept, with modern working equipment, a generous conference area, and several meeting points that are geared to promoting internal communication and interaction between teams. The Group headquarters enjoys optimal access to local public transport and the transportation network. Health and fitness offerings also contribute to a pleasant working environment.

Our company is characterised by flat hierarchies, and a working environment in which staff deal with each other in an open, respectful manner based on mutual appreciation. Our HR strategy is concerned with continuously increasing employee satisfaction. Our so-called "trust flexi-time", which we introduced several years ago, allows our employees to work flexible hours in accordance with the working hours of the relevant departments. Company and team events foster team spirit a regular exchange among staff.

2. BUSINESS ACTIVITIES AND PRODUCTS

2.1. Business activities

Wirecard is a globally leading technology company with more than 16,000 customers.

Overview

Wirecard supports companies in accepting electronic payments from all sales channels. A global multichannel platform bundles international payment acceptances and methods, flanked by fraud prevention solutions. Deploying state-of-the-art technologies and transparent real-time reporting services, these outsourcing and white label solutions for electronic payments form the core of our offerings.

As a technical enabler, Wirecard supports companies in the development of international payment strategies, whether offline, online or mobile, and is also constantly expanding its portfolio to include new and innovative payment technologies.

When it comes to issuing their own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite issuing-licenses for card and account products.

Business model

The Wirecard Group's business model is based mainly on transaction-based fees for the use of software or services. End-to-end solutions spanning the entire value chain are offered in our customers' own corporate designs as co-branded solutions (with card organizations), as well as under the Wirecard brand. The flexible combination of our technology and services portfolio, as well as banking services is what makes the Wirecard platform unique for customers in all industries and sectors.

USPs

Wirecard's unique selling points include its combination of software technology and banking products, the global orientation of the payment platform, and innovative solutions that allow online payments to be processed efficiently and securely for customers.

The major share of Group sales revenues are generated on the basis of business relations with providers of merchandise or services on the Internet, who outsource their payment processes to Wirecard AG. As a result, conventional services for the settlement and risk analysis of payment transactions, as performed by a payment services provider, and credit card acceptance performed by Wirecard Bank AG, are closely interlinked.

Core sectors

The Wirecard Group's operating activities in its core business are structured according to three key target industries, and are addressed by means of cross-platform, industry-specific solutions and services, as well as various integration options:

- Consumer goods	This includes merchants who sell physical products to their target group (B2C or B2B). This customer segment comprises companies of various dimensions, from e-commerce start-ups through to major international corporate groups. They include Internet pure players, multi-channel, teleshopping and/or purely bricks-and-mortar merchants. The industry segmentation is highly varied: from traditional industries such as clothing, shoes, sports equipment, books/DVDs, entertainment systems, computer/IT peripherals, furniture/fittings, tickets, cosmetics, and so on, through to multi-platform structures and marketplaces.
- Digital goods	This sector comprises business models such as Internet portals, app software companies, career portals, Internet telephony and lotteries such as sports betting or poker.
- Travel and mobility	The customer portfolio in this sector comprises airlines, hotel chains, travel portals, tour operators, travel agents, car rental companies, ferries and cruise lines, as well as transport and logistics companies.

2.2. Reporting segments

Wirecard AG reports on its business development in three segments.

Payment Processing & Risk Management (PP&RM)

This reporting segment includes the business activities of Wirecard AG, of Wirecard Technologies GmbH and of Wirecard Sales International GmbH, all headquartered in Aschheim. It also includes the business activities of Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland) and its subsidiaries, Wirecard Asia Group (Singapore) comprising Wirecard Asia Pte. Ltd. (Singapore) and its subsidiaries, Wirecard Processing FZ-LLC and cardSystems Middle East FZ-LLC with its registered office in Dubai (United Arab Emirates), Systems@Work Pte. Ltd. in Singapore with its subsidiaries, PT Prima Vista Solusi, Jakarta (Indonesia), Trans Infotech Pte. Ltd. with its registered office in Singapore and its three subsidiaries, PaymentLink Pte. Ltd. in Singapore, and two subsidiaries, Wirecard Retail Services GmbH, Wirecard (Gibraltar) Ltd., Click2Pay GmbH (Aschheim), and Wirecard Central Eastern Europe GmbH (Klagenfurt, Austria).

Branches and companies of the Wirecard Group at locations outside Germany serve primarily to promote regional sales and localization of the products and services of the Group as a whole.

The business activities of the companies included in the Payment Processing & Risk Management reporting segment exclusively comprise products and service for the acceptance or implementation and the downstream processing of electronic payments and the associated processes.

Wirecard offers its customers access to a large number of payment and risk management methods through a uniform technical platform that spans its various products and services.

Acquiring & Issuing (A&I)

This reporting segment spans the entire current business activities of Wirecard Bank AG, the Wirecard Card Solutions Ltd. and Wirecard Acquiring & Issuing GmbH. This segment includes acceptance (acquiring) and issuing credit cards and prepaid cards, as well as account and payment transaction services for corporate and private customers.

Call Center & Communication Services (CC&CS)

This reporting segment comprises all of the products and services of Wirecard Communication Services GmbH addressing the call centre assisted support of corporate and private customers. In addition to its primary task of supporting the two above-mentioned main segments, this reporting segment also serves its own portfolio of customers in the area of telephone services.

2.3. Products and solutions

Multi-Channel Payment Gateway – global payment processing

The Multi-Channel Payment Gateway, which is linked to 200 international payment networks (banks, payment solutions, card networks), provides payment and acquiring acceptance via the Wirecard Bank and global banking partners, including the integrated risk and fraud management systems. In addition, for example country-specific payment and debit systems as well as industry-specific access solutions such as BSP (Bank Settlement Plan) or the encryption of payment data during payment transfers (tokenization) are available. In addition, Wirecard offers call centre services (24/7) with trained native speakers in 16 languages.

Thanks to a modular, service-oriented software architecture Wirecard enjoys the flexibility to change its business processes in conformity with market conditions at any time, and to respond quickly to new customer requirements. At the same time, the Internet-based architecture of the platform makes it possible to run individual work processes in a centralised manner from a single location or, alternatively, to distribute them across the various companies within the Group and run them at different locations around the world.

Payment Acceptance Solutions – payment acceptance/credit card acquiring

Wirecard supports all sales channels with payment acceptance for credit cards and alternative payment solutions (multi-brand), technical transaction processing and settlement in several currencies, and offers the corresponding POS terminal infrastructure, as well as numerous other services. In addition to Principal Membership with Visa and MasterCard, acquiring license agreements are also in place with JCB, American Express, Discover/Diners and UnionPay as well as UATP. Banking services such as forex management supplement outsourcing for financial processes.

Risk Management Solutions – risk management

Wide-ranging tools are available for the use of risk management technology to minimise fraud scenarios and to prevent fraud (fraud/risk management). The Fraud Prevention Suite (FPS) draws on rule-based decision-making logic (rule engine) and offers extensive reports including, for example, what share of transactions has been rejected, and why. In addition, FPS analyses whether exclusively fraudulent transactions are rejected. Age verification, KYC identification (know your customer), analysis via device fingerprinting, hotlists and much more is included in the risk management strategies. An international network of service providers specialised in credit-worthiness checks can be additionally included depending on the merchant's business model.

Issuing Solutions – card-based solutions

The offerings for issuing-solutions has been constantly expanded since 2007 and includes the management of card accounts and the processing of card transactions (issuing processing), as well as the issuing of various types of cards, mostly Visa and MasterCard. The card number can be utilised in connection with a plastic card – virtually or in connection with a SIM card in mobile devices – or it can be deployed on a sticker or in the chip and magnetic strips on a plastic card for dual use (dual interface).

Wirecard offers an SP-TSM Gateway (service provider-trusted service manager), which can be integrated into all major systems. In addition, Wirecard operates its own SP-TSM server. SP-TSM is utilised to provide card data (provisioning) in the form of secure elements in a mobile device, and includes, for example, card management, card personalization and PIN management.

Wallet Solutions – solutions for mobile payments

The Wallet Solution is based on a (white-label) platform enabling the management of credit balance accounts and providing technical support for customer legitimation processes (KYC), peer-to-peer money transfers and various top-up processes – while complying with national and regional regulations for the issue of Visa or MasterCard products. The platform features user interfaces for administrative functions (e.g. call centres) and for consumers. The latter can access their wallet via the Internet as well as by way of their cellphones in the form of smartphone apps. The wallet solution supports peer-to-peer money transfers and also Internet payments, via cellphone (in-app payment) and also in bricks-and-mortar retailing via Near-Field-Communication (NFC) and Quick-Response-Codes (QR-codes).

Payment Innovations – convergence of online, offline and mobile

As one of the leading providers for payment and risk management solutions, Wirecard relies on developing its own innovations, while also implementing customer-specific special solutions. In-app payments are just one of many future-oriented technologies in this regard. The white-label based mobile card reader solution facilitates the mobile acceptance of card payments. In the couponing and loyalty segment, new value-added services are currently arising, which Wirecard has been enabling in the first place by merging acquiring and issuing. Fully in line with the trend towards converging sales channels and payment systems, various services associated with payouts and vouchers are also offered in the mobile advertising area.

WIRECARD PLATFORM

MULTI-CHANNEL PAYMENT GATEWAY	PAYMENT ACCEPTANCE SOLUTIONS	RISK AND FRAUD MANAGEMENT
· More than 200 connections to banks, payment solutions and card networks · Tokenization of sensitive payment data · Adapters for industry software solutions · Real-time reporting and business intelligence · Subscription management · Billing and Settlement Plan (BSP) · Automated dispute management · White-label user- and system-interfaces	· Card acquiring processing · Acquiring processing of alter-native payment schemes · Multi-currency processing and settlement · Terminal software for payment and value added services · Terminal management solutions	· Automated fraud pattern detection · Address verification · Credit rating agency gateway · Device fingerprinting · Real-time rule-engine · Bespoke decision logic · Score cards · Hotlists (black/white/grey)
· Global payment strategy advisory · Multi-lingual helpdesk 24/7 · Case management and excep-tion handling · Payment guarantee	· Corporate banking services · Acquiring services for Visa, MasterCard, JCB, American Express, Discover/Diners, UnionPay and alternative payment methods · Consolidated settlement and treasury services · Terminal network deployment and operation	· Credit risk and fraud management advisory · Case management and exception handling · Anti-money-laundry monitoring

END-TO-END SOLUTIONS FOR ALL INDUSTRY VERTICALS

- Online/PoS/Mobile/Mail order/Telephone order (Moto)
- White-Label/Co-Branded/Wirecard-Branded

ISSUING SOLUTIONS	WALLET SOLUTIONS	PAYMENT INNOVATIONS
· Card issuing processing · Multiple card types (credit, debit and prepaid cards) · Multiple form factors: plastic, virtual, mobile, sticker, dual-interface · MIFARE and CEPAS stored value cards · Instant card creation · SP-TSM* gateway	· Multi-channel consumer enrolment and base-data management · Zero-balance and pass-through accounts · Credit facility management · Multiple top-up and funding sources · Mobile and Internet apps · Peer-to-peer funds transfer (P2P)	· International money remittance · In-app payments · Mobile card reader solutions · Loyalty and couponing services · Contextual advertising and cash-back · Biometric and "mini ATM" solutions for emerging markets · Industry solutions (e.g. public transport, taxi, airline, ...) · NFC, BLE, QR ...
· Card program management · Issuing licenses from Visa, MasterCard, JCB · BIN sponsorship services · Supplier selection and management · Card personalization and data preparation · PIN-management · Hosted SP-TSM service	· Multi-lingual helpdesk 24/7 · Consumer banking services · eMoney institution · Managed know-your-customer (KYC) service · Marketing and merchant enrolment support	· Management of multi-channel payment products for financial institutions and mobile operators · Merchant and consumer acquisition for payment products with outbound callcenter

*Service Provider – Trusted Service Manager

TECHNOLOGY

SERVICES

3. CORPORATE MANAGEMENT, OBJECTIVES AND STRATEGY

3.1. Financial and non-financial targets

A key objective is to maintain our innovation and technology leadership through the early identification and active structuring of significant market trends. A high level of product and service quality forms the foundation for sustained, long-term customer relationships, and consequently ranks among our key corporate targets.

EBITDA comprises Wirecard AG's central operating financial performance indicator.

EBITDA of between EUR 160 million and EUR 175 million will be generated in the current fiscal year. This forecast is based on dynamic growth of the e-commerce market and constant acquisition of new customers, cross-selling effects with existing customers, and earnings contributions from acquisitions realised in the previous year. As the result of the continuously rising number of customer relationships and growing transaction volumes, we expect further economies of scale from our transaction-oriented business model, and substantial synergies with our banking services and from cross-selling effects.

Retaining our comfortable level of equity, as well as keeping liabilities at a moderate level comprise additional significant operating financial targets for the Wirecard Group.

In the Management report III Report on outlook, opportunities and risks, Chapter 1.5 Section "Anticipated financial position and results of operations" we discuss additional financial objectives.

Sustainable, income-oriented company growth stands at the heart of all of our financial and non-financial targets – growth which likewise has a positive impact on our company's value. This is also strongly based on the motivation of our highly-qualified employees. Individual target agreements are concluded in this regard, which are not only measured in terms of our company's success, but also strengthen the personal development and skills of the individual employees.

The Wirecard Group continuously assesses its strategic decisions according to the above outlined aspects. Our aim is to leverage Wirecard AG's fundamental strengths in order to continue to increase our earnings in the next two years. At the same time we are committed to deploying innovative solutions to support our customers in handling an increasing complex overall environment, so that they can increase and simultaneously secure their revenues. In doing so, we keep an eye on market developments, so that we can react flexibly and responsibly with regard to costs, regulations and future events.

Sustainability

Wirecard AG is a globally-oriented group pursuing a primarily organically-led growth strategy. Sustainable corporate management that pays particular attention to the group's societal responsibility as well as the needs of its employees, customers, investors and suppliers, and also the groups associated with the company, consequently forms an increasingly significant factor in upholding the stakeholder value concept.

Our business model replaces manual, paper-based processes with the online processing of electronic payments, and safeguards resources by avoiding waste.

In future, Wirecard AG will be addressing economic, environmental and socially relevant issues to an even greater extent, in order to make its contribution to a sustainable, responsible society in this context as well.

Our values are unconditionally linked to our business model, the success of which is based on security, dependability and trust. We provide solutions that allow merchants to process their cash flows by way of a platform. Customer satisfaction forms a central non-financial objective for the Wirecard Group.

In order to uphold its responsibility, the Wirecard Group intends to define specific targets in its sustainability strategy based on the orientation of its core business, including minimum energy consumption standards and the review of environmental risks.

3.2. Corporate strategy

During the past 2013 fiscal year, the Wirecard Group reached its own operating targets and successfully implemented its strategy of chiefly organically-led growth, as well as targeted expansion in Europe and Asia.

Wirecard enjoys an international presence with locally networked units and provides multinational card and payment acceptance agreements. The Wirecard platform offers locally and globally relevant payment methods.

On 21 December 2012, the Wirecard Group reached an agreement concerning the acquisition of all shares in Trans Infotech Pte. Ltd., Singapore, with its subsidiaries Trans Infotech (Laos) Ltd., Laos; Trans Infotech (Vietnam) Ltd, Vietnam and Card Techno Pte. Ltd., Singapore. This transaction was closed on 9 April 2013.

On 12 September 2013, Wirecard agreed to purchase all shares in three companies of the Korvac Group (founded in 1999). These comprise PaymentLink Pte. Ltd., Singapore, and the subsidiaries Korvac (M) SDN BHD, Kuala Lumpur (Malaysia) and Korvac Payment Services (S) Pte. Ltd. (Singapore). With more than 24,000 acceptance points, PaymentLink operates one of the largest payment networks for local contactless payment cards. The Wirecard Group is a major domestic acquiring processor and distributes local prepaid cards. The Malaysian subsidiary is a well-established provider of POS infrastructure, as well as payment and technology services, mainly for banks and financial service providers.

At the end of 2013, the takeover was announced of PT Aprisma Indonesia, which has its headquarters in Jakarta, Indonesia. With it solutions based on SOA infrastructure, PT Aprisma Indonesia ranks as one of the leading providers of payment services in the region. With this transaction, Wirecard is gaining access to Indonesia's leading banks and telecommunications companies, as well as other customers in Malaysia, Singapore and Thailand. The closing of this transaction required relevant Indonesian regulatory approval, which was granted on 3 February 2014.

The core products that run on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile handset-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

In strategic terms, Wirecard plans to offer these additional added value services across the Asian region, and also, in particular, to adapt the mobile applications as added value services for the European region.

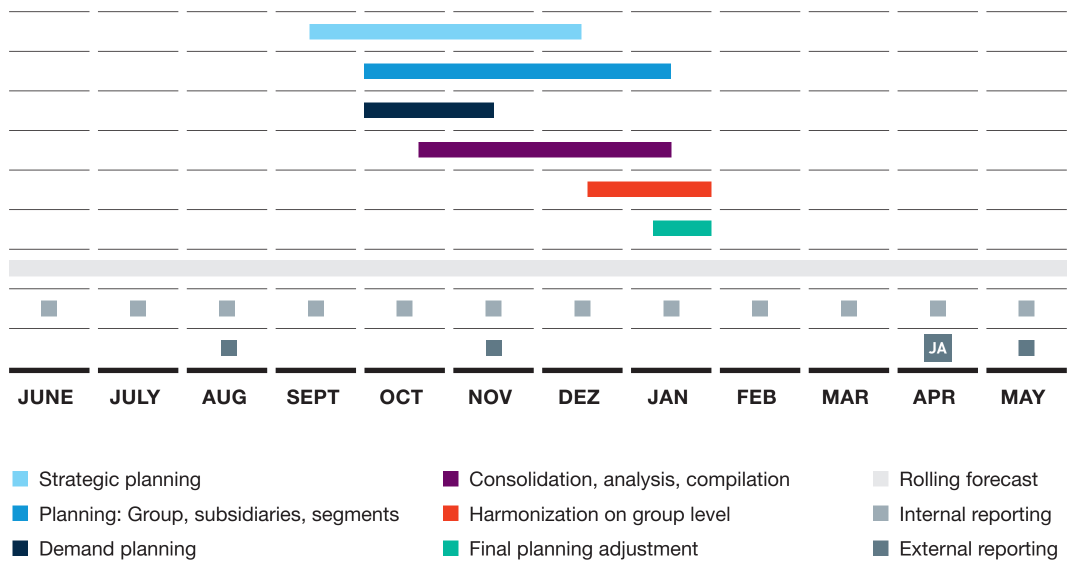
The fact that we have once again enjoyed a successful year in our operations confirms our general strategic orientation as well as underscoring the sustainability of potential synergies from linking technology and banking. The extensive vertical range of our Group's productivity made a major contribution to our profitability in the period under review. Our end-to-end solutions and substantial cost advantages will also reinforce our future position on the market, also in a difficult economic environment.

The strategic objective of far-reaching, fully-integrated coverage of the entire value chain for electronic payment processing will continue to form the basis of our business and product policy in the coming years.

With regard to our growth strategy, we will continue in 2014 to pursue organic growth on our core markets of Europe and Asia. We will also review acquisition opportunities according to a stringent list of criteria.

The capital increase that we performed in February 2014 serves the objective of ensuring that we are prepared for M&A opportunities as they arise, in order to continue the recent years' acquisition strategy. This will allow the Wirecard Group to benefit to a disproportionate extent from the payment industry's accelerating consolidation.

3.3. Corporate management



In order to achieve the company's long-term targets (Management report, I. Foundations of the Group, Chapter 3.1), the planning and reporting system of Wirecard AG supports and secures the successful implementation of the strategy formulated by the Management Board (Management report, I. Foundations of the Group, Chapter 3.2).

Short- and medium-term targets are set on the basis of the company's long-term strategy. Target-attainment is based on a detailed analysis of relevant market trends, the economic environment, the development and planning of the product portfolio, and the company's strategic positioning on the market.

The preparation of the annual planning at the levels of the overall Group, its subsidiaries and individual segments is ensured through the analysis of the financial position of the past, and future planning and target values. The planning system and its methodology is supplemented to reflect new accounting standards, new product development and modifications to the Group structure. Careful and precise planning is performed based on the individual specialist departments. The targets are finalised at Group level taking into account expected market growth and including all internal divisional planning results. This methodology ensures demand-oriented budgeting and detailed coordination with the Management Board.

The Wirecard Group's in-house management system serves, in particular, to determine and evaluate target-attainment. It is based on independent control models for each business segment. Key performance indicators are controlled and monitored continuously. The central indicators for corporate management are predominantly quantitative in nature, such as transaction and customer numbers or revenue and minute volumes, as well as additional indicators such as the profitability of customer relationships. Here, the focus is on profitability measured using EBITDA, as well as the relevant balance sheet ratios.

These are consolidated at Group level, and entered into an ongoing forecast of future business growth together with the financial results. This is based on a rolling forecast. The individual key performance indicators allow us to measure whether the various corporate targets have been reached, or will be reached.

Monthly reporting and continuing analysis comprise the central steering element within controlling. Changes to business trends are identified at an early stage through continuous monthly reconciliation of reported key indicators with business planning. This allows corresponding countermeasures to be adopted in the early stages of deviations from plan. The Management Board and divisional managers are constantly informed of the status of the key performance indicators as part of company-wide reporting.

The internal management system enables management to respond flexibly to changes within a dynamic market environment, thereby forming an important component of Wirecard AG's sustainable growth.

4. RESEARCH AND DEVELOPMENT

The research and development (R&D) area represents the core of the Wirecard technology group's activities. As the result of its software engineering achievements in research and development, Wirecard is able to offer new and innovative products and services on both established and new markets, whether in terms of geography or application area.

The Wirecard Group's global presence ensures the greatest possible degree of understanding of its dynamic market environment. Local presence on strategic growth markets represents the key to comprehending the specific characteristics of regional markets. Consequently, Wirecard is not only capable of identifying trends at an early stage, but is also able to actively shape and determine these developments.

Based on the company's modular and scalable platform, Wirecard AG offers its customers innovative solutions along the payment value chain that can be adapted flexibly to meet specific requirements. State-of-the-art technologies and agile development methods form the foundation for the efficient and effective deployment of resources in a highly dynamic market environment.

4.1. Research and development results

In the past fiscal year, R&D activities focused on expanding and implementing innovative solutions in the mobile payment area, and on the fully automated processing of payments for small and medium-sized customers. Particularly noteworthy products in this context include the integrated Wirecard Couponing & Loyalty System and the Wirecard white label mPoS solution.

In its core Payment Acceptance Solutions area, the company realised a continuous expansion of existing solutions to include payment methods (e.g. transition to SEPA, Wirecard Checkout Page as an adaptive payment page), local acquiring options, and integration measures relating to merchant backoffice automation. It also carried out additional integration measures in industrial solutions, such as a payment interface in the SAP Business ByDesign Cloud solution payment process.

The product range was also expanded in the mobile payment area to include transmission technologies in addition to NFC, and now also includes QR codes and innovative technologies such as Bluetooth Low Energy (BLE). These technologies were integrated into the issuing and wallet solutions product portfolio in order to offer payments as well as couponing and loyalty solutions as an integrated product through all sales channels.

Wirecard's issuing solutions are now available to also support the personalisation and provision of credit cards directly on the secure element of a suitable mobile device. As a consequence, mobile end-devices have become fully-fledged credit cards that can be used at all NFC-enabled acceptance points.

Merchants can easily set up this automated solution for the rapid configuration and acceptance of online payments, addressing small and medium-sized merchants who can now independently register through a website for payment processing and additional risk management through Wirecard, allowing them to quickly accept the most varied types of payment processes in their online shops.

The techncial consolidation of the acquired companies Trans Infotech Pte. Ltd., Singapore, and its three subsidiaries, and PaymentLink Pte. Ltd., Singapore, and its two subsidiaries, was largely concluded in the 2013 fiscal year. As in the previous fiscal year, the integration and consolidation of the technical platform plays an important role in the leveraging of synergies. As a consequence, Wirecard customers worldwide have access to an extensive and standardised portfolio of products and solutions.

In the risk management area, the product portfolio was expanded to include a 360° person-related risk management solution. The solution allows merchants to utilise their customers' payment experiences to gain a more extensive risk assessment view, and enjoy access to additional reporting and analysis options in the Wirecard Enterprise Portal.

4.2. Research and development expenditure

Expenditure on research and development increased to EUR 34.9 million in the 2013 fiscal year (2012: EUR 16.1 million). The proportion of research and development expenses to total revenues (R&D ratio), was 7.2 percent in the period under review (2012: 4.1 percent). Capitalised development costs' share of total research and develop costs (capitalisation rate) amounted to 59.3 percent (2012: 63.7 percent).

These expenses are included in the personnel expenses of the respective departments (Payment & Risk Services, Issuing Services, Mobile Services etc), among consultancy expenses and other costs. The impairment charge for capitalised development costs amounted to kEUR 5,071 in the fiscal year under review (2012: kEUR 3,447).

4.3. Employees in research and development

Employees in the research and development area's departments comprise one of the key pillars of the Wirecard Group and contribute to the success and profitability of its business. The Group employed an average of 310 staff during the year (2012: 194 employees). They are responsible for Product and Project Management, Architecture, Development and Quality Assurance, and follow a product-based organisational structure. Expressed as a proportion of the total number of employees, this corresponds to 30 percent (2012: 29 percent).

Our employees' qualifications, experience and dedication form key factors driving the success of our research and development activities. Our technological competitive advantage is ensured by an open culture that allows the scope for staff to unfold their creativity and innovative strengths.

A comprehensive training and further training program secures and expands the high level of qualifications of our research and development staff. The Wirecard Group offers an active HR policy, and an attractive working environment with competitive compensation and incentive models, thereby boosting its high potentials' loyalty to the company.

4.4. Outlook

With a look to the current fiscal year we have also planned a large number of initiatives in order to support the company's strategy in the area of new and innovative products, as well as expansions to its global footprint.

In this context, the focus is on the utilisation of new technologies such as BLE and beacons for integrated payment and added value solutions, which we have started and are currently still in the pilot stage. We are also continuously expanding multichannel capabilities on both the issuing/wallet platform and the acceptance side. In addition, we are making integrated solutions available to Wirecard customers on segment by segment basis that will also involve deploying new technologies such as Big Data, for example.

As previously, our key focus is on the security of all processed customer and payment data, which remains a central topic of all product development and solutions operations.

5. CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB), REMUNERATION REPORT AND TAKEOVER-RELEVANT DISCLOSURES

The corporate governance statement pursuant to Section 289a (1) of the German Commercial Code (HGB) forms part of the management report. The corporate governance statement can be found in the section "To our shareholders”, Corporate Governance Report.

The remuneration report comprises the principles that apply to the setting of total remuneration for the members of Wirecard AG's Management Board, and explains the structure and amount of the remuneration for the members of the Management and Supervisory boards. The remuneration report forms part of the management report and can be found in the section "To our shareholders”, Corporate Governance Report.

The takeover law disclosures (pursuant to Section 289 (1) and Section 315 (4) of the German Commercial Code [HGB]) form part of the management report and can be found in section "To our shareholders”, Corporate Governance Report.

1.4 BN

TOTAL ASSETS IN EUROS

26.7 BN

TRANSACTION VOLUMES IN EUROS

126 MN

EBITDA IN EUROS

482 MN

REVENUE IN EUROS

0.74

EARNINGS PER SHARE IN EUROS

Some numbers rounded

II Economic Report

1. GENERAL CONDITIONS AND BUSINESS PERFORMANCE

1.1. Macroeconomic conditions

Global economic conditions

In January 2014, the International Monetary Fund (IMF) quantified the previous year's global economic growth at 3.0 percent. Eurozone gross domestic product (GDP) in the fourth quarter of 2013 grew by 0.5 percent year-on-year, according to data published by Eurostat (statistical office of the European Union). Over the full course of 2013, Eurozone GDP is estimated to have decreased by 0.4 percent. Eurostat calculates 0.1 percent economic growth for the EU28.

With regard to Singapore, in October the IMF forecast 3.5 percent growth for 2013. Growth in the Asia5 states (Indonesia, Thailand, Malaysia, the Philippines and Vietnam) amounted to 5.0 percent in 2013, according to the IMF.

Sector-specific conditions

The European e-commerce market grew by an average of 11 to 12 percent in 2013, in line with expectations. Wirecard calculates this figure from the anticipated percentage growth figures from various market research institutes – such as Forrester Research and eMarketer – for commerce, tourism and digital goods in Western European countries. The European online travel market already accounted for an approximately 40 percent share of total tourism volumes in 2013, according to PhoCusWright.

1.2. Course of business in the period under review

Wirecard AG achieved its targets in the 2013 fiscal year. The company constantly expanded its portfolio of solutions and developed new projects with key accounts during the period under review. The trend toward internationalisation continued in the core e-commerce business. New customers include renowned manufacturers that are pursuing international e-commerce strategies.

Wirecard's key USPs include its combination of software technology and banking products, the global orientation of the payment platform, and innovative solutions that allow electronic payments to be processed efficiently and securely for customers.

The major share of Group sales revenues is generated on the basis of business relations with providers of merchandise or services on the Internet, who outsource their payment processes to Wirecard AG. This means that the conventional services for the settlement and risk analysis of payment transactions performed by a payment services provider and the credit card acceptance (acquiring) performed by Wirecard Bank AG are closely linked.

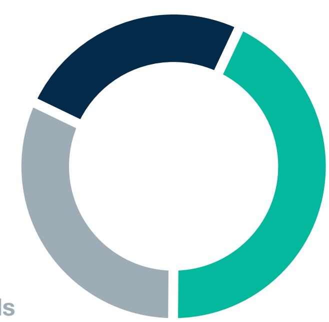
Economies of scale are inherent in the technical platform from the growing share of business customers who increase transaction volumes through acquiring bank services.

Fee income from the core business of Wirecard AG, namely acceptance and issuing means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. Transaction volumes in the 2013 fiscal year amounted to EUR 26.7 billion (2012: EUR 20.8 billion), reflecting 28.4 percent growth. At EUR 4.5 billion (previous year: EUR 2.2 billion), Asia comprised a 16.8 percent share of the total (2012: 10.6 percent). The 2013 year-average distribution among target sectors was follows:

Transaction volumes:

23.0 % Travel and Mobility

Airlines/Hotel chains
Travel sites/Tour operators
Cruise lines/Ferries
Car rental and transportation companies



43.7 % Consumer Goods

Distance trade (mail order) and brick and mortar shops
All sales channels – in each case physical products

33.3 % Digital Goods

Download (Music/Software)
Games
Apps/SaaS
Sports betting/Poker

Target sectors

With direct sales distributed across the company's target sectors, as well as technological expertise and service depth, Wirecard AG continued its operational growth in 2013, while at the same further extending its international network of cooperation and distribution partners.

The centralisation of cash-free payment transactions from different distribution and procurement channels on a single platform forms a unique selling point of the Wirecard Group. In addition to new business involving the assumption of payment processing, risk management and credit card acceptance in combination with ancillary and downstream banking services, significant cross-selling and up-selling opportunities exist in business with existing portfolio customers, contributing to consistent growth as business relationships expand.

Around 49 percent of consolidated revenue in the year under review was generated in the consumer goods segment (previous year: 49 percent). Digital goods accounted for around 34 percent of revenue (previous year: 32 percent), and tourism 17 percent (previous year: 19 percent).

Consumer goods

Numerous technology partnerships were forged in the year under review. Wirecard joined the SAP PartnerEdge program, for example, cooperating in the Payment Services area. A payment interface integrated into the ordering process of the SAP Business ByDesign Cloud solution was established through the Wirecard Gateway. Merchants can opt for the Wirecard payment function through the SAP Store.

The newly-concluded master agreement with Burda Digital GmbH comprises Hubert Burda Media's numerous e-commerce investments, providing an example of the Wirecard Group's extensive portfolio of B2C payment services solutions. This allows companies from Burda's Digital Division to opt for Wirecard services on agreed master terms.

In the fashion area, too, numerous new customers have also been integrated into the payment platform during the course of last year, including several internationally-recognised fashion labels and shoe brands.

Cooperation is gradually being further expanded with Esselte Leitz GmbH & Co. KG, for both B2B and B2C online shops. The product offering on Leitz-create.com addresses the trend toward product personalisation.

The Check24 comparison portal utilises the Wirecard payment platform to sell goods through www.testsieger.de, a neutral and independent marketplace with integrated price comparisons. With the DaWanda marketplace, the first customer was acquired that offers its shop operators registration and utilisation of various payment methods through the new Wirecard marketplace model. DaWanda utilises the price configurator as a co-branded solution in several European countries.

The Wirecard customer portfolio increasingly also includes companies that exclusively operate B2B online shops. The Berner Group, a customer since 2010, expanded its range of various online shops to 19 countries in 2013. International tyre and accessories retailer tyremotive GmbH also counts as one of our new customers in the B2B area.

Digital goods

Along with Sky Deutschland, the cooperation with the Tomorrow Focus AG platform Organize.me was integrated for payment processing, for example. In the sports betting area, Wirecard took over credit card payments for the offerings of Tipico Co. Ltd.

The Wirecard portfolio also proved persuasive to numerous European start-up companies, such as a provider of streaming-on-demand services that will launch its product on the German market in spring 2014. The Swiss company parku.ch, for example, aims to revolutionise inner-city parking.

One of Germany's traditional publishing brands, Klett-Cotta-Verlag, is utilising Wirecard payment processing for its online shop.

Travel and mobility

New customer trends in the target sector of travel and mobility continued to progress positively in 2013, and cooperation was expanded with many existing companies. Thomas Cook's existing agreement was extended to comprise Supplier and Commission Payments (SCP), a B2B accounting system that simplifies outgoing payment processes to service-providers.

In 2013, Wirecard also convinced a leading Latin American airline company, Copa Airlines, another member of Lufthansa's Star Alliance, of the benefits of its range of services and products. The airline deploys IATA's Billing and Settlement Plan (BSP) interface through the Wirecard Multi-Channel Payment Gateway. This allows the company to process its global ticket sales even faster and more simply.

As part of its planned joining of the oneworld alliance, Sri Lankan Airlines opted in the period under review for the service portfolio in the areas of credit card processing and acquiring, as well as risk management.

The customer portfolio among airlines includes other African companies such as Gambia Bird Airlines or the low-cost carrier Fastjet. Through the partnership that was forged last year with African Airlines Association (AFRAA), Wirecard is the first global payment service-provider to become a full member of this African aviation network.

AirClub, an association of nine private jet providers that enables joint bookings through a single website, also relies on the Wirecard payment platform. Instead of previously having to separately obtain price quotations from the different private jet providers, customers can now find the right flight through this website.

The customer base among bookings portals has now been joined by new customers Escapio, a hotel bookings portal that specialises in lifestyle and exclusivity.

Wirecard Bank AG has also been cooperating with UATP since 2013. Since then, Wirecard has offered process payment solutions for all UATP customers such as airlines, hotels, railway and travel companies. A UATP card project – a voucher program – has been agreed with Germany's second largest airline, airberlin, which already relies on the Wirecard Group's services for payment processing.

Business progress in Asia

Business with both existing and new customers developed very successfully in 2013. The range of services in Asia now spans payment transactions, network operating and technology services through to multichannel payment solutions for contactless and mobile payment transaction solutions, as well as Issue Processing (technical processing of card transactions).

The cooperation with EZ-Link Pte. Limited, Singapore, the largest national issuer of contactless cards for local public transport, was further expanded in the year under review, for example. Since 2012, Wirecard Asia has been supporting companies through its payment solution to top up mobile electronic radio chip cards using over the air OTA technology, irrespective of time or location. The world's first application to quickly top up credits on EZ-Link cards using Near Field Communication (NFC) with mobile handsets has been available since the start of December 2013 in Singapore. In collaboration with MasterCard and McAfee, the "My EZ-Link Mobile" application transforms NFC-enabled mobile phones into personal, portable topping-up stations. Since then, users of EZ-Link cards no longer need to top up their credits at travel ticket machines, but instead benefit from a rapid and secure way of topping up their travelcards – technologically realised by Wirecard.

Further regional merchants and banks, such as Indonesian bank Mandiri, were acquired through the Asian subsidiaries for multi-channel-enabled payment transaction solutions from Wirecard that enable them to not only process bricks and mortar transactions, but also to accept mobile and electronic Internet payments.

The positive trend in our Asian business is also characterised by technology transfers that enable our subsidiaries in Southeast Asia to expand their product portfolios. We are also already productively deploying technology developments in our Mobile Payments business area that are still in the process of launching in Europe.

Business process in Acquiring

Wirecard Bank generates most of its revenues within the Group through sister companies' sales structures. This comprises banking services for companies through card acceptance contracts and business and foreign currency accounts.

Forex management services are increasingly being provided for airlines and e-commerce providers who book incoming payments in various currencies as a result of their international business. This gives them a secure calculation basis, whether for settlement of merchandise and services in foreign currency or when receiving foreign exchange from concluded transactions.

Business progress in Issuing

Income in the Issuing division comprises B2B product lines such as the Supplier and Commission Payments solution, as well as B2C prepaid card products.

Last year, Lidl Dienstleistung GmbH & Co. KG mandated Wirecard Bank AG to issue and process its Lidl gift tokens. These cards, at fixed value levels, have been available for use since early December 2013 in more than 3,300 Lidl branches in Germany.

During the period under review, Wirecard Card Solutions Ltd. acquired numerous new customers for the issuing of debit cards, gift tokens and vouchers for retailers, and various payment cards for MasterCard. One of our sales partner, for example, issues consumer and corporate prepaid cards through its Ipagoo brand. A further example is the expansion of the business relationship with the company Think Money, which is now also offering its customers a special travel card. In addition, Vodafone Group, Orange and E-Plus utilise Wirecard Card Solutions as an issue as part of their mobile payment initiatives.

Business progress in Mobile Payment

In the fiscal year elapsed, the Wirecard Group pushed ahead with the development and launch of its innovative products and solutions in the Mobile Payment area. These allow providers to offer secure payments through mobile devices, providing users with a constantly growing number of value added services. Wirecard AG technologies stand for the transparency and simplicity of these payment services. The couponing and loyalty system that is integrated into the issuing platform provides voucher and customer loyalty programs that are directly connected with card transactions. Since November 2013, the couponing and loyalty system has also been available for mobile payment in connection with white label card programs and smartphone applications.

The year 2013 also marked the commercial launch of further initiatives for mobile payment. Negotiations also commenced with other telecommunications providers. In addition, Wirecard expanded its cooperation with existing contractual partners to include technical solutions for added value couponing and loyalty services.

In Europe, telecommunications service-providers are offering digital wallets for smartphones, which, as platforms, combine payment functions with numerous services, such as ticketing, or loyalty and couponing. Wirecard supports most of these initiatives, which are either combined with Visa or MasterCard solutions, or based on Near Field Communication (NFC) technology.

We announced our strategic alliance with the Vodafone Group during the period under review. This alliance is based on creating, implementing and processing all of its technical mobile payment process, and on issuing virtual and physical co-branded Visa cards. Wirecard Card Solutions Ltd., a member of Visa Europe, is the card issuing bank. The Vodafone payment service was launched in Spain and Germany in 2013, and is gradually being rolled out in other countries. The cooperation with Wirecard spans several relevant European countries.

Orange, France's largest mobile telephony provider, presented its new mobile "Orange Cash" payments service in France at the end of 2013. As part of the strategic alliance, Wirecard will provide the technical platform needed to manage the mobile payment application. This allows consumers to pay just with their mobile handsets at any contactless Visa terminal. Wirecard Card Solutions Ltd., a member of Visa Europe, is the card issuing bank. Orange will rely on Wirecard's loyalty and couponing platform to launch mobile value-added services. Following initial tests with end-customers last year, the payment service was officially rolled out in early 2014 in Strasbourg and Caen. These two cities are pioneers for the use of Near Field Communication in France. Orange Cash will be launched nationwide in 2014.

The "Mobile Wallet" app solution from E-Plus will also be launched among the company's brands and partners from spring 2014. For its various brands, E-Plus is cooperating with Wirecard as the issuer of a digital maestro credit card for the wallet that allows consumers to make payments at all contactless acceptance points.

In October 2012 Telefónica Germany was the first network operator in Germany to introduce mobile and contactless payments using NFC stickers. Our cooperation with Telefónica Germany was expanded in 2013 to include, for example, new solutions for direct bank transfers from smartphone to smartphone (person-to-person). This is backed by technical implementation by Wirecard AG, which provides the processes that Telefónica requires, such as payment processes, and adding the virtual "mpass O2 Wallet Card" to NFC-enabled SIM cards.

Payment through the mpass payment system has also been possible in German online shops since 2013. With the acquisition of e-commerce merchants, Wirecard has also started to enable mpass users to pay for digital and physical goods with mpass using a simplified option delivered through integration provided by Wirecard.

As a consumer company in the mPoS area, payleven is oriented mainly to smaller and medium-sized companies. Wirecard has established a white label program that enables partners from the financial or telecommunications areas to offer mPoS solutions under their own brand. payleven and Wirecard are working jointly on expanding innovative point-of-sale payment solutions.

Business progress in Call Center & Communication Services

Wirecard Communication Services GmbH concentrates primarily on providing services to the Wirecard Group.

The hybrid call centre structure, in other words, the bundling of virtual stationary call centres with stationary ones, also enables third-party customers of "premium expert services" to benefit in the following segments:

- Financial Services
- First & Second Level User Helpdesk (specifically in the field of console, PC and mobile games as well as commercial software, security and navigation)
- Mail order/direct response TV (DRTV) and targeted customer service (outbound)
- Market and opinion research/Webhosting

Wirecard Communication Services further expanded its partnerships with existing customers in the TV shopping area in the fiscal year elapsed, and acquired new customers from the financial sector, as well as from the further training sector for call centre services.

As part of agreements with telecommunications service-providers, the call centre is currently rendering services for Telefónica Germany, the Vodafone Group as well as Orange.

2. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Wirecard AG generally publishes its figures in thousands of euros (kEUR). The use of rounding means that it is possible that some figures do not add up exactly to form the totals stated, and that the figures and percentages do not exactly reflect the absolute values on which they are based.

2.1. Results of operations

In the fiscal year 2013, Wirecard AG reported further significant growth in both revenue and operating profit.

Revenue trends

In the fiscal year 2013, consolidated revenues grew by 22.1 percent from kEUR 394,601 to kEUR 481,744.

Revenue generated in fiscal year 2013 in the core segment of Payment Processing & Risk Management stemming from risk management services and the processing of online payment transactions increased by 26.3 percent from kEUR 278,206 to kEUR 351,398.

The share of the Acquiring & Issuing segment of total consolidated revenue grew by 20.9 percent in the fiscal year 2013 to reach kEUR 169,928 (2012: kEUR 140,510), of which the share from Issuing amounted to kEUR 39,209 in the fiscal year 2013 (2012: kEUR 32,439).

Revenue from Acquiring & Issuing in the fiscal year 2013 primarily comprised commissions, interest from financial investments and income from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. This entails investing customer deposits to be invested by the Wirecard Bank and Wirecard Card Solutions (fiscal year 2013: kEUR 260,231; 31 December 2012: kEUR 241,893) being held exclusively in sight deposits, overnight deposits, fixed-term deposits, as well as the base liquidity in variable-rate bearer bonds and borrower's note loans of selected issuers with a minimum (A-) investment-grade rating, partially with a minimum interest rate. In addition, the Group prepares its own risk valuation for the counterparty.

The interest income generated by the Acquiring & Issuing segment in the fiscal year 2013 totaled kEUR 3,245 (2012: kEUR 3,313), and is recognised as revenue. Accordingly, it is not included in the Group's net financial income but is also reported here as revenue. It comprises interest income on investment of own as well as customer deposits (deposits and acquiring money) with external banks.

The Call Centre & Communication Services (CC&CS) segment generated revenues of kEUR 4,797 in the period under review, compared with kEUR 4,774 in the fiscal year 2012.

Trends in key cost items

Other own work capitalised primarily comprises the continued development of the core system for payment processing activities as well as capital expenditure on Mobile Payment projects. In this regard, own work is only capitalised if it is subject to mandatory capitalisation in accordance with IFRS accounting principles. Capitalisation entries amounted to a total of kEUR 20,727 in the fiscal year 2013 (2012: kEUR 10,260). It is corporate policy to value assets conservatively and to capitalise them only if this is required in terms of international accounting standards.

The Group's cost of materials increased in the fiscal year elapsed to kEUR 288,111, compared to kEUR 229,785 in the previous year. The cost of materials essentially comprises charges of the credit card issuing banks (Interchange), charges to credit card companies (e.g. MasterCard and Visa), transaction costs as well as transaction-related charges to third-party providers (e.g. in the field of Risk Management services and Acquiring). It also includes expenses for payment guarantees and factoring. In the field of acquiring it comprises commission costs for external distributions.

At the segment of Acquiring & Issuing, the cost of materials comprises expenses incurred by the Acquiring, Issuing and Payment divisions such as Interchange, and primarily processing costs for external services providers, production, personalisation and transaction costs for prepaid cards and the payment transactions effected with them, and account management and transaction charges for keeping customer accounts. In the fiscal year 2013, the cost of materials, unadjusted for consolidation effects, amounted to kEUR 112,007 at Wirecard Bank AG, compared with kEUR 88,945 in the prior-year period.

Gross profit (revenue including other own work capitalised less cost of materials) increased by 22.4 percent to kEUR 214,360 in the fiscal year 2013 (2012: kEUR 175,077).

Group personnel expenses rose to kEUR 48,190 in the fiscal year 2013, up by 30.0 percent year-on-year (previous year: kEUR 37,076). The consolidated personnel expense ratio increased by 0.6 percentage points year-on-year to 10.0 percent. The growth in personnel expenses is due to the acquisitions made and the new hires in connection with the Mobile Payment projects, which also restrict the comparability of this item.

Other operating expenses mainly comprise the costs of legal advice, expenses entailed in preparing financial statements, consulting and related costs, office costs, sales and marketing expenses, and personnel-related expenses. These also include costs for external employees and consultants, especially as employed in Mobile Payment projects. These amounted to kEUR 47,387 within the Wirecard Group in the fiscal year 2013 (2012: kEUR 33,104), consequently equivalent to 9.8 percent of revenue (2012: 8.4 percent). This also includes costs of developing the Mobile Payment projects. This restricts the comparability of this item.

Amortisation/depreciation stood at kEUR 27,410 in the fiscal year 2013 (2012: kEUR 15,649). Amortisation and depreciation rose year-on-year in the fiscal year 2013, mainly due to investments realised in property, plant equipment, Mobile Payment projects, and as a result of the acquisitions of companies and assets.

Other operating income comprised primarily income from acquisitions, the release of provisions and income from contractual agreements, and amounted to kEUR 7,174 at Group level in the fiscal year 2013, compared with kEUR 4,333 in the previous year.

EBITDA trends

The pleasing earnings growth is due to the increase of the transaction volume processed by the Wirecard Group, economies of scale from the transaction-oriented business model and from the increased use of our banking services.

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the fiscal year 2013 by 15.3 percent, from kEUR 109,231 in the previous year to kEUR 125,957. The EBITDA margin amounted to 26.1 percent in the fiscal year 2013 (2012: 27.7 percent).

The EBITDA of the segment Payment Processing & Risk Management stood at kEUR 98,019 in fiscal year 2013 and grew by 18.7 percent (2012: kEUR 82,608). The Acquiring & Issuing segment accounted for kEUR 27,752 of EBITDA in the fiscal year 2013 (2012: kEUR 26,263), and the Issuing segment generated kEUR 11,542 (2012: kEUR 11,329) of EBITDA in the fiscal year 2013.

This growth was at the expected level. At the start of 2013, the Group forecast that it would achieve earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 120 million and EUR 130 million in the 2013 fiscal year.

Financial result

The financial result amounted to kEUR – 4,223 in the fiscal year 2013 (2012: kEUR – 2,446). Group financial expenses stood at kEUR 5,810 in the fiscal year 2013 (2012: kEUR 5,091) and resulted primarily from loans taken out for past corporate acquisitions and the revaluation of financial assets. Financial income does not include interest income generated by the Wirecard Bank and Wirecard Card Solutions Ltd., which must be reported as revenue in accordance with IFRS accounting principles.

Taxes

Owing to the international orientation of the business, the cash tax rate (excluding deferred taxes) amounted to 14.2 percent in the fiscal year 2013 (2012: 17.8 percent). Including deferred taxes, the tax rate came to 12.3 percent (2012: 19.6 percent).

Earnings after tax

Earnings after tax in the fiscal year 2013 increased by 12.9 percent year-on-year, rising from kEUR 73,297 to kEUR 82,729.

Earnings per share

The average number of shares in issue on an undiluted basis amounted to 112,199,638 shares in the fiscal year 2013 (2012: 110,167,899 shares). Basic (undiluted) earnings per share stood at EUR 0.74 in the fiscal year 2013 (2012: EUR 0.67).

2.2. Financial position and net assets

Principles and objectives of financial management

The primary objectives of finance management are to secure a comfortable liquidity situation at all times along with operational control of financial flows. The Treasury department is responsible for monitoring currency hedges. Following individual inspections, risks are restricted by additional deployment of financial derivatives. As in the previous year, currency options were deployed as financial derivatives to hedge revenues in foreign currencies in the period under review. It has been stipulated throughout the Group that financial derivatives should not be deployed for speculative purposes (see Management report III. Report on outlook, opportunities and risks, Chapter 2.8 Financial risks).

Capital and financing analysis

Wirecard AG reports equity of kEUR 608,411 (31 December 2012: kEUR 541,730). Due to the nature of our business, the highest liabilities to merchants exist in the field of credit card acquiring and customer deposit-taking as part of banking operations. These have a substantial effect on the equity ratio. The commercial banks that granted Wirecard AG loans as at 31 December 2013 amounting to kEUR 233,051 at variable interest rates of between 1.22 and 3.95 percent do not include these items in the credit agreement concluded in 2013 in their equity capital calculations due to the circumstances surrounding this particular business model. According to Wirecard AG, this calculation reflects a true and fair view of the company's actual position. These banks determine Wirecard AG's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the balance sheet. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting customer deposits, the Acquiring funds of Wirecard Bank and the reduction in equity from the audited total assets, and leasing liabilities are added again to these total assets. This calculation gives an equity ratio of 57.8 percent for Wirecard AG (31 December 2012: 58.6 percent).

Capital expenditure analysis

The criteria for investment decisions in the Wirecard Group generally comprise the capital employed position, the securing of a comfortable cash and cash equivalents position, the results of an in-depth analysis of both potential risks and the opportunity/risk profile, and the type of financing (purchase or leasing).

Depending on the type and size of the capital expenditure, the temporal course of investment return flows is taken fully into account. In the period under review, capital expenditure was essentially utilised for strategic and M&A transactions totalling kEUR 82,559, and for strategic customer relationships in the amount of kEUR 17,472. Capital expenditure for externally developed software amounted to kEUR 10,169 and capital expenditure for internally developed software totalled kEUR 20,727.

Liquidity analysis

Current customer deposits are fully due and payable on a daily basis, and are reported on the equity and liabilities side of the Wirecard consolidated financial statements among other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. Separate accounts have been set up for customer deposits on the assets side of the balance sheet (31 December 2013 kEUR 260,231; 31 December 2012: kEUR 241,893). These may not be used for any other business purposes. Given the total amount of the customer deposits, securities (so-called collared floaters and current interest-bearing securities) with a nominal value of kEUR 100,311 (31 December 2012: kEUR 128,425) are held, and deposits with the central bank, and sight and short-term time deposits with banks are maintained in an amount of kEUR 165,016 (31 December 2012: kEUR 118,036). These are reported in the Wirecard Group under the balance sheet items of "cash and cash equivalents", "non-current financial and other assets" and "current interest-bearing securities". They are not included in the financial resource fund. This amounted to kEUR 311,073 as of 31 December 2013 (31 December 2012: kEUR 239,696).

As far as the liquidity analysis is concerned, it should also be noted that liquidity is influenced by balance sheet date effects because of the company's particular business model. The liquidity which Wirecard receives from its merchants' credit card revenues and which it will pay out to the same merchants in future is available to the Group for a transitional period. It should be particularly noted in this context that a very sharp increase in the operational cash flow in the fourth quarter of 2013, which was essentially due to delayed payouts on account of the public holidays, a countervailing trend is expected in the 2014 cash flow.

To enhance transparency and illustrate this influence on cash flow, Wirecard AG, in addition to its usual presentation of cash flows from operating activities, reports a further cash flow statement that eliminates items that are of a merely transitory nature. These supplement help to identify and present the cash-relevant portion of the company's earnings.

The cash flow from operating activities (adjusted) amounting to kEUR 107,452, clearly shows that Wirecard AG had a comfortable volume of own liquidity to meet its payment obligations at all times.

Interest-bearing liabilities are mostly non-current, and were utilised for realised M&A transactions and for investments in Mobile Payment projects. As a result, the Group's interest-bearing bank borrowings increased by kEUR 138,081 to kEUR 233,051 (31 December 2012: kEUR 94,970). Wirecard AG has EUR 364 million of lending commitments (31 December 2012: EUR 151 million). Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 132 million are consequently available (31 December 2012: EUR 57 million). Lines for guarantee credit facilities are also available in an amount of EUR 24.5 million (31 December 2012: EUR 29 million), of which an unchanged amount of EUR 17 million has been utilised.

Net assets

Assets reported in the balance sheet of Wirecard AG increased by kEUR 302,636 in the fiscal year 2013, rising from kEUR 1,127,884 to kEUR 1,430,520. In the period under review both non-current and current assets grew, with the latter increasing from kEUR 668,009 to kEUR 839,462. In addition to last year's investments in operating business growth, the changes are primarily due to the consolidation of the assets and liabilities acquired as part of the purchase of Newcastle Building Society's prepaid card portfolio. This has caused various balance sheet items to increase substantially. As a result, comparability is only possible to a limited extent. This particularly comprises the asset items of "intangible assets", "goodwill" and "customer relationships", as well as the "receivables" and "cash and cash equivalents" items, and, on the equity and liabilities side of the balance sheet, the item "trade payables".

In addition to the assets reported in the balance sheet, the Wirecard Group also has unreported intangible assets, such as software components, customer relationships, human and supplier capital and others.

2.3. Overall statement on the business situation

Wirecard AG met its intended objective of achieving profitable growth in the fiscal year 2013. With after-tax earnings of kEUR 82,729, earnings per share of EUR 0.74 (diluted) and EUR 0.74 (basic) and an equity ratio of 42.5 percent, the Wirecard Group has a solid financial and accounting basis for the current fiscal year.

In 2014, the Wirecard Group intends to continue its return-oriented growth path. With a growing number of customer relationships and rising transaction volumes additional economies of scale are expected to arise from the transaction-oriented business model, long with substantial synergies with our banking services. As a consequence, the company is forecasting earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 160 million and EUR 175 million for the 2014 fiscal year.

3. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

3.1. Events of particular importance

Corporate takeover

Wirecard Sales International GmbH, headquartered in Aschheim, gained control of PT Aprisma Indonesia, headquartered in Jakarta, Indonesia, as of 3 February 2014.

Announcements pursuant to Section 15 of the German Securities Trading Act (WpHG)

Wirecard AG published its preliminary FY 2013 results with an ad hoc announcement on 20 January 2014. At the same time, the forecast EBITDA for 2014 was also published, which is expected to lie in a range between EUR 160 million and EUR 175 million.

With ad hoc announcements published on 25 and 26 February 2014, details of the capital increase from authorised capital were published:

On 25 February, the Management Board, with Supervisory Board approval, passed a resolution to increase the capital stock from authorised capital by EUR 11,198,345.00, from EUR 112,292,241.00 to EUR 123,490,586.00, through issuing 11,198,345 new ordinary bearer shares, each with a notional interest in the capital stock of EUR 1.00, against cash contributions. The new shares are dividend-entitled from 1 January 2013. With Supervisory Board approval, the Management Board excluded shareholders' subscription rights to these new shares. The new shares were offered to institutional investors by way of an accelerated bookbuilding process. On 26 February, the Management Board of Wirecard AG fixed the offer price at EUR 32.75 for the accelerated placing of shares arising from the capital increase that was approved on the previous day. As part of the capital increase, a total of 11,198,345 new shares were successfully placed with institutional investors. MB Beteiligungs GmbH, whose sole shareholder is Dr. Markus Braun, Management Board Chairman (CEO) of Wirecard AG, subscribed for 750,000 shares from the capital increase. The company received around EUR 367 million of gross issue proceeds from the capital increase. On 28 February 2014, the new shares were included in the existing listing on the Regulated Market of the Frankfurt Stock Exchange, and in the sub-segment of the Regulated Market entailing additional listing duties (Prime Standard).

Announcements pursuant to Section 25a (1) and Section 26 (1) of the German Securities Trading Act (WpHG)

(Notified to the company after the end of the reporting period) Details on the website ir.wirecard.com/financial-news

3.2. Impact on net assets, financial position and results of operations

Wirecard Sales International GmbH acquired control of PT Aprisma Indonesia, headquartered in Jakarta, Indonesia, as of 3 February 2014. The purchase price to be paid as part of this transaction, including the adoption of liabilities, amounts to a total of EUR 73 million, plus two earnout components that are measured on the basis of the operating earnings of the acquired company in the years 2014 and 2015, and can amount to a total of EUR 14.5 million.

A contribution to consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of around EUR 6.5 million is forecast for the 2014 year. Integration costs of EUR 1.0 million are also expected. The closing of this transaction required relevant Indonesian regulatory approval. The acquisition of all shares in the company had already been agreed on 27 November 2013.

Further details can be found in Section 1.1 Corporate merges of the recent financial year in the notes to the consolidated financial statements.

160–175 MN

FORECAST EBITDA FOR 2014 FISCAL YEAR

12%

E-COMMERCE GROWTH IN 2014

64%

OF ALL SMARTPHONES
TO BE NFC-ENABLED BY 2018
(2013–13 PERCENT)

ALMOST 50%

OF E-COMMERCE TRANSACTIONS TO BE REALISED VIA TABLETS AND SMART-PHONES BY 2018 (EU-7)

WORLDWIDE 9.9 BN

CONTACTLESS TRANSACTIONS VIA MOBILE PHONES BY 2018

Sources in the management report

III Forecast and report on opportunities and risks

1. FORECAST

1.1. Underlying economic conditions in the next two fiscal years

In its forecast published in January 2014, the International Monetary Fund (IMF) expects the global economy to report more robust growth in 2014 at 3.7 percent, followed by 3.9 percent in 2015. Compared with the IMF's previous forecast published in 2013, this comprises a significant upgrade of 0.8 percentage points for 2014 and 0.3 percentage points for 2015. As far as the Eurozone is concerned, the IMF sees economic output growing by 1.0 percent this year, and by 1.4 percent in 2015.

The European Commission currently assumes 1.2 percent economic growth of the Eurozone this year, and 1.5 percent for the European Union (EU28). With a look to 2015, the Eurozone growth forecast currently stands at 1.8 percent, and at 2.0 percent for the EU28. The Commission holds a similar outlook for Germany. Following 1.8 percent growth in 2014, it sees a more significant increase of 2.0 percent in 2015.

In its last forecast on the Singapore metropolitan region issued in October 2013, the IMF predicted 3.4 percent economic growth for 2014. The Asia5 countries (Indonesia, Malaysia, Philippines, Thailand and Vietnam) rank among the high-growth regions with a forecasted GDP growth of 5.1 percent in the current year, and 5.6 percent next year.

1.2. Future sector situation

Europe continues to comprise Wirecard AG's core market. Based on an aggregation of forecasts for Europe published by market research institutions such as eMarketer, Forrester Research, PhoCusWright, the German E-Commerce and Distance Selling Trade Association (BVH), the German Retail Trade Association (HDE) and others, Wirecard AG anticipates the European e-commerce market to grow by around 12 percent in 2014 – calculated across all industries.

On a global basis, American market research firm eMarketer identifies increasing user classes, both online and mobile, in emerging economies as enormous growth factors. This is directly connected with better logistics options, and varied alternative payment options, as well as the entry of leading brand manufacturers into new international markets.

Millions of consumers in Singapore, Indonesia, Vietnam, Malaysia and Thailand are now being reached indirectly with payment processing solutions through the Wirecard Group's East Asian subsidiaries. Wirecard is also already very well positioned in East Asia's growth markets through early investments in companies that base their growth on the latest technologies for multi-channel-enabled payment transaction solutions. Multinational companies' global e-commerce strategies increasingly prioritise access to local payment networks.

New trends drive the e-commerce market

Online suppliers and merchants are focusing to an increasing extent on several sales channels. Such multichannel sales approaches are also being boosted by the highly dynamic advance of mobile devices. This is being joined directly by a new trend: "omni-channel", also referred to as "cross-channel". In the omni-channel approach, both the offline and online channel business processes are interconnected in the background, whether payments, logistics or merchandise management – irrespective of from which channel the customer orders or pays, and irrespective of whether the article is to be delivered or collected. The merchant's IT infrastructure responds flexibly allowing the "customer journey" – the customer's experience from ordering through to product delivery – thereby running seamlessly and without media interruptions. The aim is to offer end-customers a uniform brand experience irrespective of channel.

Internationalisation comprises a further trend – and not just within Europe. Whereas merchants placed European countries at the heart of their expansion strategies just two years ago, today they also include other continents.

In its study on trends entitled "Predictions 2014: Global eCommerce Mandates Multiple Touchpoints and Business Models", Forrester Research notes that global e-commerce will continue to witness dynamic growth in 2014. "The Face of Global eCommerce Will Evolve in 2014". It should be noted in this context that, in the tourism and airline industries, as well as in the sale of digital goods and services, globalisation – excluding logistics processes – was very easy to realise from the outset.

Opportunities arising from trends in underlying conditions

The Wirecard Group's international orientation and innovation prowess will form key foundations for sustainable corporate growth in the next two fiscal years.

Wirecard stands for the development of global e-commerce and supports the advancing digitalisation of life with payment processes that can be integrated seamlessly. In order to structure the integration of Wirecard solutions even more simply for internationally-operating companies, the aim is to enter into global IT cooperation ventures, such as with the Amadeus IT Group or Demandware.

1.3. Prospects in target sectors

Consumer goods

The advancing convergence of bricks-and-mortar and online retailing will be impacted by consumers' diverging and varying spending patterns. Mobile devices have long turned conventional strategies upside down.

In its "Mobile And Tablet Commerce Forecast, 2013 to 2018 (EU-7)" study, Forrester Research forecast that almost half of all e-commerce transactions in the EU7 countries will be made via tablets and smartphones by 2018. Merchants are being recommended to optimise their online shops for the respective devices.

According to Forrester Research, the average annual growth in European online trading will stand at 12 percent up to the year 2017: "European Online Retail Forecast: 2012 to 2017: Economic Instability Across Europe Will Do Little To Slow Retail eCommerce Growth".

Integrated processes are called for in order to contact customers at various online and offline touch-points. A flexible range of payment solutions then becomes an important instrument generating customer loyalty. Wirecard's flexible solutions address these necessities with pinpoint precision – from back-office interfaces in a merchant's existing infrastructure to a seamlessly integrated, PCI-compatible checkout payment page – fully customized to the shop's corporate design. Supplementary fraud prevention solutions link various methods with intelligent rules sets and decision-making strategies that allow transactions to be checked before being completed. Individual industry-specific and transaction-specific parameters are included in this process. Merchants can identify different fraud patterns in good time, and take well-grounded decisions on whether they accept or reject a purchase. The further development of automated Wirecard risk management solutions provides a reliable basis for merchants, such as the "Trust Evaluation Suite" expansion for 360-degree monitoring of consumers in real time.

Digital goods

Digital business continues to offer tremendous potential – now and in future - thanks to the rapid pace of innovation. Continued growth in software downloads and software-as-a-service (SaaS) volumes is also expected.

Forrester Research has analysed the growth of the global technology sector in its "Global Tech Spending Forecast 2014" study. It sees Software as a Service Apps (SaaS apps), mobile services, and Business Intelligence and Analytics growing by 5.5 percent this year.

Due to the strong dissemination of smartphones and tablets, Gartner Group estimates the growth potential of the mobile gaming market by 2015 at 30 percent in average per year.

Travel and mobility

Innovations in the mobile area are also impacting tourism companies, tour operators and airlines that wish to communicate more closely with their customers through different channels in the future. Cross-channel sales possibilities will prospectively boost demand for integrated payment transaction processing.

According to forecasts by the leading market research company for the travel industry, PhoCusWright, the European online travel market will grow by eight percent by 2015 (PhoCusWright's "European Online Travel Overview Ninth Edition").

In its "Asia Pacific Online Travel Overview Sixth Edition" report, PhoCusWright estimates that internet-enabled mobile devices could increase the share of online bookings in the APAC region from 24 percent to 31 percent by 2015.

Wirecard AG has an excellent market position thanks to its strategic alliances and interfaces to all of the key industry-specific providers in the tourism segment, for example booking engines and also globally-networked booking systems, and this position allows it to acquire airlines, transport companies, online travel portals and tour operators as customers.

European credit and debit card market

The "European Payment Cards Yearbook 2013 – 2014", which compiles data from 33 Continental European countries, calculated that 929.3 million credit and debit cards were in issue at the end of 2012, representing a 4 percent year-on-year increase. The number of debit cards, which also includes prepaid cards, predominates at around 635.4 million units (previous year: 600 million).

Many European banks already issue prepaid Visa and MasterCards in order to address young target groups or individuals who do not have access to standard credit cards. Visa Europe and MasterCard, the market leaders for credit and debit card brands in Europe, have driven contactless payments with their Visa PayWave and MasterCard PayPass initiatives. The proportion of cards enabling secure contactless payment transactions in bricks-and-mortar retail via Near Field Communication (NFC) will further increase in the coming years with the spread of NFC-enabled terminals. In addition, contactless payments will enjoy particularly dynamic growth as a result of the rapid increase in the prevalence of mobile wallets.

Cost of cash

It is expected that cash payments at points-of-sale (PoS) will undergo a marked decline over the coming years as part of a shift to payments by card. On the merchant side, this trend is being mainly driven by cash handling costs. The costs for cash in circulation amount to around EUR 12.5 billion per year, according to a study conducted by Steinbeis University Berlin (SHB). In Germany, cash payments at PoS dominated at 57.2 percent of Euro volumes in 2011, compared with 39.7 percent for card payments.

This trend is also supported by efforts from the European Commission to significantly cut card transaction fees for merchants.

Mobile Payments

The term "Mobile Payments" is generally used to refer to the entire bandwidth of different payment processes. This includes payments using NFC-enabled smartphones at the point of sale as well as payments of goods and services using mobile browsers or in mobile applications. Credit and debit cards are playing an increasingly important role in all of these methods, as its international nature, high level of standardization, ease-of-use and, last but not least, widespread use prove key factors.

The next step is to link cards with mobile phones, whether through a mobile application connected to the card via a server, by storing credit card data in an NFC-enabled mobile telephone, or as the latest development via NFC-Host Card Emulation technology. Even mobile telephones that are not state-of-the-art can utilise NFC stickers as a bridging technology. Telecommunications companies in Europe are preparing the path for payments using smartphones in bricks-and-mortar stores.

The technical link between the card and the smartphone app contributes “intelligence” – enriching and enhancing the app with additional information. The result is substantial added value for end customers and also for card issuers and their partners: for example an overview of the transactions, interaction with social networks, direct communication between the issuer and the cardholder, personalised services such as coupons, location-based services, offers as part of customer loyalty solutions, instalment payments and other financial services.

Within the Wirecard Group, decisive competitive advantages have been achieved in the area of mobile payment services and associated added value services. Numerous products – whether mobile wallets, the mobile POS solution Card Reader, and mobile payment applications – are already deployed on various European markets through Wirecard cooperation partners. Further product launches will follow over the course of the year.

Due to its modular construction, the Wirecard Mobile Wallet Platform offers the requisite flexibility, especially when it comes to integrating it into different transmission technologies such as Near Field Communication (NFC), both in a classic SIM-based and in a Host Card Emulation Environment (HCE), as well as Quick Response Code (QR Code) or Bluetooth Low Energy (BLE).

From today's perspective, Near Field Communication (NFC) enjoys the widest distribution with regard to the future consumer use of smartphones for contactless and non-cash PoS payments. The NFC capture technology currently operates the largest infrastructure in Europe. Visa Europe had already registered 1.3 million contactless acceptance points by early 2014. In a recent study "Mobile Contactless Payments: NFC, iWallet & Host Card Emulation 2014-2018", Juniper Research Limited forecasts up to 9.9 billion mobile contactless transactions by 2018, reflecting a tripling compared with estimates for 2014. Host Card Emulation (HCE) will make NFC transactions flexible in the future because it will no longer be necessary to implement the secure element within the SIM card of the hardware or mobile device. Wirecard has recently presented a new solution based on this technology.

The research institute IHS Technology, a specialist in the telecommunications industry, forecasts that NFC technology will be integrated as standard on 64 percent of all smartphones by 2018. This level stood at a mere 18.2 percent in 2013. With the rapidly advancing dissemination of NFC-enabled cash terminals and NFC-enabled smartphones, the utilisation of mobile wallets is likely to grow sustainably.

Prospects in the call centre and communications areas

The services Wirecard Communication Services GmbH offers in this segment are mostly performed for the Wirecard Group. This business unit, however, also supports third-party customers who operate their own call centres, allowing them to outsource operations during peak periods thanks to a hybrid call centre structure that bundles a bricks-and-mortar call centre with a virtual call centre. Wirecard Communication Services is excellently positioned for international user support in particular, with 16 foreign languages on offer, and year-round and round-the-clock availability helping it to acquire additional new customers.

1.4. Future Group orientation

Groups orientation in the next two fiscal years

The future growth and positioning of the Wirecard Group is geared to a primarily organic growth strategy and is based on the measures realised to date.

The primary core service of cash-free payment processing and acceptance is constantly being supplemented with tailored services, and internationalised in line with market trends.

Planned changes to business policy

No major changes to business policy are planned for the current year or next year. Wirecard AG's activities focus on continuous investments in expanding the range of products and services in order to expand the value chain in our core business. The mobile payment business field link seamlessly with the Group's fundamental strategic orientation.

Future sales markets

Most of Wirecard AG's growth in 2014 and 2015 will derive from the core European market. The Group is also continuing the expansion of its market position in Asia. The strategy of offering an international presence with locally networked units and providing multinational card and payment acceptance agreements is paying off. The Wirecard platform offers locally and globally relevant payment methods. This product range is to be continuously expanded.

Future application of new methods, products and services

The Group manages product development activities with its respective in-house business analysts along the product lines that are in place: card-based payment methods, alternative payment methods, risk management and fraud prevention, as well as issuing (card products). New growth potentials are to be exploited from existing technology and innovative new developments with the Mobile Services business area that has been added in 2012. The development of new products and services, including together with our partners, is also being constantly advanced. Organic growth continues to be based on innovative prowess, a competitive range of products and services, and strength in rapidly implementing industry and customer-specific requirements. The ability to link state-of-the-art software technology with banking products allows the Group to pursue its strategy of constantly expanding the Group's value chain. As a technology-agnostic company, Wirecard AG operates flexibly across interfaces or transmission formats by way of its modular platform. Wirecard AG's technology platform also forms the core of all the mobile payment solutions activities.

In order to ensure constant expansion of our payment acceptance offering – whether for card-based or alternative methods – market relevant solutions are to be constantly integrated into the platform.

1.5. Expected financial position and results of operations

Financial position

Wirecard's financial position will retain its current solid structure, including a comfortable equity ratio, over the next two years. This intention also presupposes a dividend payout of EUR 0.12 per share that is to be proposed to this year's Annual General Meeting.

The Management Board retains its principle of continuing to finance future investments and potential acquisitions either from its own cash flow, equity, or an appropriate deployment of debt funding. A strategic objective is to utilise bank borrowings to only a moderate extent, mainly in connection with M&A transactions. To this end, we establish long-term relationships with banks, in order to guarantee the requisite flexibility for both our operating business, and also in the form of master credit agreements for M&A transactions.

Potential acquisitions are analysed and assessed under stringent conditions in this regard. During such reviews, the focus is on profitability and sensible additions to the existing product range and customer portfolio. We are convinced that our strategy of integrating providers of payment transactions, network operations and technology services in high-growth economic regions in Asia into our corporate group will prove successful in the long term.

Financial performance

EBITDA comprises Wirecard AG's central operating financial performance indicator. This sets benchmarks across the entire company, from financial controlling through to assessing individual divisions' profitability. For this reason, the 2014 earnings forecast is also based on the key performance indicator of EBITDA.

Taking the announced investments into account, we are forecasting EBITDA of between EUR 160 and 175 million for the 2014 fiscal year. This forecast is based on:

- growth in the e-commerce market
- the increase in the transaction volume processed with existing and new customers for the Wirecard Group
- first sales revenue contributions from the new Mobile Payment business areas
- economies of scale from the transaction-oriented business model
- cross-selling effects with existing customers
- expanding issuing and bank services
- earnings contributions from the M&A transactions that were realised in 2013

The forecast does not include potential effects from potential corporate acquisitions. We are also forecasting continued positive positions in terms of revenues and results of operations for the following year.

As a result of the strong demand for international solutions, our unique links between technology and innovative banking services and current customer projects, and our progressing expansion, we are convinced that the Wirecard Group will grow faster than the e-commerce market in 2014.

In addition, we believe that new products and the further development of existing products, as well as boosting the efficiency of operational workflows, is expected to have a positive impact on business results. Stringent cost management will continue to play a key role in this regard.

2. REPORT ON OPPORTUNITIES AND RISK

The following chapter explains the systems deployed by the Wirecard Group for risk management purposes and comprises a list of the essential risk categories, as well as the relevant specific risks with which the Group perceives itself to be confronted.

2.1. Risk-oriented corporate governance

For the Wirecard Group, the deliberate assumption of calculable risks and the consistent exploitation of the opportunities associated with these risks form the basis of its business practice as part of scope of value-based corporate management. With these strategies in mind, the Wirecard Group has implemented a risk management system that constitutes the foundations for risk-oriented and earnings-oriented corporate governance.

In the interests of securing the company's success on a long-term and sustainable basis, it is consequently indispensable to identify, analyse, assess and document critical trends and emerging risks at an early stage. Where it makes economic sense, the aim is to adopt corrective countermeasures and limit, reduce, transfer or accept risks, in order to optimise the company's risk position relative to its earnings. The implementation and effectiveness of any countermeasures that are approved are continuously reviewed.

In order to minimise the financial impact of potential loss, Wirecard takes out insurance policies – to the extent that they are available and economically justifiable. The Wirecard Group continuously monitors the level of cover that they provide.

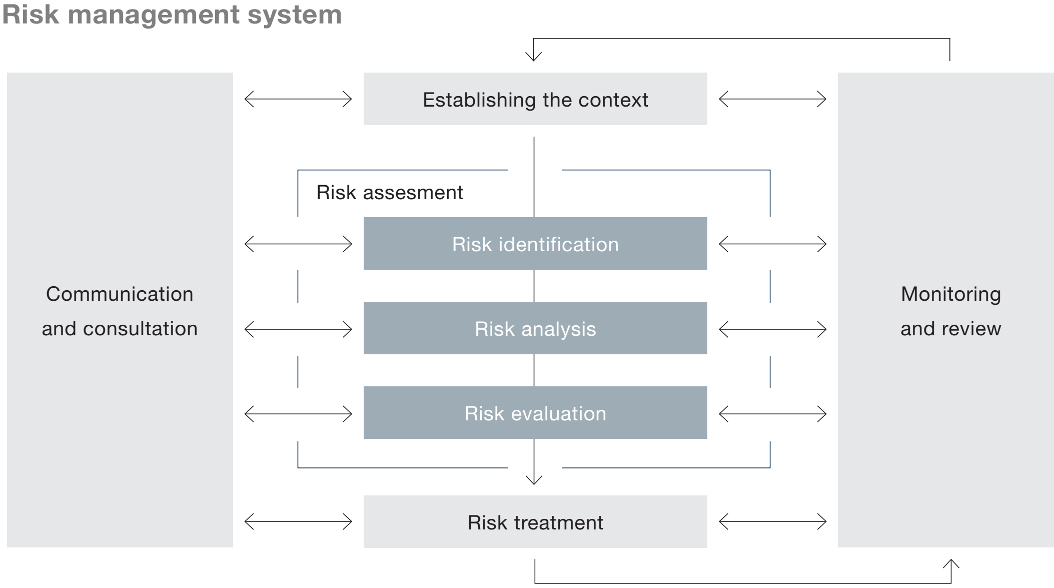
Equally, it is a company-wide policy to identify, evaluate and exploit opportunities in order to sustain growth trends and secure the Group's earnings growth. Beyond this, the analysis also reveals the risks that would arise from a failure to exploit the opportunities that arise.

2.2. Efficiently-organised risk management system

The Wirecard Group regards risk management system as the deployment of an extensive range of instruments for handling risks – the Enterprise Risk Management (ERM) system. The risk management system's organisation is derived from the ISO 31000:2009 standard.

The ERM is standardised Group-wide and integrated into all business processes, and into all operating business units and Group companies. It enables opportunities and risks to be identified and measured comprehensively and rapidly within a combined top-down and bottom-up process. Risks and opportunities are systematically derived from a top-down perspective, and examined as to their relevance. In a further-reaching bottom-up observation, the view of the operating units and Group companies is supplemented by local or business-related components to both identify and measure risks and opportunities.

Risk management system



Risks are measured relating to both event probability and level of potential loss. Appropriate risk management measures are developed and pursued. Relevant risks, along with the measures adopted, are continuously recorded centrally for the entire Wirecard Group. Appropriate early warning systems provide support in monitoring risks and identifying potential problems at an early stage, thereby facilitating the timely planning of the measures to be adopted.

The centralised recording of risks with standardised risk metrics enables the Management Board to obtain an up-to-date view of the overall risk situation of the Wirecard Group. The reporting system for relevant risks is controlled by pre-defined threshold values. Depending on the significance of the risks, reports are prepared regularly, however, at least quarterly. The regular reporting process is augmented by ad hoc reporting in order to communicate critical issues in good time.

Within a limit defined in advance on the basis of various hierarchy levels, risk management decisions are made by the divisions responsible on a decentralised basis and monitored by the central risk controlling department. Appropriate instructions and guidelines create a uniform framework for dealing with potential risks.

The Management Board is responsible for risk strategy, for the appropriate organisation of risk management, for the monitoring of risk associated with all transactions, as well as for risk management and controlling. The Management Board derives the risk strategy from its business strategy. This determines the reference measures for risk management in the form of corporate policy and risk strategy requirements. The Management Board provides regular reports to the Supervisory Board on existing risks and their development. The Chairman of the Supervisory Board is in regular contact with the Management Board, in particular with the CEO, and discusses current issues concerning the risk situation and risk management with him.

Risk management is controlled on a centralised basis within the Wirecard Group and continually reviewed by the internal auditing department as well as by independent bodies for appropriateness, effectiveness and compliance with general statutory parameters. Where necessary, with the participation of the Risk Counsel, corrective measures are adopted.

Within the scope of project risk management, entrepreneurial decisions are taken on the basis of detailed project outlines describing the related opportunities and risks, which are then integrated into centralised risk management once the project has been approved.

The Wirecard Group perceives risk management as an ongoing process, as changes to the legal, economic or corporate governance parameters or changes within the organisation may lead to new risks or to a reassessment of known risks.

2.3. Risk measurement

In order to evaluate risks as to their relevance for Wirecard AG, risks are measured in the dimensions of "estimated event probability" and "potential effects on the net assets, financial position and results of operations, as well as reputation". Each of these assessments occurs in six steps, with their scaling presented below.

Event probability	Description
Very unlikely	Event occurs only under extraordinary circumstances
Unlikely	The occurrence of the event is comparatively unlikely
Likely	Event can occur within the observation period
Certain	Event occurs once during the observation period with a high degree of probability
Frequent	Event occurs at least once during the observation period with a high degree of probability
Very frequent	Event occurs several times during the observation period

Wirecard AG calculates the potential effect of a risk within a net observation. In other words, the residual risk is reported by taking into account the measures that have already been implemented.

Impact	Description
Immaterial	Negligible effect on the net assets, financial position and results of operations
Very low	Very moderate effect on the net assets, financial position and results of operations
Low	Limited effect on the net assets, financial position and results of operations
Moderate	Tangible effect on the net assets, financial position and results of operations
Considerable	Substantial effect on the net assets, financial position and results of operations
Critical	Significant effect on the net assets, financial position and results of operations

Financial risks are quantified in terms of amounts. Further information about financial risks can be found in Chapter 7.2. (Notes).

IMPACT

Critical	Low	Medium	High	Very high	Very high	Very high
Considerable	Low	Low	Medium	High	Very high	Very high
Moderate	Very low	Low	Medium	Medium	High	Very high
Low	Very low	Low	Low	Medium	Medium	High
Very low	Very low	Very low	Low	Low	Low	Medium
Immaterial	Very low	Very low	Very low	Very low	Low	Low
	Very unlikely	Very unlikely	Likely	Certain	Frequent	Very frequent

EVENT PROBABILITY

Using the evaluation of risks relating to event probability and level of impact, Wirecard AG derives a risk measure for the significance of risks within a five-level scheme – ranging from "very low" to "very high".

2.4. Internal Group risk management system relating to the Group financial accounting process

Wirecard has an internal controlling and risk management system relating to the Group accounting process, in which suitable structures as well as processes are defined and implemented in organisational terms. This is designed to guarantee the timely, uniform and correct accounting of all business processes and transactions. It ensures compliance with statutory standards, accounting regulations and the internal Group accounting directive, which is binding for all companies included in the consolidated annual financial statements. Any amendments to laws, accounting standards and other announcements are continually analysed for their relevance to and effects on the consolidated annual financial statements; and the internal directives and systems within the Group are adjusted to take account of the resulting changes.

The foundations of the internal control system, in addition to defined control mechanisms, such as technical system and manual reconciliation and coordination processes, are the separation of functions and compliance with directives and work instructions. The Group accounting process at Wirecard AG is managed by the Accounting and Controlling departments.

The Group companies prepare their financial statements locally and forward them to Wirecard AG. These companies are responsible for compliance with the directives and processes applicable throughout the Group as well as the due and timely execution of their accounting-related processes and systems. The employees involved in the consolidated accounting process are trained regularly on this topic. The local companies are supported by central contact persons during the entire accounting process. Within the scope of the accounting process, measures have been implemented to ensure the regulatory conformity of the consolidated financial statements. These include access rules that are established for Group accounting in the IT-based accounting systems (range of read and write privileges), along with a system of simultaneous double checks (dual control principle) and random checks by the local accounting departments, the Group Accounting department, Controlling, and the Management Board. These measures serve to identify and assess potential risks, and to mitigate and review any risks identified.

The consolidated annual financial statements are prepared on a centralised basis, using data from the subsidiaries included in consolidation. The Accounting and Controlling department is responsible for consolidation measures, certain reconciliation work and for monitoring time and process-related parameters. Technical system controls are monitored by employees and augmented by manual audits. The principle of dual control is the minimum requirement at each level.

Certain clearance processes are required to be passed throughout the entire accounting process. In addition, a group of experts that is separate from the preparation process is responsible for special functional questions and complex issues.

While reviewing the reliability of the accounting system of the German and foreign companies the following issues were taken into account:

- Compliance with statutory parameters and directives issued by the Management Board, as well as other guidelines and internal instructions.
- Formal and material propriety of accounting and related reporting, including the IT systems deployed.
- Functionality and effectiveness of internal control systems to avoid financial losses.
- Regularity of task fulfilment and compliance with economic and business principles.

Wirecard AG applies a Group-wide standardised method to monitor the effectiveness of the internal, accounting-related control system. This process is consistently geared to the risks of possible erroneous reporting in the consolidated annual financial statements.

Wirecard AG's Management Board has audited the effectiveness of the accounting-related control system. The effectiveness of the internal control system is also monitored by the Supervisory Board of Wirecard AG in accordance with the requirements of the German Accounting Law Modernisation Act (BilMoG), which entered into force in May 2009.

The risk categories of relevance to the Wirecard Group are presented in the following figure. The sequence of the presentation, however, does not imply any assessment of the event probability or possible extent of any loss.

Overall risk	
Business risks	Economic risks, risks arising from the general competitive situation for the Wirecard Group and its customers
Operational risks	Personnel risks, risks of product innovations and risks arising from the use of third-party services
Information and IT risks	Risks arising from the operation and design of IT systems as well as risk in connection with the confidentiality, availability and integrity of data
Financial risks	Exchange-rate, interest-rate and liquidity risks
Debtor risks	Risks of return debits, risks arising from default in payment obligations of customers of the Wirecard Group as well as of card holders
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks arising from litigation, license rights and liability
Other risks	Reputation risks and risks arising from emergencies

It should generally be noted that risks that are currently gauged to carry a lower risk valuation can potentially have higher loss effects than risks that are currently gauged to have higher risk valuations. Additional risks of which Wirecard AG is currently unaware, or which are still gauged as immaterial, could affect the net assets, financial position and results of operations, as well as the reputation, of Wirecard AG. These include natural hazard risks and other financial risks (e.g. risks arising from external tax audits).

2.5. Business risks

The Wirecard Group defines a business risk as the danger of a decline in earnings owing to changes to the volume of business and/or margins as well as corresponding (purchasing) costs.

Business strategy risks

Business strategy risk exists in the medium- and long-term risk of negative effects on the attainment of Wirecard AG's strategic objectives, for example resulting from changes to the business environment conditions, and/or insufficient attainment of the Wirecard Group strategy.

Group strategy is further developed as part of a structured strategy process that is used as the basis for Wirecard AG's annual planning process. This entails setting strategic directions and guiding principles, as well as quantitative targets for the Wirecard Group, its operating units and Group companies. The results from this strategy process are used as the basis for a long-term business strategy comprising significant business activities and target attainment measures. A consistent risk strategy is also determined for this purpose.

In addition, external influencing factors such as market and competitive conditions in core markets, capital market requirements and regulatory changes, where relevant changes might require adaptation of the business strategy, are also monitored constantly. The strategy process consists of the planning, implementation, appraisal and adaptation of the strategies. In order to ensure that the Group strategy is implemented correctly in order to reach the business objectives, strategy controlling is conducted by means of the regular monitoring of both quantitative and qualitative targets.

If Wirecard AG were to fail to efficiently handle changes to the business environment conditions, or to successfully implement the Wirecard Group strategy, the risk exists of a considerable impact on the net assets, financial position and results of operations. Due to the measures that have been adopted, and past years' experience, the Management Board gauges the event probability as unlikely, and generally assumes that the level of risk is low.

Economic risk

Uncertainties relating to the global economy, financial markets and political circumstances could negatively affect Wirecard AG's net assets, financial position and results of operations.

The transaction-based business model of the Wirecard Group might be subjected indirectly to adverse effects due to consumer behaviour. In the event of a major deterioration in global economic conditions and a substantial decline in consumer spending, this may incur a negative impact on the course of business and performance of the Wirecard Group. Moreover, consumers' purchasing power might fall, thereby affecting transaction volumes processed through Wirecard AG.

The current growth of trade and services on the Internet compared with traditional brick & mortar stores could weaken or be reversed and lead to a decline in the Wirecard Group's business.

Due to the fact that our business model is primarily transaction-oriented, the introduction and use of products and services provided by the Wirecard Group calls for only a very slight level of initial investment by most customers. If customers' propensity to spend were to be negatively affected due to changes to the overall economic situation, this could impact the progression of business at the Wirecard Group.

Above and beyond this, growth in "emerging markets" countries where the Wirecard Group is active could weaken or stagnate, with a resultant failure to meet business expectations in these countries.

The Wirecard Group constantly monitors national and international developments in the political, economic and regulatory environment as well as economic trends so that it can take immediate measures as needed in the of short-term change to these factors. In so doing, the growth of the e-commerce market and the other markets on which Wirecard operates, have proved to be so stable that Wirecard did not record any material negative impact on its business, either as a result of the financial crisis or due to the Euro crisis.

For this reason, the Management Board gauges the occurrence of this risk as unlikely for the 2014 fiscal year. Nevertheless, a considerable effect on the net assets, financial position and results of operations of Wirecard AG, as well as an increase in the other risks described in this report, cannot be excluded completely. For this reason, the Management Board gauges this risk as low.

Equally, a significant improvement in the economic situation, combined with a marked increase in consumer spending, as well as growth in trade and services on the Internet that outstrips present expectations, could signify an opportunity for Wirecard AG's net assets, financial position and results of operations.

Risks arising from existing customer business

Existing Wirecard Group customers could decide to cancel their contracts, license no further products, purchase no consulting and training services, or could switch to competitor products or services.

The Wirecard Group generates a significant share of its sales revenues from its extensive portfolio of existing customers. The successful integration of the acquisitions of past years into the corporate network of the Wirecard Group has contributed to the positive growth of the portfolio of existing customers.

If a significant number of regular customers were to decide to discontinue their business relationships with the Wirecard Group, this would have a negative impact on the development of its business and might influence the value of the customer portfolio. This might result in impairments to recognised customer bases.

For this reason, the Wirecard Group continuously monitors its customers' satisfaction relating to services and products that the Wirecard Group offers.

Given the results of regular measurement of customer satisfaction, the high level of stability of the existing customer business over recent fiscal years, and the range of competitive products and services, the Management Board gauges the occurrence of this risk as very unlikely, in other words, entailing a moderate effect on the net assets, financial position and results of operations for the 2014 fiscal year. As a consequence, and by way of summary, the Management Board assumes the existence of a very low associated risk.

Product development risks

The need to ensure that the portfolio of products and services remains competitive in the long term calls for continuous product innovation. New product development is connected with many risks over which Wirecard AG frequently exerts no control.

Product development must generate customer-oriented and reliable products. In particular, corrections to product characteristics during a late product development stage, or products that fail to address customers, or the market, entail considerable adaptation expenditures, resulting in significant financial dis-benefits. A trend turnaround might also occur on the market, rendering Wirecard AG products unsuitable. Given its positioning as an Application Service Provider (ASP), in other words as an outsourcing service provider, the general risk exists for the Wirecard Group of a trend turnaround towards the insourcing of development, and/or operation, of IT infrastructure.

Deviations from planned project realisation can delay market rollouts of new products, resulting both in opportunity costs and a loss of reputation, or direct loss compensation being claimed. Additional factors, such as entering new market segments and the contractual acquisition of responsibility for new products for customers could increase these risks.

As a consequence, Wirecard AG has decided to additionally expand its existing mobile payment infrastructure due to the considerable market potential and good order book position in its new Mobile Parent business area, for example. The Wirecard Group has invested a considerable sum in this business area in the 2013 fiscal year. The risk exists in this context that other technical standards prevail on the market than the ones implemented by the Wirecard Group. If Wirecard AG fails to implement this investment in a way that addresses the market appropriately, anticipated earnings contributions from the 2014 fiscal year onward arising from mobile payment products and related added value services might fall short of expectations.

The Wirecard Group's development processes, quality assurance processes and operating processes have been integrated into its Group-wide risk reporting system. Thanks to regular quality controls, the Wirecard Group avoids the manufacture of faulty products. Wherever possible, and whenever this makes sense, Wirecard works hand-in-hand with its customers in order to be able to respond to possible changes to requirements at an early stage. Stringent project controlling ensures compliance of all procedures with internal Group and external regulatory parameters and ensures the highest quality standards in development activities and operations.

Moreover, a dedicated internal approval process for product development means that the market potential of a product is examined, and a profit margin that is in line with corporate objectives in terms of sales pricing is ensured.

If Wirecard AG were to fail to succeed in efficiently managing the development of its products, the risk exists that developed products fall short of the expectations made of them, or that almost no related revenue is generated. This could have considerable effects on the net assets, financial position and results of operations during the observation period. Given stringent quality benchmarks in product development, the Management Board gauges the occurrence of this risk as unlikely. Wirecard AG consequently categorises this risk as low.

Risks arising from intensified competition

Given intense competition, technical innovations and sector consolidation, market shares and revenues could shrink.

The Wirecard Group operates in a market environment characterised by strong consolidation among its provider base. Technical developments for end-devices utilised for Internet payments or mobile payments also mean that hardware manufacturers, and telecommunication and Internet companies, are increasingly developing their own payment solutions and offering these – in some cases with wide-scale marketing and associated spend. In addition, smaller payment providers are increasingly entering the market with innovative products. These developments have a potentially negative impact on business performance for Wirecard AG in the case of increased competition from new or stronger rivals.

Our role as one of the leading European providers of payment processing and risk management solutions implies that the Wirecard Group is itself a driving force behind the current consolidation movement in Europe and Asia and can consequently play an active role in shaping it.

The Wirecard Group is convinced that it can retain its leadership position on the market through the further successful implementation of its innovation strategy, the further growth of the Wirecard Group and the targeted acquisition of competitors. The event probability of this risk – should it become aggravated – exerting a considerable impact on the net assets, financial position and results of operations, is gauged by the Management Board as unlikely in the 2014 fiscal year. As a consequence, the Management Board assumes a low risk in this instance.

Equally, the emergence of new market participants might also generate opportunities for Wirecard AG's net assets, financial position and results of operations – for example, through new business partners, markets and products.

2.6. Operational risks

The Wirecard Group considers operational risks to mean the risk of losses resulting from the inappropriateness or failure of internal processes and systems, from human error or from external events, and which have not already been dealt with in other risk areas.

Personnel risk

Qualified and motivated employees are critical to sustained business success. The growth of the Wirecard Group's business depends to a decisive degree on our ability to foster the loyalty of our current employees and also to continue to recruit new, highly qualified members of staff in the face of intense competition for skilled personnel and executives.

The availability of highly qualified employees, and consequently our ability to adjust our capacities to meet demand, particularly affects successful project realisation. The Wirecard Group plans to continue to expand its activities. Its future success also depends on whether the Wirecard Group prove sufficiently successful in recruiting highly qualified specialist staff and managers for the company.

If Wirecard AG cannot effectively manage its personnel resources at its locations, it might be unable to efficiently and successfully manage its business.

A proactive personnel risk management system in place within the Wirecard Group ensures that possible risks relating to motivation, staff attrition and staff shortages are identified, assessed and – where necessary – suitable measures are adopted to mitigate the risk level. By means of a proactive personnel policy based on the directives laid down by the Management Board, through profit participation programs, advanced vocational training opportunities and an attractive working environment, the Wirecard Group protects itself against the loss of key employees and consequently counteracts a possible motivation risk.

The positioning of the Wirecard Group as an attractive employer will continue to help foster loyalty of qualified staff and to attract new personnel. Over the past years, Wirecard AG has experienced only very low staff turnover among its managers. Due to the measures that have been adopted, the Wirecard Group gauges the occurrence of this risk as unlikely. A moderate impact on the net assets, financial position and results of operations cannot be excluded, however. For this reason, the Management Board gauges the risk for the 2014 fiscal year as low.

Project risks

Customer projects are generally connected with risks as delays to realisation can result in higher costs and reputation damages, or also significant contractual penalties.

The successful realisation of a customer project depends on a large number of factors. Although some of these factors cannot be affected, or can be only partially affected, by the Wirecard Group, they can nevertheless negatively affect the company's business progress, for example, through higher project expenditures and or unexpected delays to project realisation, or they can jeopardise the realisation of a customer project.

In addition, image loss and customer recourse claims may be caused by negative project developments caused directly by the Wirecard Group, for instance due to resource bottlenecks.

The Wirecard Group's active project risk management and the targeted optimisation of the risk profiles of customer projects by experienced project managers at the Wirecard Group serve to mitigate project risks. Risk management of customer projects is fully integrated into the Wirecard Group's company-wide risk reporting system.

Although customer-specific solutions are implemented for some projects, the majority of customer projects are for standardised integration. This reason, the Management Board gauges the occurrence of this risk as unlikely for the 2014 fiscal year given the overall risk structure of the project portfolio. Considerable effects on the Wirecard Group's net assets, financial position and results of operations cannot be excluded completely, however. As a consequence, the Management Board assumes the existence of allow associated risk overall.

Risks arising from the use of third-party services and technologies

Parts of the Wirecard Group's range of products and services call for the commissioning of external products and services. Qualitative deficiencies of the products supplied or services rendered, delayed or incomplete deliveries or services, or the total failure of these products or services may have a detrimental impact on the Wirecard Group's performance.

Changes to the utilisation rights for third-party software technologies – to the extent that such products are integrated within the Wirecard Group – might delay both the development and market launch of these products, as well as negatively impact their functionality, resulting in the payment of higher licence fees.

Furthermore, the risk exists that licenses will no longer be available for third-party technologies in use in the future, or that these technologies will no longer be accessible, or not at acceptable costs. In the short term, this might also result in significantly higher development expenditures for the integration of alternative technologies.

For performance relating to parts of its range of products and services, the Wirecard Group relies on service offers from external partners. If a service includes the use of IT systems, there is a risk that customer and/or transaction data might be misused. If this leads, for example, to any loss sustained by customers of Wirecard Bank AG, this could lead to a reputation loss for the Wirecard Group.

Wirecard AG utilises third parties, particularly to sell its prepaid products. In this regard, Wirecard AG must monitor the reliability of the sales agents it assigns, and ensure that they comply with the law and directives. Any omissions could result in sanctions by the supervisory authorities and also – in the form of contractual penalties – by credit card organisations and other contractual partners.

The system of active supplier management within the Wirecard Group provides far-reaching protection from the risks resulting from the use of third-party services and technologies. This system includes the targeted selection of suppliers according to stringent quality criteria, the integration of suppliers into the Wirecard Group's quality management system, proactive service-level management, and the Wirecard Group's comprehensive redundancy concepts. Wirecard AG selects its sales partners very carefully, provides them with ongoing training, and monitors their activities through random checks.

Given the protective and securing measures described above, the Management Board gauges the risk of a low negative impact on the net assets, financial position and results of operations arising from the described risks for the 2014 fiscal year as unlikely. As a consequence, the Management Board assumes a low overall risk in this instance.

Risks arising from acquisitions

The Wirecard Group has acquired various companies or parts of companies in the past. If the Wirecard Group were to be unable to efficiently integrate existing or future acquisitions, the risk exists of a negative effect on the operating activities.

Goodwill has resulted from the consolidation of various acquisitions. Wirecard AG plans to continue to realise some of its growth from moderate acquisitions. Negative business performance by any or all of these acquisitions could lead to a deterioration in the cash flows expected from the acquired company, and consequently a reduction in value due goodwill impairment that would have a negative impact on Wirecard AG's earnings.

The integration of acquisitions is generally challenging, as it comprises many risks arising from the integration of customers, employees, technologies and products. For this reason, before acquisitions are realised, target companies are always very carefully examined (in the form of extensive due diligence) by the Wirecard Group, as well as by recourse to consultants for specialist areas. As far as possible, the Wirecard Group endeavours as part acquisitions to obtain warranties relating to the correctness of information issued by sellers about target companies. In addition, earnout components secure expected cash flows as far as possible.

Based on the experience of the successful integration of past acquisitions, the Management Board gauges the occurrence of this risk in the 2014 fiscal year as unlikely. A considerable negative impact on the net assets, financial position and results of operations cannot be excluded, however. As a consequence, Wirecard AG's Management Board gauges this risk as low.

2.7. Information and IT risks

The Wirecard Group defines information and IT risks as the possibility that one or several weaknesses in our IT systems or software will be exploited by a specific threat, causing confidentiality and/or integrity to be compromised or the availability to be diminished.

Risk arising from impermissible publication and modification of data

Despite far-reaching security measures, the risk exists that both customer data and internal data are published or manipulated in an impermissible manner, thereby generating losses for Wirecard AG.

Due to the nature of its business activities, extensive transaction data is held by the Wirecard Group, also providing information on both corporate customers' business activities and consumers' spending patterns and credit status. The publication of confidential customer data can have a substantial adverse impact on the Group's business performance, both through reputation loss and direct claims for losses or contractual penalties. The falsification of customer data can incur a negative impact on the Wirecard Group's performance, through both a direct cash outflow due to disbursement errors in payment transactions of Wirecard Bank AG, and lost sales revenues due to incorrect statements in other business areas.

A binding security concept throughout the Group, based on the industry standard PCI DSS (Payment Card Industry – Data Security Standards) directives on handling customer data, extensive quality assurance measures in the field of product development, as well as comprehensive technological backup and protective measures such as monitoring and early warning systems, serve to effectively counteract the risk of publication or falsification of customer data even when an attack is being prepared. Wirecard Technologies GmbH is certified according to the PCI-DSS standard. In addition, the Wirecard Group counteracts internal misuse through a closed concept, ranging from staff selection and a stringent "need-to-know" principle, through to the monitoring of data access events. In close cooperation with the Wirecard Group's Data Protection Officer, experts ensure that personal data is processed solely in accordance with the rules and regulations of applicable data protection laws. Moreover, the Wirecard Group arranges for third parties, who in turn are subject to a non-disclosure agreement, to audit the Group's procedures and infrastructure on an ongoing basis in order to detect any security loopholes, for example.

If Wirecard AG were to fail to sufficiently safeguard confidential internal data, such as about future products, technologies strategies, this could negatively impact the progress of business, for example, through the publication of confidential information about future strategic activities, or through product defects as the result of the falsification of internal data. The Wirecard Group counters the risk of the publication of internal confidential data, for example, concerning future products, technologies strategies, through the introduction of Group-wide binding security standards and guidelines relating to internal and external communication, as well as through extensive technological security and protection measures.

Due to the security measures that have been implemented, the Management Board gauges the occurrence of this risk in the 2014 fiscal year as unlikely. Wirecard AG cannot fully exclude a considerable impact on its reputation, as well as on its net assets, financial position and results of operations, however. As a consequence, the Management Board gauges this risk as low.

Risks arising from the structure and operation of information systems

The risk exists that previously undiscovered security loopholes are exploited in the information systems developed and deployed by Wirecard AG.

Information technology represents a strategic success factor in the Wirecard Group's business activities. The quality and availability of information systems, and Wirecard AG's ability to respond speedily, flexibly and in a cost-efficient manner to changing market requirements are critical to its financial and business success. System outages, quality problems or delays in developing or rolling out new products as a result of structural deficiencies in the IT systems can have a significant negative impact on business progress. Attacks could also results in the abuse of IT systems and a reduction of Wirecard AG's service and product availability.

When structuring its information systems, the Wirecard Group relies on cost-effective, modular and standardised technologies from renowned providers. Thanks to flexible processes and short product development cycles, the company's IT system is fit for its role as a pioneer of new business models, and facilitates the rapid market rollout of new products. A redundant infrastructure with high availability facilitates the continuous operation of the Group's systems, and largely protects them from possible downtime, for example as a result of sabotage. An extensive quality management system ensures that the quality benchmarks required for the development and operation of banking-related IT systems are met. Continuous infrastructure investments also secure the IT systems' future performance ability.

As successful attacks on IT systems cannot be excluded in principle, the Management Board gauges the occurrence of this risk in the 2014 fiscal year as unlikely. For this reason, Wirecard AG cannot fully exclude a considerable impact on its reputation, as well as on its net assets, financial position and results of operations. Overall, the Management Board assumes a low risk in this instance.

2.8. Financial risks

Currency exchange-rate risk

Currency exchange-rate risk derives from Wirecard AG's foreign currency positions, and potential changes to corresponding exchange rates.

Currency risks exist in particular where assets, liabilities and revenues are denominated or arise in a currency other than the local currency of the company. This increasingly impacts the "Payment Processing & Risk Management" and "Acquiring & Issuing" segments, which transact a substantial part of their revenues in foreign currencies (mainly USD and GBP).

A general risk relates to the business results of Wirecard AG to be reported in Euros, given a weakening in the foreign currency exchange rates of relevance to Wirecard AG. Equally, an increase in such exchange rates represents an opportunity.

In these segments, trade accounts receivable, trade accounts payable, bank borrowings and bank deposits exist in foreign currencies. In order to avoid currency risk, the Group Treasury Department attempts to hold receivables and liabilities in the same currencies and at the same levels as far as possible. Foreign currency positions are also monitored continuously, and surpluses and shortfalls are offset where required.

Risks that cannot be compensated for in the process are hedged following specific analysis by the deployment of financial derivatives. The use of derivative financial instruments is subject to stringent controls effected within the scope of mechanisms and uniform directives set on a centralised basis. No forward exchange transactions or currency options are deployed with speculative intentions.

If no hedging takes place, the residual risks of exchange rate fluctuations may reduce the Wirecard Group's earnings that are to be reported in Euros.

For this reason, there is no guarantee that the measures that have been taken prove successful in all instances, and that low effects arise for the Wirecard Group's net assets, financial position and results of operations. Due to the supervisory and steering measures that have been adopted, the Management Board gauges the occurrence of this risk as unlikely, and by way of summary assumes a low risk.

Interest-rate risks

Interest-rate fluctuations reflecting changes to market interest rates could negatively affect the Wirecard Group's operating activities.

The Wirecard Group has substantial liquidity at its disposal for investments in demand and time deposits and/or overnight (call money) accounts with selected banks. The interest payable on these investments is based on the interbank money market interest rate of the respective investment currency, less a standard banking margin. The interbank money market interest rates may be subject to fluctuations that may impact realised earnings.

The Wirecard Group has also decided to enter into short- or medium-term securities investments with maturities of up to five years in order to optimise interest income from Wirecard Bank AG's base liquidity.

These include, among other instruments, collared floaters, variable rate bearer bonds and borrower's note loans from various banks with a minimum (A-) investment grade rating, partly with a minimum interest rate. The bond in this context carries a minimum interest rate and a maximum interest rate, with EURIBOR and LIBOR (for USD) comprising the reference market interest rates. The bandwidth of interest lies between a minimum and a maximum interest rate, based on 3-month EURIBOR and LIBOR. Should the current 3-month EURIBOR or LIBOR rate exceed the maximum interest rate, the investor stands to lose the interest gain between the maximum and market interest rate.

As part of debt financing, the Wirecard Group has partially agreed fixed interest rates until maturity, or on the basis of 3, 6 or 9 month EURIBOR, plus a margin agreed with the funding banks.

If the Wirecard Group has financing with variable interest rates based on international reference rates (EURIBOR, LIBOR), it monitors interest-rate changes on an ongoing basis. When using this type of financing it takes decisions in individual cases as to whether and how the interest rate risk should be hedged using suitable instruments.

An increase in reference interest rates would generate the risk of an increase in interest expenses on debt financing. Equally, an increase in reference interest rates would result in an opportunity on the interest income side from existing bank deposits and securities.

There can be no guarantee that low effects on the net assets, financial position and results of operations of the Wirecard Group do not arise. The Management Board gauges the occurrence of this risk as unlikely, and by way of summary assumes a low risk.

Liquidity risk

The risk exists that cash requirements triggered by potential cash flow fluctuations cannot be covered, or can only be covered at higher costs.

The Wirecard Group continuously invests substantial amounts of unrequired liquidity in demand and time deposits, overnight call money, as well as the base volume of liquidity in variable-rate bearer debentures and borrower's note loans from selected issuers with minimum (A-) investment grade ratings, and partly with the minimum interest rate. In addition, the Group prepares its own risk valuation for the counterparty. Risks may arise due to a liquidity shortage on account of mismatches occurring between the fixed investment term and the time at which liquidity is required.

The variable-rate bearer bonds and borrower's note loans are due to be repaid at maturity at 100.00 percent. Given potential availability of the variable-rate bearer bonds and borrower's note loans before maturity, a price risk exists (upside or downside divergence from the 100.00 percent expected at maturity) depending on changes to the issuer's credit rating, the residual term to maturity and the current market interest-rate level.

As the base liquidity less a substantial security reserve is invested longer-term, the Management Board gauges the occurrence of this risk as very unlikely, and a potential effect as moderate on the net assets, financial position and results of operations, and by way of summary assumes a very low risk.

Further information about financial risks can be found in Chapter 7.2 (Notes).

2.9. Debtor risks

The Wirecard Group understands default risks to mean possible value losses that could be caused by a business partner being insolvent or unwilling to pay.

Risks from receivables

The risk exists of a loss of value from receivables arising from a contract with the business partner (e.g. merchants, private and business customers, and other institutions).

Receivables from merchants may arise, inter alia, from chargebacks following the insolvency of merchants, from violations by merchants of applicable rules and regulations as well as by fraud on the part of merchants.

In principle the risk involved in the field of trade receivables depends on the merchant's business model. There is an increased risk where there is no direct temporal link between goods supplied or services rendered and the transaction, in other words, where the goods or services are to be provided at a later date (e.g. booking of airline tickets or tickets for certain events). As the periods within which chargebacks can be realised by the cardholder begin to run only once the period for performance on the part of the merchant has elapsed, this temporal decoupling results in an accumulation of open transactions. In the instance of a merchant insolvency, this might result in the risk of chargebacks, for instance.

A violation by a merchant of the rules and regulations in force might lead to a credit card organisation calling for penalties to be imposed on the merchant. These payments would be charged to the merchant by the Wirecard Group on the basis of existing agreements.

Merchants can act fraudulently in various ways and, as a result, harm the Wirecard Group in its role as an acquirer or as the party engaged in the payment process in some other role. Examples include fraud relating to credit notes, fraudulent insolvency, submitting third-party payment records, reutilisation of card data, and offering bogus services to end-customers.

To counteract the risk of business partners of the Wirecard Group defaulting on their contractual payment obligations, these customers are subjected to a comprehensive credit of relevant criteria, such as credit rating, liquidity, market positioning, management experience and other criteria related to specific cases. This also applies to the review of business relations with commercial banks, acquiring partners and merchants. Moreover, once an account has been set up, all business relations are continually monitored for suspicious features or possible fraud patterns. Payment flows are monitored on a regular basis and receivables outstanding are continually tracked by the company's internal debtor and liquidity management system. Depending on risk factors, the Wirecard Group also takes merchant default risk into account through individual collateral retentions or delayed payments to merchants, as well as through payment commitments from banks or insurance companies. All measures are adjusted on a regular basis thanks to close monitoring of merchant business operations.

Receivables also include significant items arising from business relationships with other acquiring partners with which Wirecard especially works together if the merchants operate in regions that lie outside the licensing area for the credit card processing operations of Wirecard Bank AG. The free liquidity invested in demand deposits and overnight (call) money, time deposits and bank bearer debentures outside the Wirecard Group could also be jeopardised if these credit institutions suffer from insolvency or financial difficulties. The Wirecard Group takes account of such risk through both stringent checks on the total amount of such deposits and a full review of counterparties. In addition to specific credit rating and profitability data relating to the relevant counterparties, external ratings, where available, are also included in the review carried out by the Wirecard Group.

Further risks might exist where receivables exceed limits. For example, it might be impossible to realise existing receivables, or only with difficulty, as a result of different statutory regulations in other countries (regarding foreclosure, for example). Similarly, in some cases, a deterioration in general economic conditions in individual countries – for example as a result of political and social unrest, nationalisation and expropriation, non-recognition of foreign debts by the state, foreign exchange regulations, and the devaluation or depreciation of local currencies, could have a negative impact on the Wirecard Group's receivables position, and consequently on its net assets, financial position and results of operations. In particular, political and social unrest may suddenly lead to the destabilisation of a former supposedly stable country or economic region.

The Wirecard Group takes account of such risks by stipulating its choice of law and place of jurisdiction in agreements wherever possible. Moreover, receivables are also consistently collected in the international environment using the requisite activities, and appropriate collateral provision is agreed with contracting parties. There is nevertheless no guarantee that the measures that have been taken prove successful in all instances, and that no critical effects arise for the Wirecard Group's net assets, financial position and results of operations. Due to the supervisory and steering measures that have been adopted, the Management Board gauges the occurrence of this risk as unlikely. Overall, Wirecard AG assumes a medium risk in this instance.

2.10. Legal and regulatory risks

Regulatory risks

Current and future promulgations concerning regulatory conditions could negatively affect the progress of business at Wirecard AG.

The Wirecard Group understands legal and regulatory risks to mean the possible consequences of a change to the national and/or international statutory and regulatory parameters for payment systems, for the development and availability of software, and for Internet use in the course of business.

The Wirecard Group provides payment processing services and payment methods for a wide variety of goods and services both nationally and internationally. In addition to the regulations and laws for capital markets and public limited companies that apply to Wirecard AG, statutory and regulatory requirements for payment systems and payment products consequently impact business performance in all countries in which the Wirecard AG operates. However, the legal and regulatory framework and the risks taken with respect to the services of our customers – in other words, for the most part the merchants and services providers operating on the Internet – also have a direct or indirect bearing on our business performance. Contractual negotiations and tax-law related issues are of particular significance in the cross-border segment. The expertise necessary for assessing day-to-day operations is provided by the qualified staff of the Wirecard Group. To further mitigate risks, when dealing with complex issues the Wirecard Group enlists the services of external legal and tax consultants.

The underlying legal and regulatory conditions have a material impact on product design, sales processes and sales structures. Future activities by legislators or a stricter interpretation of existing acts or regulations by courts or authorities could significantly restrict the sale of various products, in particular prepaid products. This results in the risk that it may no longer be possible to offer specific products, or not in their current form.

The potential new EU law on interchange fees provides one example of a regulatory change. In the case of the transactions regarding Visa and MasterCard payments to be settled in accordance with the four-party model between the issuing bank ("issuer") and the acquirer, this fee is charged for services provided by the issuer. In the case of the new regulation, the risk exists that reduced income in the issuing area cannot be offset by reduced costs in the acquiring area.

In particular, political and social unrest may suddenly lead to the destabilisation of a former supposedly stable country or economic region. This might lead to conditions deteriorating to the point where certain business models must be abandoned.

In parallel, particularly statutory regulations for use of the Internet or guidelines concerning the development or provision of software and/or services can differ profoundly both on a national and international scale. For instance, customers in the field of online pharmacies and games of chance are subject to a high degree of national or international regulation. This may lead to certain transactions or the processing of payments for these to be available online to only a limited degree or not at all, depending on the countries in question. The Wirecard Group counteracts the associated risks to its business activities by cooperating closely with regional or specialised law firms that provide assistance both in launching new products as well as in ongoing business processes and business relations.

The Wirecard Group perceives compliance with national and international legislation as indispensable to sustained business development, and places a high priority on meeting all the relevant regulatory requirements as they apply both to internal operations and to its customers. Moreover, the Wirecard Group makes every effort to maintain a customer structure that is diversified, both regionally and with regard to its operations, in order to limit the risk to the Group's business activity and earnings deriving from changes to underlying legal conditions and from regulation.

In Wirecard AG's business areas, risks deriving from regulatory changes entailing even critical effects on net assets, financial position and results of operations, and on reputation, cannot be excluded in general. From today's perspective, however, Wirecard AG assumes a risk occurrence as unlikely. Overall, Wirecard AG's Management Board gauges this risk as medium.

Risks from contractual violations

The risk exists that existing contractual relationships are terminated due to contractual obligations not being fulfilled, not being fulfilled on time, or not being fulfilled completely, with a consequent negative effect on business progress at Wirecard AG.

Wirecard Bank AG is a member of the credit card companies MasterCard and Visa (a so-called Principal Member) as well as JCB International Co. Ltd. and has licenses for both issuing cards to private customers and merchant acquiring. Wirecard Bank AG holds licenses for online acquiring for American Express, UnionPay and Discover/Diners Club and is a contractual partner for Universal Air Travel Plan (UATP), Inc. for issuing and acquiring. In the notional event of termination or cancellation of these license agreements, the business activities of Wirecard AG or of Wirecard Bank AG would be substantially impaired.

Recently, the Wirecard Group has, in some cases, used borrowing to finance the acquisition of companies or parts of companies. The Management Board has concluded credit agreements while realising this strategy. In these agreements, the Wirecard Group has made standard undertakings to meet certain covenants. In addition, as part of the standard contractual conditions applied by the banks, a restriction has been imposed on the Wirecard Group's possibilities to encumber or sell assets, to acquire other companies or participating interests, or to perform conversions. The Wirecard Group fully complies with these contractual terms. The Management Board does not believe that these contractual conditions will have a negative impact on the Wirecard Group's business activities.

If Wirecard AG were to be unable to fully comply with its contractual obligations, the risk exists of critical effects. Due to constant communication with the contract partners and continuous monitoring of compliance with the contractual terms, the Management Board nevertheless regards the occurrence of this risk as very unlikely, and consequently assumes the existence of a low risk overall.

Litigation risks

As reported, a lawsuit against the company and against a specific Group company relating to the payment of allegedly outstanding commissions was submitted at Munich Regional Court I in calendar 2012. In the very unlikely event of failure in this lawsuit, very low effects are anticipated on Wirecard AG's net assets, financial position and results of operations.

In February 2013, a lawsuit was brought against the company, and against a specific Group company, relating to the payment of retained collateral, as well as relating to the payment of loss compensation. As Wirecard AG has secured corresponding assets of the lawsuit-opponent equivalent to the calculated risk, the Management Board assumes a moderate potential effect on the Wirecard Group's net assets, financial position and results of operations. At the current time, Wirecard AG regards the possibility of failure in this lawsuit as unlikely.

Besides this, the company, or specific Group companies, are defendants or participants in other litigation or arbitration proceedings. On the basis of information available today, these proceedings are not of considerable relevance to the company.

The Wirecard Group forms provisions for legal disputes whenever an obligation is likely to arise and an adequate assessment can be made of the amount involved. The Management Board examines at regular intervals whether the amount of such provisions are still appropriate. If required, the Management Board adjusts the amounts. The risk nevertheless exist that cover from insurance or provisions formed for litigation prove insufficient to fully compensate any asset losses.

By way of summary, the Management Board of Wirecard AG gauges litigation risks as low.

2.11. Other risks

Reputation risk

The risk exists that the trust and confidence of customers, business partners, employees and investors is adversely impacted by negative reports on a transaction, a business partner or a business practice involving a customer.

In particular, this risk arises from intentional dissemination of false information, breach of contract by customers, erroneously addressed information, as well as communications by any dissatisfied employees or customers resulting in an adverse impact on the company's reputation. Other risks described in this report can also affect Wirecard AG's reputation.

The Wirecard Group is aware of this risk and therefore continually reviews the statements on its products as well as the reporting on the Wirecard Group in the market (print media, television, Internet, forums and so on), in order to rapidly take suitable countermeasures where necessary. Furthermore, reports of Internet domains with similar names that are potentially used with fraudulent intent or to impair reputation are monitored in collaboration with a renowned external service provider, as is abuse of the Wirecard logo.

Due to the large number of potential loss cases, the quantification of reputation risk can only be performed with difficulty. If Wirecard AG were to fail to rapidly counter the communication of erroneous information or of erroneously addressed information, for example, the risk exists of potentially critical effects on Wirecard AG's net assets, financial position and results of operations, and a possibility of an increase in the other risks described in this report. Given the preventative measures that have been taken, Wirecard AG's Management Board assumes an unlikely occurrence of this risk, and assesses the overall reputation risk as a medium risk.

2.12. Summary of overall risk

In summary, the Wirecard Group recorded a positive trend in its overall risk structure in the period under review. Thanks to ongoing optimisation of the risk management system, particularly with regard to the development, volume and complexity of the business, closely in line with acknowledged industry standards and the implementation of a large number of risk-minimising measures, it proved possible to ensure that, of the risks identified within the scope of Group-wide risk management, none – given their event probabilities and effects – falls within the category of risks likely to jeopardise the Group as a going concern, whether considered individually or in their entirety.

As far as the total number of identified risks is concerned, 80 percent of all risks were positioned at the "low" or "very low" levels, while 20 percent of all risks were categorised as "medium" risks. No risk was gauged as a high or very high risk.

Wirecard AG's Management Board remains confident that the Group's profitability forms a solid foundation for future business development, and provides the requisite resources to allow the Group to pursue available opportunities. Given its leading position on the market, its committed employees, strengths in innovative technology and structured risk early-identification processes, the Management Board is confident that it can at all times counter the challenges arising from the aforementioned risks.

Accordingly, the Wirecard Group considers itself well prepared in its risk management area to meet the challenges presented in the 2014 fiscal year.

3. OVERALL STATEMENT ON THE GROUP'S EXPECTED GROWTH (OUTLOOK)

Due to the strong orientation to our core and growth markets, the Management Board of Wirecard AG looks with optimism to the growth of the Wirecard Group in 2014 and following years.

We are pursuing a strategy of providing multinational card and payment acceptance agreements through our international presence comprising locally networked units. The Wirecard platform offers locally and globally relevant payment methods. We are continuously expanding our portfolio solutions, which supports merchants in the internationalisation of their businesses, in fraud prevention, and in cross-channel sales.

Internet technologies will increasingly determine payment functionalities in specific sales channels in the future, including point-of-sale. As a software company, Wirecard is driving this trend.

At present, the European Mobile Payment market is just on the brink of take-off, although the first market participants have already launched their programs in Europe. Further players will follow gradually. Wirecard is able to operate from a very good market positioning to develop innovative software solutions, and combine these with financial services.

We are continuing our successful strategy of mostly organic growth in connection with moderate acquisitions.

Wirecard AG's Management Board expects operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 160 million and EUR 175 million in the 2014 fiscal year.

Aschheim (Munich), 8 April 2014

Wirecard AG

Dr. Markus Braun	Burkhard Ley	Jan Marsalek

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet – assets

in kEUR	Notes	31.12.2013	31.12.2012
ASSETS	**(3.1.), (2.2.)**		
I. Non-current assets			
1. Intangible assets	(3.1.), (2.3.)		
Goodwill		**145,795**	142,149
Internally-generated intangible assets		**44,308**	28,797
Customer relationships		**220,509**	151,279
Other intangible assets		**33,375**	25,607
		443,987	**347,832**
2. Property, plant and equipment	(3.2.), (2.3.)		
Other property, plant and equipment		**14,220**	11,802
3. Financial and other assets / interest-bearing securities	(3.3.), (2.2.)	**127,415**	99,128
4. Tax credits			
Deferred tax assets	(3.4.), (2.4.)	**5,435**	1,112
Total non-current assets		**591,057**	**459,875**
II. Current assets			
1. Inventories and work in progress	(3.5.), (2.3.)	**4,658**	1,626
2. Trade and other receivables	(3.6.), (2.3.)	**278,989**	215,496
3. Tax credits	(3.7.), (2.4.)		
Tax refund entitlements		**8,615**	8,384
4. Interest-bearing securities and fixed deposits		**68,104**	84,332
5. Cash and cash equivalents	(3.8.), (6.)	**479,095**	358,172
Total current assets		**839,462**	**668,009**
Total assets		**1,430,520**	**1,127,884**

Consolidated balance sheet – equity and liabilities

in kEUR	Notes	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
1. Equity attributable to Wirecard AG shareholders	**(4.)**		
1. Subscribed capital	(4.1.)	**112,292**	112,192
2. Capital reserve	(4.2.)	**141,683**	140,425
3. Retained earnings	(4.3.)	**360,134**	289,746
4. Currency translation reserve	(4.4.)	**- 5,698**	- 634
Total equity		**608,411**	**541,730**
II. Liabilities	**(4.), (2.2.)**		
1. Non-current liabilities	(4.5.), (2.3.)		
Non-current interest-bearing liabilities		**217,389**	80,031
Other non-current liabilities		**12,375**	12,305
Deferred tax liabilities		**17,723**	13,232
		247,487	**105,568**
2. Current liabilities	(4.5.), (2.3.)		
Trade payables		**259,334**	187,249
Interest-bearing liabilities		**15,662**	14,939
Other provisions		**1,225**	1,298
Other current liabilities		**31,588**	28,971
Customer deposits from banking operations		**260,231**	241,893
Tax provisions	(2.4.)	**6,580**	6,236
		574,621	**480,586**
Total liabilities		**822,108**	**586,154**
Total equity and liabilities		**1,430,520**	**1,127,884**

Consolidated income statement

in kEUR	Notes	01.01.2013 – 31.12.2013		01.01.2012 – 31.12.2012	
I. Revenues	**(5.1.), (2.3.)**		**481,744**		**394,601**
II. Other own work capitalised			**20,727**		**10,260**
1. Own work capitalised	(5.2.)	20,727		10,260	
III. Special operating expenses			**363,710**		**282,509**
1. Cost of materials	(5.3.)	288,111		229,785	
2. Personnel expenses	(5.4.)	48,190		37,076	
3. Amortisation and depreciation	(3.1.), (3.2.)	27,410		15,649	
IV. Other operating income and expenses			**- 40,213**		**- 28,771**
1. Other operating income	(5.5.)	7,174		4,333	
2. Other operating expenses	(5.6.)	47,387		33,104	
Operating profit			**98,548**		**93,582**
V. Financial result	**(5.7.)**		**- 4,223**		**- 2,446**
1. Other financial income		1,586		2,645	
2. Financial expenses		5,810		5,091	
VI. Earnings before tax *			**94,324**		**91,136**
VII. Income tax expense	**(5.8.)**		**11,595**		**17,839**
VIII. Earnings after tax			**82,729**		**73,297**
Earnings per share (basic) in EUR	(5.9.)		0.74		0.67
Earnings per share (diluted) in EUR	(5.9.)		0.74		0.66
Average shares in issue (basic)	(5.9.), (4.1.)		112,199,638		110,167,899
Average shares in issue (diluted)	(5.9.), (4.1.)		112,296,976		110,306,028

* fully attributable to parent company shareholders

Consolidated statement of comprehensive income

in kEUR	Notes	01.01.2013 – 31.12.2013	01.01.2012 – 31.12.2012
Earnings after tax	**(5.)**	**82,729**	**73,297**
Change in offset item from currency translation of foreign subsidiaries	(4.4.)	- 5,064	- 809
Consolidated statement of comprehensive income		**77,665**	**72,488**

Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued	Capital-reserves	Retained-rarnings	Translation-reserve	Total consolidated equity
	kEUR / in '000 shares	kEUR	kEUR	kEUR	kEUR
Balance as of 31 December 2011	101,803	11,261	227,648	175	340,887
Earnings after tax			73,297		73,297
Currency translation differences				- 809	- 809
Comprehensive income	**0**	**0**	**73,297**	**- 809**	**72,488**
Dividends paid			- 11,198		- 11,198
Capital increase	10,180	127,691			137,871
Contingent capital increase (convertible bonds)	209	1,473			1,682
Balance as of 31 December 2012	**112,192**	**140,425**	**289,746**	**- 634**	**541,730**
Balance as of 31 December 2012	**112,192**	**140,425**	**289,746**	**- 634**	**541,730**
Earnings after tax			82,729		82,729
Currency translation differences				- 5,064	- 5,064
Comprehensive income	**0**	**0**	**82,729**	**- 5,064**	**77,665**
Dividends paid			- 12,341		- 12,341
Contingent capital increase (convertible bonds)	100	1,257			1,357
Balance as of 31 December 2013	**112,292**	**141,683**	**360,134**	**- 5,698**	**608,411**

Notes to the consolidated statement of changes in equity under (4.)

Consolidated cash flow statement

in kEUR	Notes	01.01.2013 – 31.12.2013	01.01.2012 – 31.12.2012
Earnings after interest and tax	**(5.)**	**82,729**	**73,297**
Financial result		**4,223**	2,446
Income tax expenses		**11,595**	17,839
Gain/loss from disposal of non-current assets		**63**	- 49
Amortisation/depreciation		**27,410**	15,649
Change from currency exchange-rate differences		**3,122**	966
Change in inventories		**- 2,541**	1,064
Change in trade and other receivables		**- 64,921**	- 33,926
Change in trade payables		**70,391**	51,605
Change in other assets and liabilities		**8,058**	- 21,477
Net cash outflow arising from income taxes		**- 13,349**	- 11,608
Interest paid excluding interest on loans		**- 172**	- 313
Interest received		**492**	199
Cash flow from operating activities		**127,101**	**95,690**
Cash outflows for investments in intangible assets and property, plant and equipment		**- 51,326**	- 50,544
Cash inflows from sale of intangible assets and property, plant and equipment		**9**	0
Cash outflows for investments in financial assets and interest-bearing securities		**- 83,308**	- 39,671
Cash outflows for acquisition of companies less acquired cash	**(1.1., 6.)**	- 27,559	- 39,276
Cash flow from investing activities	**(6.2.)**	**- 162,184**	**- 129,491**
Cash outflows for previous years' acquisitions of companies		- 10,044	- 1,932
Drawdown/redemption of lease liabilities		- 3,847	228
Cash inflows from issuing of shares		1,357	141,152
Cash outflows for expenses from issuing of shares		0	- 2,202
Cash inflows from drawing down of financial liabilities		140,000	53,531
Cash outflows for expenses for drawing down of financial liabilities		- 2,534	- 506
Cash outflows for repayment of financial liabilities		- 2,500	- 45,024
Dividends paid		- 12,341	- 11,198
Interest paid on loans and finance leases		- 2,908	- 1,654
Cash flow from financing activities	**(6.3.)**	**107,184**	**132,395**
Net change in cash and cash equivalents		72,101	98,595
Exchange-rate-related changes to cash and cash equivalents		- 724	- 808
Cash and cash equivalents at start of period		**239,696**	**141,910**
Cash and cash equivalents at end of period	**(6.4.)**	**311,073**	**239,696**

Consolidated cash flow from operating activities (adjusted)

in kEUR	01.01.2013 – 31.12.2013	01.01.2012 – 31.12.2012
Earnings after interest and tax	**82,729**	**73,297**
Financial result	4,223	2,446
Income tax expenses	11,595	17,839
Gain/loss from disposal of non-current assets	63	- 49
Amortisation/depreciation	27,410	15,649
Change from currency exchange-rate differences	- 1,269	- 428
Change in inventories	- 2,541	1,064
Change in trade and other receivables	- 13,625	13,365
Change in trade payables	- 1,074	3,682
Change in other assets and liabilities	8,112	- 21,388
Net cash outflow arising from income taxes	- 8,491	- 10,462
Interest paid excluding interest on loans	- 172	- 313
Interest received	492	199
Cash flow from operating activities (adjusted)	**107,452**	**94,900**

Due to the business model, the trade receivables and other receivables item includes transaction volumes from the Acquiring business as receivables due to credit card organisations and banks. At the same time, these business transactions give rise to liabilities to merchants, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less our commissions and charges) are transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

In view of this situation, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flows from operating activities in order to eliminate those items that are merely transitory in nature. This also eliminates the capital gains taxes on dividends that are refunded in the following year. This is intended to facilitate the identification and reporting of the cash-relevant portion of the company's results.

Change in non-current assets

2013 in kEUR	Cost 01.01.2013	Currency translation adjustments	Addition due to first-time consolidation	Additions	Disposals	Re-classification	31.12.2013
Non-current assets*							
1. Intangible assets							
Goodwill	146,895	- 165	3,811	0	0	0	**150,541**
Internally-generated intangible assets	40,220	108		20,727	0	- 344	**60,711**
Other intangible assets	37,730	- 1,308	2,934	11,496	- 29	1,270	**52,092**
Customer relationships	161,071	- 2,411	32,638	17,472	0	31,550	**240,320**
Advance payments made	618	0	0	309	0	- 927	**0**
	386,534	**- 3,776**	**39,382**	**50,004**	**- 29**	**31,550**	**503,664**
2. Property, plant and equipment							
Other property, plant and equipment	18,258	- 44	1,041	7,909	- 312	0	**26,851**
3. Financial assets	85,047	- 32	0	71,458	- 26,428	- 31,550	**98,494**
	489,838	**- 3,853**	**40,423**	**129,370**	**- 26,769**	**0**	**629,010**

2012 in kEUR	Cost 01.01.2012	Currency translation adjustments	Addition due to first-time consolidation	Additions	Disposals	Re-classification	31.12.2012
Non-current assets*							
1. Intangible assets							
Goodwill	132,311	- 201	14,785	0	0	0	**146,895**
Internally-generated intangible assets	29,723	15	222	10,260	0	0	**40,220**
Other intangible assets	28,326	- 187	5,521	3,858	- 8	220	**37,730**
Customer relationships	89,881	- 77	36,768	32,000	0	2,500	**161,071**
Advance payments made	11,201	465	- 9,464	3,323	0	- 4,908	**618**
	291,442	**14**	**47,832**	**49,441**	**- 8**	**- 2,188**	**386,534**
2. Property, plant and equipment							
Other property, plant and equipment	6,836	- 3	3,657	5,957	- 378	2,188	**18,258**
3. Financial assets	24,551	- 1,071	0	61,707	- 141	0	**85,047**
	322,830	**- 1,059**	**51,489**	**117,105**	**- 526**	**0**	**489,838**

* Excluding deferred tax assets and other non-current assets

Cumulative amortisation/depreciation						Carrying amount	Carrying amount	
01.01.2013	Currency translation adjustments	Additions	Disposals	Re-classification	31.12.2013	31.12.2013	31.12.2012	2013 amortisation/ depreciation
4,746	0	0	0	0	4,746	145,795	142,149	0
11,422	1	5,071	0	- 91	16,403	44,308	28,797	5,071
12,742	6	5,908	- 29	91	18,717	33,375	24,989	5,908
9,792	4	10,015	0	0	19,811	220,509	151,279	10,015
0	0	0	0	0	0	0	618	0
38,702	10	20,995	- 29	0	59,677	443,987	347,832	20,995
6,455	1	6,415	- 241	0	12,631	14,220	11,802	6,415
1,285	365	892	- 332	0	2,211	96,284	83,761	892
46,442	376	28,302	- 601	0	74,519	554,491	443,396	28,302

Cumulative amortisation/depreciation						Carrying amount	Carrying amount	
01.01.2012	Currency translation adjustments	Additions	Disposals	Re-classification	31.12.2012	31.12.2012	31.12.2011	2012 amortisation/ depreciation
4,746	0	0	0	0	4,746	142,149	127,565	0
7,976	0	3,447	0	0	11,422	28,797	21,748	3,447
9,197	0	3,553	- 8	0	12,742	24,989	19,129	3,553
4,111	0	5,732	- 50	0	9,792	151,279	85,770	5,732
0	0	0	0	0	0	618	11,201	0
26,029	- 1	12,731	- 58	0	38,702	347,832	265,413	12,731
3,915	0	2,918	- 377	0	6,455	11,802	2,921	2,918
1,167	789	673	- 1,344	0	1,285	83,761	23,384	673
31,111	788	16,322	- 1,778	0	46,442	443,396	291,719	16,322

Explanatory notes

1. Disclosures related to the company and its valuation principles

1.1. Business activities and legal background

Wirecard AG, Einsteinring 35, 85609 Aschheim (hereafter referred to as "Wirecard", the "Group" or the "company") was founded on 6 May 1999. The name of the company was changed from InfoGenie Europe AG to Wire Card AG when it was entered in the commercial register on 14 March 2005, and to Wirecard AG when it was entered in the commercial register on 19 June 2006.

As the ultimate parent company, Wirecard AG is required to prepare consolidated financial statements. The business activities of the Wirecard Group are split into three reporting segments: "Payment Processing & Risk Management", "Acquiring & Issuing" and "Call Centre & Communication Services". The parent company, Wirecard AG is headquartered in Munich/Aschheim (Germany), which is also the office of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH, Wirecard Technologies GmbH, Wirecard Retail Services GmbH, Click2Pay GmbH, and Wirecard Sales International GmbH. Since 2011, Wirecard AG and the aforementioned subsidiaries are headquartered in Aschheim (Munich, Germany). Wirecard Communication Services GmbH is headquartered in Leipzig, Germany. Wirecard Technologies GmbH develops and operates the software platform that represents the central element of our portfolio of products and internal business processes. Click2Pay GmbH, using the alternative Internet payment system of the same name (CLICK2PAY), generates sales revenues particularly in the market for online portals and games as well as digital media.

The subsidiaries Wirecard Payment Solutions Holdings Ltd., Wirecard UK and Ireland Ltd., Herview Ltd., all with head offices in Dublin (Ireland), Wirecard (Gibraltar) Ltd. which is headquartered in Gibraltar, and Wirecard Central Eastern Europe GmbH based in Klagenfurt (Austria) provide sales and processing services for the Group's core business, namely Payment Processing & Risk Management.

Wirecard Retail Services GmbH complements the range of services of the affiliates to include the sale and operation of the point-of-sale (PoS) payment terminals. This provides our customers with the option to accept payments for their Internet-based and mail-order services as well as electronic payments made at their PoS outlets through Wirecard.

Wirecard Communication Services GmbH bundles expertise in virtual and stationary call centre solutions into a hybrid structure, thereby satisfying growing quality requirements with extensive and flexible services. The services that it provides are aimed mainly at business and private customers of the Wirecard Group, and especially those of Wirecard Bank AG.

CardSystems Middle East FZ-LLC, Dubai, focuses on the sale of affiliate products along with associated value-added services.

Wirecard Acquiring & Issuing GmbH and Wirecard Sales International GmbH, both headquartered in Aschheim, Munich, act as holding companies for subsidiaries within the Group and have no operating activities.

The Wirecard Asia Group (Singapore), comprising Wirecard Asia Pte. and its subsidiaries operate in the online payment processing area mainly for e-commerce merchants in the East Asian region.

Wirecard Processing FZ LLC, with its registered office in Dubai, United Arab Emirates, specialises in services for electronic payment processing, credit card acceptance and the issue of debit and credit cards.

Systems@Work Pte. Ltd. with its headquarters in Singapore and its subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia), operates under the TeleMoney brand as one of the leading technical payment service providers for merchants and banks in the East Asian region.

Wirecard Card Solutions Ltd., with its registered office in Newcastle (United Kingdom) was formed in December 2011 and is used to operate the prepaid card business.

In December 2012, the company PT Prima Vista Solusi, with its registered office in Indonesia, was acquired together with its companies. PT Prima Vista Solusi offers a broad range of innovative payment solutions for emerging markets, such as mini and mobile ATMs, solutions for cash payments for utilities bills (gas/water/electricity) and Internet purchases as well as biometric verification solutions. PrimaVista offers banks and merchants in Indonesia a wide range of products for contactless and mobile payments, and also the technical infrastructure for the future acceptance of contactless payments using mobile phones. PrimaVista's customers include Indonesia's leading banks and several global financial institutions, as well as numerous trading companies in Indonesia.

The company Trans Infotech Pte. Ltd., which along with its subsidiaries has been consolidated within the Wirecard Group since April 2013, ranks as one of the leading providers in the payment service area for banks in Vietnam, Cambodia and Laos. Trans Infotech also acts as a technology partner in the area of payment and technology services for banks, transportation businesses and retail companies in Singapore, the Philippines and Myanmar.

PaymentLink Pte. Ltd., Singapore, and its two subsidiaries with headquarters in Singapore and in Malaysia, have been expanding the operating business of the Wirecard Group in Malaysia and in the East Asian region to include complementary solutions in the "Contactless Payment" area since October 2013.

Scope of consolidation

A total of 29 subsidiaries were fully consolidated as of 31 December 2013. On 31 December 2012 this figure totalled 23 companies.

Subsidiaries of Wirecard AG

	Shareholdings
Wirecard Technologies GmbH, Aschheim (Germany)	100%
Wirecard Communication Services GmbH, Leipzig (Germany)	100%
Wirecard Retail Services GmbH, Aschheim (Germany)	100%
cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates)	100%
Click2Pay GmbH, Aschheim (Germany)	100%
Wirecard (Gibraltar) Ltd. (Gibraltar)	100%
Wirecard Sales International GmbH, Aschheim (Germany)	100%
Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland)	100%
Wirecard UK and Ireland Ltd., Dublin (Ireland)	100%
Herview Ltd., Dublin (Ireland)	100%
Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria)	100%
Systems@Work Pte. Ltd. (Singapore)	100%
Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
Trans Infotech Pte. Ltd. (Singapore)	100%
Trans Infotech (Laos) Ltd. (Laos)	100%
Trans Infotech (Vietnam) Ltd (Vietnam)	100%
Card Techno Pte. Ltd. (Singapore)	100%
PaymentLink Pte. Ltd. (Singapore)	100%
Korvac (M) SDN BHD, Kuala Lumpur (Malaysia)	100%
Korvac Payment Services (S) Pte. Ltd. (Singapore)	100%
Wirecard Asia Pte. Ltd. (Singapore)	100%
E-Credit Plus Corp., Las Pinas City (Philippines)	100%
Wirecard Malaysia SDN BHD, Petaling Jaya (Malaysia)	100%
E-Payments Singapore Pte. Ltd. (Singapore)	100%
Wirecard Processing FZ LLC, Dubai (United Arab Emirates)	100%
Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)	100%
Wirecard Bank AG, Aschheim (Germany)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%

Uniform accounting and valuation methods apply to the scope of consolidated subsidiaries. The subsidiaries' shareholdings and quotas of voting rights are identical.

The IAS/IFRS requirements concerning the mandatory inclusion of all domestic and foreign subsidiaries which are controlled by the parent company, thereby meaning that the parent company directly or indirectly holds more than 50 percent of their voting rights, (cf. IAS 27.12 and IAS 27.13) are complied with.

Corporate disposals

As in the previous year, no companies were sold in the fiscal year 2013.

Business combinations in the current year

Trans Infotech Pte. Ltd.

On 21 December 2012, the Wirecard Group agreed to purchase all shares in Trans Infotech Pte. Ltd., Singapore, with its subsidiaries Trans Infotech (Laos) Ltd., Laos; Trans Infotech (Vietnam) Ltd, Vietnam and Card Techno Pte. Ltd., Singapore. Trans Infotech Pte. Ltd. was founded in 1997 and employs 80 staff. The group ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Trans Infotech also acts as a technology partner in the area of payment and technology services for banks, transportation businesses and retail companies in Singapore, the Philippines and Myanmar. The compensation due as part of the transaction comprises cash payments of around EUR 21.1 million (translated) plus earnout components which could total up to around EUR 4.4 million. These earnout components are based on the operating profits (EBITDA) for the purchased companies from 2013 to 2015. Of this, an amount of kEUR 361, which was due in 2013, was not yet finally paid out due to effects relating to the exchange rate.

This transaction was closed at 9 April 2013. Integration costs amounted to approximately EUR 0.75 million. As one of the leading payment service providers in the Indo-Chinese region, Trans Infotech forms an ideal supplement to Wirecard's activities in Singapore and Indonesia. The company is strongly focused on the region's high-growth markets, and already has card management for local prepaid and debit cards as well as contactless and mobile card payments in its program, for example. This step broadens the basis for Wirecard's sales in Southeast Asia. Trans Infotech plays a key role on markets in the Indo-Chinese region, which are growing at a dynamic pace, and currently operates more than 60,000 terminals. Non-separable assets, such as specialist knowledge and the contacts of the employees and management, as well as the synergy effects within the Wirecard Group, are not recognised in goodwill.

The following assets were acquired:

Fair value per main category arising from acquisition of Trans Infotech Pte. Ltd., Singapore

in kEUR	Fair value
Cash and cash equivalents	1,120
Goodwill	903
Customer relationships	22,217
Other non-current intangible assets	2,120
Other assets	795
Trade and other receivables	836
Deferred tax assets	40
Deferred tax liabilities	1,096
Trade payables	1,211
Other current liabilities	697
Current liabilities	443
Purchase price	24,583

PaymentLink Pte. Ltd.

On 12 September 2013, Wirecard agreed to purchase all shares in three companies of the Korvac Group (founded in 1999). These consist of Singapore based PaymentLink Pte. Ltd. and two subsidiaries with headquarters in Singapore and Malaysia. The considerations in connection with this transaction comprise cash payments (all converted into euros) in an amount of around EUR 27 million and earnout components of up to around EUR 4.8 million, dependent on the operational profit (EBITDA) of the acquired group in the years 2013 and 2014. It is expected that the acquired companies will contribute around EUR 2.5 million of EBITDA to the Group in 2014. Integration costs will prospectively amount to around EUR 0.9 million. During the 2013 consolidation period, earnings before tax of kEUR 108 and revenue of kEUR 939 were generated, excluding integration costs within the Group. For the full 2013 fiscal year, EBITDA of almost kEUR 958 and earnings before tax of kEUR 194 were generated on revenue of kEUR 5,069. A total of 63 staff were acquired. The managers responsible for the individual business areas are to remain within the company. With this acquisition, Wirecard will be expanding its operating business in Malaysia. Wirecard will be also extending its offering of contactless payment solutions in the East Asian region. This transaction was closed at 31 October 2013.

With more than 24,000 acceptance points, PaymentLink operates one of the largest payment networks for local contactless payment cards. The company is also one of the leading domestic acquiring processors and distributes local prepaid cards. The Malaysian subsidiary is a well-established provider of PoS infrastructure as well as payment and technology services, mainly for banks and financial service providers.

As a result of the short period before preparation of the annual financial statements, the amounts recognised are not final. Non-separable assets, such as specialist knowledge and the contacts of the employees and management, as well as the synergy effects within the Wirecard Group, are not recognised in goodwill. The acquired assets and liabilities are currently as follows:

Fair value per main category arising from acquisition of PaymentLink Pte. Ltd., Singapore

in kEUR	Fair value
Cash and cash equivalents	804
Goodwill	1,987
Customer relationships	27,121
Other non-current intangible assets	814
Other assets	2,180
Trade and other receivables	542
Deferred tax liabilities	1,607
Trade payables	437
Other current liabilities	731
Current liabilities	0
Purchase price	30,673

PT Aprisma Indonesia (closing in 2014)

PT Aprisma Indonesia, which was founded in 2000, and is headquartered in Jakarta, was sold by its founder and sole shareholder to Wirecard at the end of November 2013. The purchase price to be paid as part of this transaction amounts to approximately EUR 47 million. Including the liabilities acquired, the purchase price to be paid amounts EUR 73 million. Furthermore, two earnout components that are measured on the basis of the operating earnings of the acquired company in the years 2014 and 2015, and can amount to a total of EUR 14.5 million, are to be paid. The final purchase price is to be measured by calculations based on the balance sheet on acquisition, and can consequently still increase or decrease slightly.

A contribution to consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of around EUR 6.5 million is forecast for the 2014 year. Integration costs of EUR 1.0 million are also expected. The closing of this transaction required relevant Indonesian regulatory approval, which was granted on 3 February 2014.

With it solutions based on SOA infrastructure, PT Aprisma Indonesia ranks as one of the leading providers of payment services in the region. With this transaction, Wirecard is gaining access to Indonesia's twenty leading banks and telecommunications company, as well as other customers in Malaysia, Singapore and Thailand.

The core products that run on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile handset-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

In strategic terms, Wirecard plans to offer these additional added value services across the Asian region, and also, in particular, to adapt the mobile applications as added value services for the European region.

As a result of the short period before preparation of the annual financial statements, the amounts recognised are not final. Non-separable assets, such as specialist knowledge and the contacts of the employees and management, as well as the synergy effects within the Wirecard Group, are not recognised in goodwill. The acquired assets and liabilities are currently as follows:

Fair value per main category arising from acquisition of PT Aprisma Indonesia

in kEUR	Fair value
Cash and cash equivalents	6,473
Goodwill	17,023
Customer relationships	66,587
Other non-current intangible assets	8,687
Property, plant and equipment	229
Other assets	122
Trade and other receivables	2,609
Deferred tax liabilities	11,883
Other current liabilities	6,978
Non-current liabilities	71
Interest-bearing liabilities	26,000
Purchase price	56,798

Previous years' business combinations

Assets of NETRADA Payment GmbH

Wirecard Technologies GmbH took over material assets from NETRADA Payment GmbH with its registered office in Mainz (Germany) as of 1 April 2012. With this acquisition Wirecard AG reinforced its position as a payment service provider for the fashion industry. NETRADA Payment GmbH specialises in providing payment and risk management processes in the fashion industry. NETRADA Payment GmbH was part of the NETRADA Group, formerly D+S Europe, which offered end-to-end e-commerce fulfilment solutions in the fashion, beauty and lifestyle segments as a leading international outsourcing service provider.

The agreed cash purchase price for the assets totalled kEUR 2,500. Depending on the success of the business, an earn out payment of up to kEUR 500 could be payable in 2012. The portfolio's revenues in 2011 totalled kEUR 1,976 and its loss totalled kEUR -565. Including synergy effects and the sale of other products, the portfolio reported revenues of EUR 1.3 million for Group earnings in 2012, and made a contribution to EBITDA of kEUR 304, however this was offset by one-off expenses of the same amount. In the first three months of 2012 prior to its acquisition by the Wirecard Group, NETRADA Payment GmbH reported revenues of EUR 0.6 million and an EBITDA loss of EUR 0.1 million. The main assets acquired are customer relationships and their strategic importance. These and the synergy effects are recognised in goodwill.

The breakdown is as follows:

Fair value per main category arising from acquisition of customer portfolio

kEUR	Fair value
Goodwill	**1,186**
Customer relationships	**1,623**
Property, plant and equipment	**14**
Other non-current intangible assets	**146**

Prepaid portfolio of Newcastle Building Society

Wirecard Group reached an agreement with Newcastle Building Society, United Kingdom, on 16 December 2011, to take over this company's entire prepaid card issuing business. Newcastle Building Society's prepaid card portfolio ranks among Europe's largest.

The card portfolio was purchased by a UK subsidiary of the Wirecard Group, Wirecard Card Solutions Limited, Newcastle (United Kingdom), formed in 2011. The cash purchase price totalled GBP 7.5 million (around EUR 9.5 million). Depending on the income from the business, further earnout payments of up to GBP 1.5 million (around EUR 1.8 million) for 2012 and up to GBP 1.0 million (around EUR 1.2 million) for 2013 are to be paid. Of this, an amount of kEUR 177, which was due in 2013, was not yet finally paid out due to effects relating to the exchange rate. A corresponding booking through profit or loss was performed accordingly.

The card portfolio comprised around 1.5 million prepaid cards issued in six European countries. The employees in Newcastle will continue to be employed by Wirecard in order to operate the business. In fiscal year 2012 Wirecard Card Solutions made a contribution to EBITDA of EUR 0.7 million. This also includes the lawyers' costs in connection with the issuing of the licence by the Financial Services Authority (FSA) and the consulting costs for projects in the Mobile Payments segment.

As a result of this transaction, Wirecard AG has reinforced its position as one of the leading providers on the European prepaid card market.

The acquisition was performed in two phases and has now been concluded as a result of the formal recognition by the Financial Services Authority (FSA) and the issuing of the licence to act as an eMoney bank.

In the first phase, Wirecard Card Solutions Ltd. took over key functions as part of Newcastle Building Society's prepaid card business as an outsourcing service provider. In the second phase, from September 2012, Wirecard Card Solutions Ltd. assumed control of the company.

As control according to IFRS was not transferred until the second phase was executed, the assets and liabilities acquired were not included in the consolidated financial statements until that time. The cash purchase price was carried as an advance payment for intangible assets and the earnout was not carried as a liability until then.

After approval by the Financial Services Authority in September 2012, the conditions required for consolidation were met.

The material assets comprised customer relationships or the corresponding issued prepaid cards with their credit balances (customer deposits) and the corresponding bank balances. Non-separable assets, such as specialist knowledge and the contacts of the employees and management, as well as the synergy effects within the Wirecard Group, are not recognised in goodwill.

Fair value per main category arising from acquisition of Prepaidcard Portfolio Newcastle

kEUR	Fair value
Cash and cash equivalents	71,467
Goodwill	8,443
Customer relationships	3,247
Other non-current intangible assets	818
Deferred tax liabilities	0
Customer deposits from banking operations	71,467
Purchase price	12,508

PT Prima Vista Solusi

In December 2012, we bought a 100% interest in PT Prima Vista Solusi, with its registered office in Jakarta, Indonesia. PT Prima Vista Solusi offers a broad range of innovative payment solutions for emerging markets, such as mini and mobile ATMs, solutions for cash payments for utilities bills (gas/water/electricity) and Internet purchases as well as biometric verification solutions. Prima Vista provides banks and merchants in Indonesia with a wide range of products for contactless and mobile payments, and also the technical infrastructure for the future acceptance of contactless payments using mobile phones. PrimaVista's customers include Indonesia's leading banks and several global financial institutions, as well as numerous trading companies in Indonesia.

The compensation due as part of the transaction comprises cash payments of around EUR 39.7 million plus earnout components which could total up to around EUR 4.7 million. These earnout components are based on the operating profits for the purchased companies from 2012 to 2014. Of this, an amount of kEUR 246, which was due in 2013, was not yet finally paid out due to effects relating to the exchange rate. The Wirecard Group reported earnings before taxes of EUR 0.1 million in the consolidated income statement in the short period since the transaction was completed in December 2012, with revenues of EUR 2.7 million. Prima Vista's EBITDA totalled EUR 2.4 million in 2012 as a whole, with revenues of EUR 10.7 million. The distribution of the acquired assets changed slightly due to the finalisation of the annual financial statements during the course of the 2013 fiscal year. An effective kEUR 921 related to goodwill. The previous year's figures were not restated due to a lack of materiality. The acquired assets and liabilities are distributed as follows:

Fair value per main category arising from acquisition of PT Prima Vista Solusi

in kEUR	Fair value
Cash and cash equivalents	1,929
Goodwill	6,075
Customer relationships	31,898
Property, plant and equipment	5,736
Other non-current intangible assets	4,758
Deferred tax assets	0
Receivables	458
Other assets	2,352
Deferred tax liabilities	2,792
Current liabilities	460
Current liabilities	6,376
Purchase price	43,578

Systems@Work Pte. Ltd.

As of 1 December 2011, the Wirecard Group acquired a 100% interest in Systems@Work Pte. Ltd. Singapore from its shareholders. Systems@Work Pte. Ltd., which uses the TeleMoney brand, is one of the leading technical payment service providers for merchants and banks in the East Asian region. The group includes the subsidiaries Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia) and Safe2Pay Pte. Ltd. (Singapore). This acquisition has reinforced the Wirecard Group's position in this region.

The compensation due as part of the transaction comprises cash payments of around kEUR 34,726 (translated) plus two earnout components which could total up to SGD 22.5 million (around EUR 13.4 million). These earnout components are based on the operating profits for the purchased companies from 2012 to 2013. Of this, an amount of kEUR 2,995, which was due in 2013, was not yet finally paid out mainly due to effects relating to the exchange rate.

The purchase price paid in 2011 was financed from the company's cash funds and using borrowing. No equity instruments were issued.

In fiscal year 2011, the income statement recognises net income for the year of kEUR 35 and revenues of kEUR 352 from the participating interest in Systems@Work. Systems@Work reported revenues of kEUR 7,857 and net income of kEUR 3,319 in 2011 as a whole in the structure acquired.

Exemption from the duty to prepare consolidated financial statements

In accordance with Section 291 (1) of the German Commercial Code (HGB), Wirecard Technologies GmbH, Aschheim, Wirecard Acquiring & Issuing GmbH, Aschheim, and Wirecard Sales International GmbH, Aschheim, are exempted from the duty to prepare consolidated financial statements since the requirements of Section 291 (2) of the German Commercial Code (HGB) have been complied with fully.

In addition, Wirecard has availed of the exemption under Section 17 of the Irish Companies Act of 1986 not to submit consolidated financial statements of the Irish group to Companies Office in Ireland.

Wirecard AG confirms that the sub-group financial statements of Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH and also Wirecard Payment Solutions Holdings Ltd. are included in the present annual financial statements.

Exemption within the meaning of Section 264 (3) of the German Commercial Code (HGB)

The following companies will avail of the exemption within the meaning of Section 264 (3) of the German Commercial Code (HGB):

- Click2Pay GmbH, Aschheim (Germany)
- Wirecard Technologies GmbH, Aschheim (Germany)
- Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)
- Wirecard Sales International GmbH, Aschheim (Germany)

The necessary requirements under German commercial law will be met.

2. Principles used in preparing the financial statements

Wirecard AG generally publishes its figures in thousands of euros (kEUR). The use of rounding means that it is possible that some figures do not add up exactly to form the totals stated, and that the figures and percentages do not exactly reflect the absolute values on which they are based.

2.1. Principles and assumptions used in preparing the annual financial statements

Operational environment and going concern assumption

The current consolidated financial statements of Wirecard AG were prepared on the going concern assumption; in accordance with this assumption, the recoverability of the company's assets and repayment of liabilities outstanding are assumed to occur within the ordinary course of business.

Accounting in accordance with International Financial Reporting Standards (IFRS)

The consolidated financial statements and the Group management report have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the EU and the supplementary regulations applicable in accordance with Section 315a (1) of the German Commercial Code (HGB).

All interpretations valid for the fiscal year 2013 by the International Financial Reporting Interpretations Committee (IFRIC) and the earlier interpretations by the Standing Interpretations Committee (SIC) were taken into account. The previous year's figures were determined according to the same principles.

Currency translation

The reporting currency is the euro. The foreign subsidiaries' functional currency is frequently the respective national currency. The amounts relating to assets and liabilities of these companies reported in the consolidated balance sheet were translated at the exchange rate prevailing on the date of the financial statements. Shareholders' equity is translated at historical exchange rates. Revenues, expenses and income posted in the income statement are translated at average exchange rates. Differences arising from foreign currency translation are reported with no effect on profit or loss and reported separately under shareholders' equity in the foreign currency translation reserve. They are recycled to the income statement if the gain or loss from the sale or disposal is reported at the foreign subsidiaries. Translation differences in exchange rates between the nominal value of a transaction and the rates at the time of payment or consolidation are recognised in profit or loss and included under cost of materials if the payment is in connection with customer funds; if not it is carried under other operating income/expense. The expense from the translation of foreign-currency receivables and liabilities amounted to kEUR 3,122 in the fiscal year 2013 (2012: kEUR 966).

Discretionary decisions, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make discretionary decisions, estimates and assumptions that reflect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. The uncertainty inherent in these assumptions and estimates, however, could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgments which have a significant effect on the amounts recognised in the consolidated financial statements. Forward-looking assumptions, discretionary decisions as well as other substantial sources of uncertainties relating to estimates as at the balance sheet date giving rise to a substantial risk that an adjustment of the carrying amounts of assets and liabilities will be necessary within the following fiscal year are explained below within the individual items.

Classification

In the balance sheet, a distinction is made between non-current and current assets and liabilities. Assets and liabilities are regarded as being current if they are due for payment or sale within one year. Accordingly, assets and liabilities are classified as long-current if they remain within the company for longer than one year. The consolidated income statement was prepared in accordance with the nature of expense method.

Consolidation principles

These consolidated financial statements comprise the financial statements of Wirecard AG and its subsidiaries as of 31 December 2013. Subsidiaries are fully consolidated from the acquisition date, in other words, from the date on which the Group obtains control. Consolidation ends as soon as the parent company effectively loses control. The financial statements of subsidiaries are prepared as at the same balance sheet date as those of the parent company. Sales revenues, expenses and income, receivables, provisions and liabilities between the companies included were eliminated.

For new company acquisitions, capital is consolidated in line with the acquisition method according to IFRS 3 (Business Combinations). In the process, the acquisition costs of the shares acquired are netted against the proportion of equity due to the parent company at the time of the acquisition. Irrespective of the interest held, identifiable assets and liabilities are measured at fair value, and any remaining difference between purchase cost and the interest in the remeasured net assets is recognised as goodwill.

2.2. Accounting for financial assets and liabilities

Financial assets and liabilities are reported in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). As a result, financial assets and liabilities are recognised in the consolidated balance sheet if the Group has a contractual right to receive cash or cash equivalents or other financial assets from some other party or if it has a contractual obligation to pay liabilities to some other party.

According to IAS 39, financial instruments are split into the following categories:

- financial assets and liabilities to be measured at fair value through profit or loss
- financial investments held until final maturity
- financial assets available for sale
- loans and receivables
- financial liabilities measured at amortised cost

Financial assets

The Group classifies its financial assets at the time of first recognition. Financial assets are measured at fair value when first recognised. In the case of financial investments not classified at fair value in profit or loss, transaction costs directly assignable to the acquisition of the assets are additionally taken into account.

Purchases or sales of financial assets that provide for delivery of assets within a certain period determined by regulations or conventions applicable to the relevant market (purchases subject to common market usage) are recognised on the trade day of trading, in other words, on the date on which the Group entered into the obligation to purchase or sell the asset in question.

The Group's financial assets comprise cash as well as current deposits, trade receivables, loans and other receivables as well as unlisted financial instruments and financial derivatives.

The subsequent valuation of financial assets depends on their classification as detailed below:

Financial assets measured at fair value through profit or loss

The group of financial assets to be measured at fair value through profit or loss comprises financial assets held for trading, and financial assets designated as measured at fair value through profit or loss on first recognition (Fair value option). Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near future. This category also comprises financial derivatives concluded by the Group that do not meet the accounting criteria for hedge transactions in accordance with IAS 39. Financial assets are designated as being at fair value through profit or loss if these are controlled based on their changes in fair value, their earnings strength is correspondingly assessed and internally transferred to the Group's management level. In so doing, control is performed in accordance with the Group's documented risk management or investment strategy. Financial assets recognised at fair value through profit or loss are recognised in the balance sheet at fair value, with gains and losses being recognised in profit or loss.

Derivatives embedded in host contracts are accounted for separately if their risks and features are not closely related to the underlying agreements and the latter are not measured at fair value. These embedded derivatives are measured at fair value with changes in their fair value being recognised in profit or loss. A reassessment is made only in the event of a change in the contractual terms and conditions if this leads to a significant change in the payment flows that would otherwise have resulted from the contractual terms and conditions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Such financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement if the loans and receivables are taken of the books or impaired or within the scope of amortisations.

Held-to-maturity financial investments

Non-derivative financial assets with fixed or determinable payment amounts and subject to fixed maturity dates are classified as financial assets held to final maturity if the Group has the intention and is in the position to hold these until final maturity. After initial recognition, financial investments held until final maturity are measured at amortised cost using the effective interest method. This method uses an interest rate for calculation purposes at which the estimated future cash receipts over the expected term to maturity of the financial asset are exactly discounted to the net carrying amount of the financial asset in question. Gains and losses are recognised in the consolidated income statement if the financial investments are derecognised or impaired, or within the scope of amortisations.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets classified as available for sale and those that cannot be classified into one of the three aforementioned categories. Following initial recognition, available-for-sale financial assets are measured at fair value. Investments whose fair value cannot be reliably determined owing to a lack of a market are measured at cost. Unrealised gains or losses of the assets measured at fair value are recognised in equity. If such an asset is derecognised, the cumulative profit or loss directly recognised in equity is recognised in profit or loss. If the value of such an asset is impaired, the cumulative loss directly recognised in equity is recognised in profit or loss.

Derecognition

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognised if one of the following requirements has been met:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has assigned its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation for immediate payment of the cash flow to a third party within the scope of an agreement which meets the requirements of IAS 39.19 (a so-called "pass-through" arrangement) and, in the process, either (a) mainly transferred all opportunities and risks assumed in connection with ownership of the financial asset or (b) while neither having mainly transferred nor retained all opportunities and risks associated with ownership of the financial asset, it has transferred control of the asset in question.

If the Group transfers its contractual rights to cash flows arising from an asset or enters into a "pass-through" arrangement and mainly neither transfers nor retains all opportunities or risks associated with this asset, but retains control of the asset transferred, the Group recognises an asset to the extent of its ongoing commitment.

In this case, the Group also recognises an associated liability. The transferred asset and the associated liabilities are measured in such a manner as to duly take account of the rights and obligations retained by the Group. If the ongoing commitment takes the form of guaranteeing the asset transferred, then the scope of the ongoing commitment will correspond to the lower of either the original carrying amount of the asset or the maximum amount of the consideration received that the Group might need to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is only deemed to be impaired only if objective evidence exists of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the anticipated future cash flows of the financial asset or the group of financial asset that that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and observable data indicating that there is a measurable decrease in the anticipated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

The Group classifies its financial liabilities on initial recognition. Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs in the case of loans.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans, financial guarantees and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification as detailed below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss (fair value option). Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near future. This category comprises financial derivatives concluded by the Group that do not meet the accounting criteria for hedge transactions in accordance with IAS 39. Gains or losses on financial losses held for trading are recognised in the income statement. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Liabilities measured at amortised cost

After first-time recognition, interest-bearing loans are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement if the financial investments are derecognised, as well as due to amortisation.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the provision of the guarantee. Subsequently, the liability is measured at the higher of either the best estimate of the expenditure required to settle the present obligation at the reporting date, or the amount at which it was initially recognised less cumulative amortisation.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only if a currently legally enforceable right exists to offset the recognised amounts, and the intention exists to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition

Financial liabilities are derecognised if the obligation on which this liability is based has been fulfilled, waived or has expired. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

Pursuant to IFRS 13, fair value is defined as the price which, in a normal transaction between market participants on the measurement date, is received for the sale of an asset, or is paid for the transfer of a liability.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to a quoted market price (Level 1 of the fair value hierarchy).

For instruments for which there are no market quotations on active markets, fair value is calculated using observable market prices for comparable instruments, or using standard market valuation methods. This entails applying measurement parameters that are observable either directly or indirectly on active markets (Level 2 of the fair value hierarchy). Such techniques may include using recent arm's length transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

In the case of some financial instruments, fair value cannot be calculated either directly using market quotations, or indirectly through valuation models that are based on observable measurement parameters or other market quotations. These comprise instruments relating to Level 3 of the fair value hierarchy.

Significant discretionary decisions, estimates and assumptions in connection with financial instruments

If the fair value of financial assets and financial liabilities reported in the balance sheet cannot be determined with the aid of data from an active market, it can be measured using other methods including the discounted cash flow method. The input parameters included in the model are based on observable market data as far as possible. If this is not possible, then the determination of fair values represents a discretionary decision to a certain degree.

Discretionary decisions relate to input parameters such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors may have an impact on the fair value recognised for financial instruments.

2.3. Significant accounting and valuation policies

Valuation uncertainties

Discretionary decisions are required in applying the accounting and valuation methods. The most important forward-looking assumptions, as well as other substantial sources of uncertainties relating to estimates as at the balance sheet date, which create a substantial risk that an adjustment of the carrying amounts of assets and liabilities will be needed within the following fiscal year, are explained below:

- The measurement of fair values of assets and liabilities as well as the useful lives of assets is based on assessments made by management. This also applies to the measurement of impairments of assets comprising property, plant and equipment, of intangible assets as well as of financial assets. Valuation adjustments are made to doubtful receivables in order to take account of estimated losses arising from insolvency or unwillingness of customers to pay.
- In accounting for and valuing provisions, expected obligations represent the key sources of estimates.
- The costs of granting equity instruments to employees are measured at fair value of such equity instruments in the Group at the time when granted. In order to measure the value of share-based remuneration, the best method of measurement must be determined; this depends on the terms and conditions at which share-based remuneration is granted. In addition, this estimate calls for the determination of suitable input parameters to be included in this measurement process, including the foreseeable term of the option, volatility and dividend yield in particular, along with associated assumptions.

In the event of uncertainties relating to valuations, the best possible findings are used relating to the circumstances prevailing as at the balance sheet date. However, actual amounts may differ from the estimates made. The carrying amounts reported in the financial statements and impacted by these uncertainties are listed in the balance sheet and in the relevant notes.

At the time when the consolidated financial statements were prepared, no substantial changes were expected with regard to the underlying assumptions on which the accounting and valuation were based. Accordingly, from the present perspective, no adjustments are expected to be made to the assumptions and estimates or carrying amounts of the relevant assets and liabilities in the 2014 fiscal year.

Goodwill accounting

The goodwill arising when a subsidiary is acquired or business operations are created corresponds to the surplus of acquisition costs over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or operations at the time of acquisition. Goodwill is accounted for at cost at the time of acquisition and valued in subsequent periods at its cost of acquisition less all cumulative impairment expenses.

For impairment testing, goodwill is to be distributed across all cash-generating units of the Group that are expected to draw a benefit from the synergies of the business combination. Cash-generating units to which part of goodwill has been allocated are to be subjected to annual impairment testing. In the event of any evidence of impairment to a unit, the latter is evaluated more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit in question, then the impairment expense must initially be assigned to the carrying amount of any goodwill assigned to the unit and then allocated pro-rata to the other assets based on the carrying amounts of any such asset within the unit in question. Any impairment charge recognised for goodwill cannot be reversed in subsequent periods. When a subsidiary is sold, the amount of goodwill accounted for it is taken into consideration within the scope of determining the profit or loss generated by the sale in question.

In accordance with the Group's accounting policies, goodwill is assessed at least once a year for possible impairments. The recoverable amount of a business segment to which goodwill was assigned is determined on the basis of estimates by management. These are effected on the basis of the various products, distribution areas and regions. The cash flow forecasts take account of past experience and are based on the best estimate by management of future trends, which are compared with the assessment of external market research companies.

The most important assumptions on which the identification of the benefit is based are the following for all cash-generating units:

- Risk-free interest rate: 2.75 percent (previous year: 2.25 percent)
- Market risk premium: 5.75 percent (previous year: 6.25 percent)
- Unlevered beta factor: 0.95 (previous year: 0.83)

Important assumptions entailed in calculating value in use

in kEUR	31.12.2013 Weighted average cost of capital (WACC)	Long-term growth rate	31.12.2012 Weighted average cost of capital (WACC)	Long-term growth rate
Payment Processing & Risk Management	**9.37**	**2.00**	8.58	1.00
Acquiring & Issuing	**8.12**	**2.00**	7.17	1.00
Call Center & Communication Services	**8.11**	**1.00**	7.54	1.00

In order to determine the basic interest rate, the yields of hypothetical zero coupon German government bonds published by Deutsche Bundesbank for the months of October until December 2013 were used. A yield curve was derived from these yields using the so-called Svensson method and converted into a base interest rate equivalent to the present value and uniform for all periods. On the basis of the data from Deutsche Bundesbank, as of 31 December 2013 the base interest rate amounted to 2.75 percent. The market risk premium represents the difference between the market yield and a risk-free rate. In line with the recommendation of the corporate valuation and management committee of the Institute of Public Auditors in Germany (FAUB / IDW), a market risk premium of 5.75 percent was applied. The beta factor is derived from peer group comparisons and external assessments, and verified by our own calculations. These assumptions and the underlying methods applied may have a substantial influence on the respective values and, ultimately, on the extent of a potential goodwill impairment.

The company determines these values using valuation methods based on discounted cash flows. These discounted cash flows are based on forecasts in the form of detailed planning across one year and rough planning activities that span four years, established on the basis of finance plans approved by management. Cash flows beyond the planning or budget period are extrapolated with a growth rate.

In addition to the impairment test, three sensitivity analyses are performed for each group of cash-generating units. In the first sensitivity analysis, a one percentage point lower growth rate is imputed. In the second sensitivity analysis, the capitalisation rate is increased by 10.0 percent for each group of cash-generating units. In the third sensitivity analysis, a blanket 10.0 percent discount is applied to the EBIT assumed for the last planning period. These changes to the underlying assumptions would result in no impairments for any of the groups of cash-generating units.

Please refer to section 3.1 "Intangible assets – goodwill" for the composition, change and distribution of individual goodwill items.

Accounting for intangible assets

Acquired customer relationships are recognised at cost and amortised straight-line over their expected useful life of mostly 10 or 20 years. In addition, these are subject to regular impairment testing, at least once per year. As regards the procedure and essential assumptions, please refer to the explanatory notes on accounting for goodwill. Purchased software is stated at cost and amortised using the straight-line method over the estimated useful life of the software, generally five years. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalised in accordance with IAS 23. No financing costs were recognised in the fiscal year 2013, as was the case in the previous year. The software constituting the Group's core operations, most of which was internally generated, has a longer estimated useful life and is amortised over a period of ten years. The useful life and depreciation/amortisation methods are reviewed annually.

Research costs are reported as expenses through profit or loss on the date on which they occur. The costs of development activities are capitalised if the development costs can be reliably determined, the product or process is technically and commercially viable and a future economic benefit is probable. Initial capitalisation of costs is based on the assessment by management that technical and commercial viability has been established; as a rule this will be the case where a product development project has reached a certain milestone in an existing project management model. Moreover, Wirecard must have the intention and adequate resources to conclude such development and either use or sell the asset in question. Development costs are capitalised in accordance with the accounting method shown and amortised accordingly over time from the moment the product is ready for use. During the development phase, an annual impairment test is carried out and assumptions of management are reviewed. The development costs capitalised in the fiscal year totalled kEUR 20,727 (2012: kEUR 10,260).

Accounting for property, plant and equipment

The original costs of acquisition or manufacture of property, plant and equipment comprise the purchase price including ancillary acquisition costs. Expenses incurred subsequently after the item of property, plant and equipment was deployed, such as maintenance or repair costs, are recognised as expenses in the period in which the costs arose. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalised in accordance with IAS 23. No financing costs were recognised in the fiscal year 2013, as was the case in the previous year.

Office equipment is stated at cost and depreciated straight-line over its estimated useful life. For computer hardware this period is three to five years and, as a rule, thirteen years for office equipment and furniture.

Any gains and losses on disposal of fixed assets are reported as other operating income and expenses. Maintenance work and minor repairs are charged to profit or loss as incurred.

Impairment and reversals of impairment of intangible assets as well as property, plant and equipment

The useful life and depreciation/amortisation methods are reviewed annually. An impairment charge is made if, due to changed circumstances, a permanent impairment is probable. At each balance sheet date, an analysis is made as to whether indications exist that the value of an asset may be impaired. If such indications exist, the company estimates the recoverable value of the respective asset. The recoverable amount corresponds to the higher of the value in use of the asset and its fair value less costs to sell. To determine the value in use, the estimated future cash flows are discounted to their present value using a discount rate reflecting current market expectations for interest rates and the specific risks of the asset. In the event that the fair value cannot be reliably determined, the value in use of the asset corresponds to the recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the asset will be treated as impaired and written down to its recoverable amount. Impairment expenses are reported in a separate expense line item.

The necessity of a partial or full reversal is reviewed as soon as evidence exist that the reasons for impairment charges effected in previous years no longer apply. Any impairment charge previously recognised must be reversed if, since the last impairment charge was reported, a change has occurred regarding the estimates used to determine the recoverable amount. If this is the case, then the carrying amount of the asset is increased to its recoverable amount. This increased carrying amount must not exceed the carrying amount that would have been recognised after taking account of amortisation or depreciation if no impairment charges had been recognised in previous years. Such a value reversal is immediately recognised in the profit or loss of the fiscal year. Once a value reversal has been made, the amortisation or depreciation charge is adjusted in future reporting periods in order to distribute the adjusted carrying amount of the asset, less any residual carrying amounts, systematically over its residual useful life.

No impairments and no value reversals arose in either the year under review or the previous year.

Inventories and work in progress

Products and merchandise are valued at cost of acquisition. If the costs of acquisition of inventories and supplies exceed the value determined on the assumption of selling prices capable of being realised, less any costs arising until the time of sale, the net realisable value is recognised if it is lower.

Cash and cash equivalents

Cash in hand and sight deposits are classified as cash, whereas cash equivalents comprise current, liquid financial investments (in particular, fixed-term deposits) that can be converted at any time into certain amounts of cash and are only subject to negligible fluctuations in value. The actual intention of cash management is taken into account in this context, and only such items are reported that are directly related to the availability of liquidity for short-term, operational payment obligations. Accounts in the acquiring area, which are partly not held directly but instead for the account of Wirecard, and through which Wirecard executes payments to merchants, are reported under cash and cash equivalents. Not freely available cash and cash equivalents from lease guarantees amounted to kEUR 341 (previous year: kEUR 37) and were classified as trade and other receivables.

Provisions

Provisions are carried if the Group has a current (statutory or de facto) obligation as a result of a past event which means that an outflow of resources with economic benefits to fulfil the obligation is probable and a reliable estimate of the amount of the obligation is possible. Provisions are reported under liabilities. All provisions are current in nature and relate to tax provisions reported separately on the one hand and to other current provisions on the other.

Expenditure incurred in setting up provisions is reported in the income statement. Gains resulting from the reversal of provisions are recognised under other operating income.

Leases with the Group acting as lessee

According to IAS 17, in the case of leases the economic ownership of the objects leased is to be assigned to the party who bears the essential risks and has the relevant opportunities associated with the lease. If the lessor is required to account for (operating) leases, the expense is reported in a straight line across the duration of the lease relationship. If economic ownership is assigned to the Group (finance leasing), capitalisation will be effected at the time the use begins, either at fair value or at the present value of the minimum leasing payments, whichever is lower.

Leases with the Group acting as lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset to the lessee are classified as operating leases. Initial direct costs incurred in negotiating an operating lease and the conclusion of an operating lease are added to the carrying amount of the leased asset and expensed over the lease term in line with the rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Contingent liabilities and receivables

Contingent liabilities are not recognised. These are listed in the notes unless the likelihood of an outflow of resources with an economic benefit is very remote. Contingent receivables are not recognised in the financial statements either. They are reported in the notes if the inflow of an economic benefit is likely to occur. Reference is also made to the risk report under No. 7 in the Management Report.

Revenue recognition

Most of the sales revenues relate to transaction fees that are reported as realised if the transaction has been processed. Otherwise, revenues are recognised when there is sufficient evidence that a sales arrangement exists, the service has been rendered, the price for the service is fixed or determinable, and it is probable that payment will be received. Interest is recognised pro rata temporis, using the accrual basis of accounting. Operating expenses are recognised with an impact on profit or loss once the service is utilised or at the time the cost is incurred.

Reporting of sales revenue from programming orders

A programming order is a contract relating to the customer-specific programming of individual software components, or a number of software components, which are mutually coordinated or mutually independent in terms of their application relating to design, technology and function. If the result of a programming order can be gauged reliably, Wirecard reports the sales revenue according to the percentage of completion method, and specifically according to the ratio of the already incurred costs to the estimated total order costs. An expected loss on a programming order is expensed immediately. If the result of a programming order cannot be gauged reliably, sales revenues are reported only to the level of the incurred order costs that can probably be covered, and the order costs are expensed in the period in which they are incurred.

Reporting of sales revenue from multi-component orders:
Sales of software products and services can contain several supply and service components. In such cases, Wirecard determines whether more than one accounting unit exists. If a certain criteria are satisfied, especially if the supply components comprise an independent benefit for the customer, the transaction is split, and the relevant accounting regulation relating to the recognition of revenues is applied to the respective separate accounting unit. Generally, the agreed total remuneration is allocated to the individual separate accounting units in line with their relevant fair values. In rare cases, however, if reliable fair values are unavailable for the outstanding supplied components, but not for one or several of the supplied components, the value attributable to the supplied components is derived from the difference between the agreed total remuneration and the total fair value of the outstanding components (residual method). If the criteria for splitting are not satisfied, the sales revenues are deferred until such criteria are satisfied, or until the period in which the last outstanding component is supplied. Customer-specific software developments as part of projects with mobile telephony companies to render Mobile Payment solutions and services are regarded as separate accounting units, and reported in compliance with the accounting and valuation principles for revenue from programming orders.

2.4. Accounting and valuation of tax items

Actual income taxes
Actual tax refund claims and tax debts for the current or earlier periods are measured in the amount in which a refund is expected from the revenue authorities or a payment is expected to be made to the revenue authorities. The tax rates and tax laws prevailing on the balance sheet date are used to calculate the amount in question.

Actual taxes relating to items recognised directly in equity are not recognised through profit or loss but in equity.

Deferred tax liabilities and assets
In accordance with IAS 12 (Income Taxes), deferred tax liabilities and asset are set up accordingly for all temporary differences between the value of the assets and liabilities in the tax base and those in the consolidated balance sheet as well as between the assets of a subsidiary recognised in the consolidated financial statements and the tax base value of the shares in the subsidiary held by the parent company. Exceptions from this include differences arising in accordance with IAS 12.15 from the initial recognition of goodwill or initial recognition of an asset or liability in the case of a transaction that is not a business combination and, at the time of the transaction, has no influence on net profit or loss for the period under commercial law (before income tax) nor on the taxable result (the tax-related loss). Deferred tax assets are

recognised to the extent that it is probable that taxable income will be available with which the deductible temporary difference can be netted. The assessment and valuation of deferred tax assets is reviewed at each balance sheet date, taking account of current estimates in accordance with IAS 12.37 and IAS 12.56.

Deferred tax assets relating to benefits of as yet unutilised tax loss carryforwards are capitalised to the extent that it can be assumed with an adequate degree of probability that the respective company will be able to generate sufficient taxable income in future.

Deferred taxes are determined in line with IAS 12.47 on the basis of the tax rates applicable at the time of realisation or in the future. Deferred taxes are carried as tax income or tax expense in the income statement, unless they relate to items directly recognised under equity with no impact on profit or loss; in this case, deferred taxes are booked under equity, without impacting the income statement.

The calculation of deferred taxes was based on a German corporation tax rate of 15.0 percent (2012: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2012: 5.5 percent) on corporation tax and a lump-sum German trade tax rate of 11.55 percent (2012: 11.55 percent), the municipal factor at this location from 2013, and the relevant tax rates of the foreign companies (Ireland 12.5 percent; Austria 25 percent; Singapore 18 percent; Gibraltar 10 percent; United Kingdom 23 percent; Indonesia 25 percent).

Value added tax

Sales revenues, expenses and assets are recognised after deducting value added tax. An exception in this regard is value added tax incurred when purchasing assets or services that cannot be claimed by the revenue authorities. Such value added tax is recognised as part of manufacturing costs of the asset or as part of expenses. Receivables and liabilities are likewise recognised along with the amount of value added tax included therein.

The amount of value added tax refunded by the revenue authorities or paid to the latter is netted in the consolidated balance sheet under receivables and liabilities. Tax assets and liabilities are netted to the extent that they relate to taxes imposed by the same fiscal authority on the same company and if the Group intends to settle its current tax claims and tax debts on a net basis.

Essential discretionary decisions, estimates and assumptions in connection with taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax income and expense already reported. The Group forms provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's country of domicile.

Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the loss carryforwards can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

2.5. Changes to accounting and valuation methods in relation to the previous year

The accounting methods are unchanged compared to those applied in the previous year. The amendments to standards listed below, which were applied from 1 January 2013, form an exception to this.

IFRS 13 Fair Value Measurement

This standard sets out uniform guidelines for identifying fair value. This standard does not deal with the issue of when assets and liabilities are to be or can be measured at fair value, rather it provides guidelines as to how the fair value should be properly calculated according to IFRS.

IFRS 13 defines fair value as the disposal price. Due to the IFRS 13 guidelines, the Group has reviewed its accounting methods for fair value measurement, especially including input parameters such as the risk of non-satisfaction when calculating the fair value of liabilities. IFRS 13 defines further disclosure requirements. The application of IFRS 13 had no significant effects on fair value measurement within the Group, and consequently on the Group's net assets, financial position and results of operations. The prescribed disclosures can be found in the notes to the financial statements relating to the specific assets and liabilities whose fair values were calculated. The fair value hierarchy is presented in Section 7.4.

Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income

This amendment to IAS 1 requires a new grouping for items of other comprehensive income. Items that are recycled in subsequent reporting periods to the income statement (including losses or gains on the disposal of available-for-sale financial assets) are to be reported separately from items where no recycling occurs (including effects from the remeasurement of land and buildings). These amendments affects only presentation and do not impact the Group's net assets, financial position and results of operations.

Amendments to IFRS 7 – Offsetting of Financial Assets and Liabilities

According to this amendment, an entity must provide information on offsetting rights and the associated agreements (for example, hedge agreements). This provides the users of the financial statements with information that they can use to assess the impact of offsetting agreements on the entity's financial position. The new disclosures are required for all financial instruments in the financial statements that are offset according to IAS 32. The disclosures also apply to financial instruments carried that are subject to subject to an enforceable master netting arrangement or similar agreement, irrespective of whether these are offset according to IAS 32. This amendment has no effects on the accounting methods and presentation applied by the Group.

Improvements to IFRS (2009–2011)

Bursitis, the "Improvements IFRS (2009–2011)" were to be applied from the first-time from 1 January 2013. However, these had no significant effects on this set of consolidated financial statements.

Amendment to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

This amendment eliminates the unintended consequences of IFRS 13 for disclosure requirements pursuant to IAS 36. The amendment also requires disclosure of the recoverable amount of assets or cash-generating units for which impairments or reversals of impairments were reported during the course of the year. This amendment is to be applied retrospectively for fiscal years commencing on or after 1 January 2014. Earlier application is permissible as long as IFRS 13 is also applied. The Group applied this amendment to IAS 36 early during the current reporting period as the amended/additional disclosure requirements provide useful information, as intended by the IASB. Accordingly, they were taken into account in the case of Note 19 relating to the impairment of non-financial assets. There are also taken into account in subsequent years correspondingly.

Further standards and interpretations

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but which are not expected to impact Wirecard AG's consolidated financial statements:

- Amendment to IFRS 1 Government Loans
- IAS 19 Employee Benefits (revised)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

2.6. Amendments to accounting and valuation methods the do not yet require mandatory application

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but were not of mandatory application as yet in fiscal year 2013. The Group does not use these standards and interpretations ahead of time. The IASB also newly approved or revised a number of further accounting standards and interpretations that Wirecard AG has not yet implemented in the 2013 fiscal year as they either did not yet require mandatory application, or have not yet been approved by the European Union.

Amendments to IAS 32 – Offsetting of Financial Assets and Liabilities

The change clarifies the wording "currently has a legally enforceable right of set-off". In addition, it adds greater detail to the application of offsetting criteria in IAS 32 for processing systems (such as central clearing agents) which perform gross netting with individual transactions not occurring simultaneously. The revised standard is to be applied for the first time for fiscal years beginning on or after 1 January 2014 and is not expected to have any impact on the consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

As part of the IASB project relating to the extensive new regulation for the accounting of financial instruments, the IASB in November 2009 published as the first part of the new regulations IFRS 9 "Financial Instruments", which initially regulates only the classification and measurement of financial assets. Accordingly, financial assets are to be recognised at either amortised cost or at fair value through profit or loss depending on their characteristics, and taking into account business models for the management of financial assets. Although equity capital instruments must always be measured at fair value, value fluctuations in equity capital instruments can be recognised in other comprehensive income as long as this option was determined when they were initially recognised. In October 2010, the IASB published the second part of IFRS 9 with new regulations for the classification and measurement of financial liabilities. These new regulations especially amend the measurement of financial liabilities that are measured through profit or loss in application of the fair value option. In November 2013, the IASB published supplements to IFRS 9 that contain hedge accounting regulations, and which replace the corresponding regulations in IAS 39. A new general model for the accounting treatment of hedging relationships was added to the standard, which expands the scope of underlying transactions and hedging instruments to be included. The supplements to IFRS 9 nevertheless contain a methodological option as to whether to account for all hedging relationships according to the existing IAS 39 regulations, or according to the new IFRS 9 regulations. The IASB also cancelled the previous mandatory first-application date from 1 January 2015 that was contained in IFRS 9. In February 2014 the IASB has determined the new first-time application date for IFRS 9 for fiscal years starting on or after 1 January 2018. The Group will quantify the effect once the final standard has been published.

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

Under certain preconditions, this amendment allows continued hedge accounting in cases where derivatives designated as hedging instruments are transferred to a clearing centre due to statutory or regulatory provisions (novation). This amendment is to be applied for the first time for fiscal years commencing on or after 1 January 2014. Currently the Group had no hedging relationships, as a consequence of which there are also no effects on the consolidated financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 was published in May 2011, and is to be applied for the first time in the fiscal year that commences on or after 1 January 2014. This new standard replaces the provisions of the previous IAS 27 Consolidated and Separate Financial Statements relating to consolidated accounting, and the SIC-12 interpretation Consolidation – Special Purpose Entities. IFRS 10 establishes a standard control concept that is applied to all companies, including special purpose entities. In June 2012, the revised transitional guidelines relating to IFRS 10-12 published, which are intended to make it easier to apply the new standards for the first time.

This will result in no changes to the net assets, financial position all results of operations, although, compared with the previous legal position, the management enjoys significant discretionary scope in assessing over which companies within the Group control is exercised, and whether such companies should consequently be included in the Group by way of full consolidation.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 was published in May 2011, and is to be applied for the first time in the fiscal year that commences on or after 1 January 2014. This standard provides uniform regulations for the disclosure requirements for the area of Group accounting, and consolidates the disclosures for subsidiaries that were previously regulated under IAS 27, the disclosures for jointly managed and associated companies, which were previously regulated under IAS 31 and IAS 28, and for structured companies. As the new standard formulates no new disclosure requirements besides the aforementioned clarification requirements, the Group disclosures relating to this corporate group will be more comprehensive in the future.

Further standards and interpretations

The IASB and the IFRIC have published additional standards and interpretations for which application was not yet mandatory in fiscal year 2013. They are not used by the Group and would not have any impact on Wirecard's consolidated financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities
- Amendments to IFRIC 21 – Levies
- Amendments to IFRS 11 – Joint Arrangements
- IFRS 11 – Joint Arrangements and amendment to IAS 28 – Interests in Associates and Joint Ventures
- IFRS 14 Regulatory Deferral Accounts
- Amendment to IAS 19 – Employee Contributions
- Improvements to IFRS (2010-2012 | 2011-2013)

3. Notes to the consolidated balance sheet – assets

For a breakdown of non-current assets relating to intangible assets, property, plant and equipment and financial assets (historic acquisition costs, adjustments based on foreign currency translations, additions and disposals due to initial consolidation, additions, disposals, cumulative amortisation and depreciation, write-downs in the year under review and carrying amounts), please refer to the attached schedule of non-current assets movements from 1 January 2013 to 31 December 2013 (including the previous period).

3.1. Intangible assets

Intangible assets comprise goodwill, internally generated intangible assets, other intangibles and customer relationships.

Goodwill

In accordance with the Group's accounting policies, goodwill is assessed at least once a year for possible impairments or whenever the need arises (most recently on 31 December 2013). The determination of the recoverable amount of a business segment (cash-generating unit) to which goodwill was assigned is based on estimates by management. These took account of the prevailing general economic conditions. The company determines these values using valuation methods based on discounted cash flows.

In the fiscal year 2013, goodwill increased by kEUR 903 due to the first-time consolidation of Trans Infotech Pte. Ltd. (Singapore), by kEUR 1,987 due to the first-time consolidation of Payment Link Pte. Ltd. (Singapore), and by an amount of kEUR 921 due to the goodwill adjustment to PT Prima Vista Solusi, and additionally changed due to currency-related balance sheet date measurement, and amounts to kEUR 145,795 (31 December 2012: kEUR 142,149) and is reported in the following cash-generating units:

Goodwill

in kEUR	31.12.2013	31.12.2012
Payment Processing & Risk Management	111,233	107,422
Acquiring & Issuing	34,439	34,439
Call Center & Communication Services	288	288
Total	**145,960**	**142,149**
Less: impairment losses	0	0
A&I goodwill adjustment due to currency fluctuations	- 165	0
	145,795	**142,149**

For information on changes to goodwill, please refer to the statement of changes in non-current assets.

Internally-generated intangible assets

In fiscal year 2013, internally-generated software was developed and capitalised in the amount of kEUR 20,727 (31 December 2012: kEUR 10,260). Compared to the previous year, this item has increased in particular as a result of the increased development activities at Wirecard Processing FZ LLC and Wirecard Technologies GmbH. This relates to software for the payment platform and "Mobile Payment" projects. This is amortised straight-line over the useful life, which amounts to ten years.

Other intangible assets

Besides software for individual workstations, other intangible assets relate to software acquired for and used by the "Payment Processing & Risk Management" and "Acquiring & Issuing" segments. These are amortised straight-line over periods between three and ten years. In the period under review, this item changed mainly due to the purchase of software models for Mobile Payment from kEUR 25,607 to kEUR 33,375.

Customer relationships

Customer relationships refer to acquired customer portfolios and those resulting from companies being consolidated. The acquisitions made by Wirecard focused on acquiring regional customer relationships in order to expand the market position with the acquisitions made. The increase in this item of kEUR 69,230 in the period under review is connected with the further expansion of strategic customer relationships. As a rule, amortisation starts together with the flow of benefits and is performed over the expected useful life. Further information on business combinations can be found in Section 1.1. Business activities and legal background – business combinations.

The customer bases are subject to the following amortisation rules:

Amortization of customer relationships

Useful life	Remaining period of use	Remaining carrying amount in EUR '000
20	20	**113,813**
20	19	**29,126**
20	18	**52,881**
10	9	**13,691**
10	8	**7,330**
10	6	**2,843**
10	4	**825**
		220,509

3.2. Property, plant and equipment

Other property, plant and equipment

The main increases in this item are due to investments in expanding the computer centres and also to the first-time consolidation of the companies acquired.

Any gains and losses on disposal of fixed assets are reported as other operating income and expenses, respectively. Maintenance and minor repairs are charged to profit or loss as incurred.

Financing and leases

The carrying amount of the technical equipment and operating and office equipment held as part of finance leases on fiscal year 2013 totalled kEUR 6,309 (31 December 2012: kEUR 4,826). The leased items serve as security for the respective obligations from the finance leases agreements.

3.3. Financial and other assets / interest bearing securities

Financial and other assets on fiscal year 2013 totalled kEUR 127,415 (31 December 2012: kEUR 99,128). The increase is mainly due to strategic transactions, first and foremost a payment to kEUR 26,000 to PT Aprisma Indonesia, which partially comprise a derivative component. These embedded derivatives are generally measured at fair value with changes in their fair value being recognised in profit or loss. As it is impossible to separately measure the embedded derivative, the entire financial instrument is to be measured at fair value through profit or loss, as long as fair value can be calculated reliably. As the embedded derivative is sufficiently significant as part of the hybrid financial instrument so that it is impossible to reliably determine the fair value of the total financial instrument, the hybrid financial instrument is to be to be measured at cost less potential impairment. It also comprises medium-term financing agreements, including for sales partners (31 December 2013: kEUR 38,054; 31 December 2012: kEUR 18,852). This balance sheet item also contains various interest-bearing securities which are held to improve interest income, and whose interest rates mainly depend on money market rates. In part, minimum and maximum interest-rate are agreed (collared floaters). On the balance sheet date the interest-bearing securities totalled kEUR 32,031 (31 December 2012: kEUR 44,720). New securities in the amount of kEUR 20,628 had been subscribed for.

3.4. Tax credits

Deferred tax assets

Tax credits/deferred tax assets refer to loss carryforwards and temporary differences between the tax balance sheet figures and Group earnings in accordance with IFRS. Deferred tax assets are recognised in accordance with IAS 12.15-45. The company utilises the balance sheet oriented liability method of accounting for deferred tax assets in accordance with IAS 12. Under the liability method, deferred taxes are determined according to the temporary differences between the carrying amounts of asset and liability items in the consolidated balance sheet and the tax balance sheet, as well as taking account of the tax rates in effect at the time the aforesaid differences are reversed. Deferred tax assets are accounted for to the extent that taxable earnings are considered likely to be available (IAS 12.24).

Based on tax assessments up to 31 December 2012, tax notices issued up to the assessment year 2012 and the consolidated taxable earnings in the fiscal year 2013, the deferred tax assets as at 31 December 2013 amounted to kEUR 5,435 following a valuation allowance (31 December 2012: kEUR 1,112).

With regard to the tax reconciliation account and the trend relating to deferred taxes, please refer to the further details under 5.8. Income taxes and deferred taxes.

3.5. Inventories and work in progress

As at 31 December 2013, the inventories and work in progress reported amounting to kEUR 4,658 (31 December 2012: kEUR 1,626) reflected merchandise such as terminals and debit cards, which are kept, in particular, for payments using mobile phones. Their value was measured in accordance with IAS 2.

Inventories and work in progress are measured at the lower of cost (of acquisition or manufacture) and their net realisable value. No value deductions were made in the year under review and in the previous period. No value reversals occurred either.

3.6. Trade and other receivables

The transaction volume of the Wirecard Group is also reported under the item trade receivables as a receivable from credit card organisations and banks. At the same time, these business operations give rise to liabilities to our merchants, amounting to the transaction volume less our charges.

Receivables and liabilities (less commissions and charges) are mostly transitory in nature and subject to substantial fluctuations from one balance sheet date to another. The increase as at 31 December 2013 is mainly due to an increase in receivables in the acquiring segment as at that particular date, in addition to organic growth. Moreover, cooperation with other acquiring partners in the Asian region led to an increase in receivables year-on-year for accounting reasons. In addition, comparability is restricted due to the new companies and the new business operations.

Only our charges included in sales revenues have an impact on profit or loss, and not the entire receivable amount.

Depending on the age structure of the receivables, uniform valuation adjustments are made to receivables throughout the Group. In the case of trade receivables older than 180 days, the Group applies a full impairment charge in the absence of any other information on the value of such receivables. This procedure is based on past experience, in terms of which trade receivables older than 180 days can no longer be expected to generate inflows. Trade receivables and other receivables are split as follows:

Receivables

in kEUR	31.12.2013	31.12.2012
Trade receivables (before value adjustments)	288,070	221,881
Value adjustments	- 9,081	- 6,385
Carrying amount of receivables	**278,989**	**215,496**

Prior to accepting a new business customer, the Group utilises external and internal credit rating checks to assess the reliability of potential customers. These customer assessments are reviewed on an annual basis.

In determining the value of trade receivables, any change in credit standing is taken into account from the date on which deferred payment was granted up to the balance sheet date. The present value of the trade receivables is identical to the carrying amount. Additions in the fiscal year are reported in the income statement under other operating income, and reversals under other operating expenses. As far as receivables denominated in foreign currencies are concerned, the foreign currency valuation changed by kEUR – 4,345 (31 December 2012: kEUR – 1,409), and was booked through profit or loss.

3.7. Tax credits

Tax credits comprise kEUR 6,145 of tax reimbursement claims as of 31 December 2013, (31 December 2012: kEUR 5,919), and VAT reimbursement claims of kEUR 2,470 (31 December 2012: kEUR 2,465).

3.8. Interest-bearing securities and fixed-term deposits

In order to improve its interest income, apart from investing in various interest-bearing securities, the Wirecard Group has also invested in fixed-term deposits. All investments were only concluded with banks or counterparties that meet the creditworthiness requirements from the Group's own risk evaluation and – to the extent that external ratings are available – are assessed as having a minimum creditworthiness risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are reported under "Interest-bearing securities and fixed-term deposits", which reduces the cash and cash equivalents position. Fixed-term deposits of kEUR 6,154 (previous year: kEUR 4,613) have been transferred as collateral for credit card business for the duration of the business relationship. Fixed-term deposits with a term of up to three months are reported under the cash and cash equivalents item.

3.9. Cash and cash equivalents

The cash and cash equivalents item (31 December 2013: kEUR 479,095; 31 December 2012: kEUR 358,172) includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight deposits). These also include resources from current customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd. which are not placed in interest-bearing securities (31 December 2013: kEUR 165,016; 31 December 2012: kEUR 118,036) and funds derived from the acquiring business of Wirecard Bank AG. To improve its interest income, Wirecard Bank AG invested in various short, medium and long-term interest-bearing securities (so-called collared floaters and interest-bearing securities). These are reported under non-current financial and other assets and other current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months, cash and cash equivalents would have been kEUR 100,311 higher (31 December 2012: kEUR 128,425).

It should also be noted that as a result of delayed payments due to public holidays at the end of fiscal year 2013, the level of cash and cash equivalents on these dates was very high due cut-off date-related reasons.

4. Notes on consolidated balance sheet equity and liabilities

As regards the development of Group equity for the fiscal year 2013, further particulars in addition to the following explanations are provided in the table "Consolidated statement of changes in equity".

4.1. Subscribed capital

The subscribed capital increased by kEUR 100 as a result of the conversion of convertible bonds from the 2004 staff option program. On 31 December 2013, it totalled kEUR 112,292, and comprised 112,292,241 no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

Authorised capital

According to the resolution by the General Meeting on 26 June 2012, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital up to 25 June 2017, once or on several occasions, by up to a maximum total of kEUR 30,000 against cash and/or non-cash capital contributions, including so-called "mixed non-cash capital contributions", by issuing up to 30 million new no-par value bearer shares (Authorised Capital 2012) and to determine that profit participation is to begin at a time other than that stipulated by legislation, to the extent that no resolution has been passed to date regarding the profits for this fiscal year elapsed.

In principle, subscription rights must be granted to shareholders. The new shares can also be taken transferred one or several banks as determined by the Management Board with the obligation to offer them to shareholders (indirect subscription right).

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

- in order to avoid fractional amounts;
- If the capital increase is made against cash capital contributions and issue price, excluding subscription rights within the meaning of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), of the new shares is not significantly below the company's stock market price and the new shares issued to the exclusion of subscription rights pursuant to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital, neither at the time the authorisation takes effect, nor when this authorisation is exercised. Shares must be included in this limit that were sold, issued or are to be issued during the term of this authorisation as a result of other authorisations in direct or corresponding application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) while excluding subscription rights;

- In the event of a capital increase against non-cash contributions, in particular for the purpose of acquiring a company, parts of a company, a participating interest in a company or other material operating equipment;
- In order to grant the holders of options or convertible bonds or bonds with warrants subscription rights to the extent that these would be due to them in the event that a conversion right or option is exercised or in fulfilment of a conversion obligation as a shareholder; and
- In the event of a capital increase to issue staff shares pursuant to Section 204 (3) of the German Stock Corporation Act [AktG]) if the issue price, excluding subscription rights, of the new shares is no more than a maximum of 30% below the company's stock market price and the new shares issued to the exclusion of subscription rights do not exceed 5% of the share capital, neither at the time the authorisation takes effect, nor at the time when this authorisation is exercised. All shares are included in the above 5% threshold that are issued during the term of this authorisation as a result of other authorisations excluding shareholders' subscription rights as staff shares to employees of the company and members of management and employees of companies associated with the company at a price which is lower than the stock market price. The 5% threshold does not apply if the price is not materially lower than the stock market price in the meaning of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG);
- The total number of shares to be issued and that have been issued excluding subscription rights as a result of one of these authorisations may not exceed 20% on the date the authorisation is exercised; shares must be included that were sold, issued or are to be issued during the term of this authorisation as a result of other authorisations.

The Management Board is authorised, with the approval of the Supervisory Board, to decide on the further details of the capital increase and its execution, in particular the content of the share rights and the conditions of issue including the issue amount. The Supervisory Board is authorised to change the wording of the articles of incorporation accordingly to the extent of the respective capital increase from authorised capital.

Authorised Capital 2009/I no longer exists as a result of this resolution. On the balance sheet date authorised capital of kEUR 30,000 existed (Authorised Capital 2012 I).

Contingent capital

As a result of the conversions performed in the fiscal year 2013, the contingent capital (Contingent Capital 2004) declined in the period under review and totals kEUR 689 (31 December 2012: kEUR 789).

Following the resolution passed by the Annual General Meeting on 15 July 2004, the company created a staff option program (SOP) based on convertible bonds with the option of issuing up to 1,050,000 convertible bonds to members of the Management Board, to advisors of the company, its workforce as well as employees of affiliated companies. The program has now been closed. Accordingly, further issues are no longer possible. The statutory subscription rights of shareholders are excluded. The new shares will participate in profits from the beginning of the fiscal year in which they are issued following the exercise of conversion and subscription rights, respectively. The Management Board was authorised, with the consent of the Supervisory Board, to decide on the further details of the capital increase and its execution. On 31 December 2013, a total of 743,250 convertible bonds (31 December 2012: 743,250) had been subscribed for, of which 134,296 (previous year: 198,296) are still outstanding for conversion and capable of being exercised. According to the terms and conditions of the SOP program, employees receive shares with a value of 50 percent of the average closing price of Wirecard AG stock in the last ten bank days of trading prior to the date of exercise. This corresponded to a price of EUR 13.574 at an average closing price of EUR 27.148. The convertible bonds are convertible daily within the exercise periods, have a term to maturity of ten years and do not bear interest. A total of 48,000 convertible bonds have a residual term to maturity until December 2017, and all other convertible bonds outstanding expire in 2015.

In addition, the Annual General Meeting on 26 June 2012 authorised the Management Board, with the consent of the Supervisory Board, to issue by 25 June 2017, once or on several occasions, bearer bonds with warrants and/or convertible bonds with a total nominal amount of up to kEUR 300,000, and to grant the holders or creditors of bonds with warrants option rights or the holders or creditors of convertible bonds conversion rights to new bearer shares of the company with a proportionate amount in the share capital of up to kEUR 25,000, according to the details in the terms for the bonds with warrants or the convertible bonds. The share capital has been conditionally increased by up to kEUR 25,000, comprising 25 million bearer shares (Conditional Capital 2012). The conditional capital increase will only be implemented to the extent that the bearers of the convertible bonds or bonds with warrants issued by the company or its direct or indirect majority associates as a result of the authorisation for the Management Board approved by the Annual General Meeting on 26 June 2012 exercise their conversion or option rights by 25 June 2017, or as the bearers of the convertible bonds who are obligated to convert the convertible bonds issued by the company or its direct or indirect majority associates fulfil their conversion obligation by exercising their conversion obligation by 25 June 2017.

Purchase of treasury shares

By a resolution passed at the Annual General Meeting on 17 June 2010, the Management Board is authorised to acquire up to 10 percent of the capital stock of Wirecard AG existing at the time of the resolution. This authorisation is valid until 16 June 2015.

Until 31 December 2013, the Management Board did not make use of its authority to acquire and utilise treasury shares in accordance with Section 71(1) No. 8 of the German Stock Corporation Act (AktG).

4.2. Capital reserves

In addition, the conversion of convertible bonds meant that a premium of kEUR 1,257 was reported in the capital reserve. As a consequence, the capital reserves amount to kEUR 141,683 as of 31 December 2013.

4.3. Retained earnings

The General Meeting on 20 June 2013 passed a resolution to carry forward to a new account an amount of kEUR 29,579 from the reported net retained profits of kEUR 41,920 of Wirecard AG (separate company) for the fiscal year 2012, and to pay out a total amount of kEUR 12,341 as a dividend in the amount of EUR 0.11 per ordinary share for the 112,192,241 dividend-entitled ordinary shares.

In the previous year, the General Meeting passed a resolution to carry forward to a new account an amount of kEUR 20,710 from the reported net retained profits of kEUR 31,908 of Wirecard AG (separate company) for the fiscal year 2011, and to pay out a total amount of kEUR 11,198 as a dividend in the amount of EUR 0.10 per ordinary share for the 111,983,452 dividend-entitled ordinary shares.

A proposal will be made at the 2014 General Meeting to pay a dividend of EUR 0.12 per share to the shareholders, which corresponds to a total amount of kEUR 14,819 when taking into account the capital increase on 25 February 2014.

4.4. Foreign currency translation reserve

The foreign currency translation reserve changed in the fiscal year 2013 due to exchange rate factors and with no impact on profit or loss from kEUR – 634 in the previous year to kEUR – 5,698. This change is due to a greater level of M&A transactions, resulting in a higher total level of assets denominated in foreign currencies. The fluctuation in the exchange rates for some local currencies also bolstered this effect. With regard to the foreign currency translation reserve, reverence is made to the relevant passage under 2.1 Principles and assumptions used in preparing the annual financial statements.

4.5. Non-current liabilities

Non-current liabilities are split into non-current interest-bearing liabilities, other non-current liabilities and deferred tax liabilities.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities increased in the context of the corporate acquisitions and investments in Mobile Payment projects from kEUR 80,031 on 31 December 2012 to kEUR 217,389.

Other non-current liabilities

Other non-current liabilities as at 31 December 2013 mostly comprise the non-current portion of earnout components in the amount of kEUR 6,822 (31 December 2012: kEUR 7,805). In addition, on 31 December 2013, this item included lease liabilities of kEUR 4,402 (31 December 2012: kEUR 3,434), liabilities for variable remuneration for members of the Management Board in the amount of kEUR 835 (31 December 2012: kEUR 867) and kEUR 134 (31 December 2012: kEUR 198) in (convertible) bonds.

The earnout components and current purchase price liabilities in the amount of kEUR 8,236 that are due in the period of one year are carried under current liabilities.

Deferred tax liabilities

Deferred tax liabilities, amounting to kEUR 17,723 (31 December 2012: kEUR 13,232) related to temporary differences between the tax accounts and the consolidated financial statements according to IFRS and are reported under non-current liabilities. As regards the tax reconciliation account and the trend relating to deferred taxes, please refer to the further details under 5.8.

4.6. Current liabilities

Current liabilities are classified into trade payables, interest-bearing liabilities, other provisions, customer deposits from banking operations of Wirecard Bank AG and Wirecard Card Solutions Ltd., other liabilities, and tax provisions.

Trade payables

Trade payables are owed chiefly to merchants/online traders. Liabilities denominated in foreign currencies were revalued by kEUR 32 (31 December 2012: kEUR – 14) at the exchange rate prevailing on the balance sheet date, with an impact on expenses. Including the liabilities incurred in the field of acquiring, Wirecard Bank AG accounted for kEUR 242,025 (31 December 2012: kEUR 171,404). Trade payables increased significantly from kEUR 187,249 as of 31 December 2012 to kEUR 259,334 as a result of the Wirecard Group's organic growth and also due to the balance sheet date Along with the effects of consolidating new companies for the first time, a significant effect is that trade payables increase, as expected, due to the vacation-related delays to outgoing payments at the end of the 2013 fiscal year.

Interest-bearing liabilities

Interest-bearing liabilities of kEUR 15,662 (31 December 2012: kEUR 14,939) mainly comprise loans that are due in 2013.

Other provisions

Provisions are short-term in nature and will be utilised prospectively within the following year. The costs of preparing and auditing the financial statements of kEUR 680 (31 December 2012: kEUR 648) comprise the largest item among the other current provisions of kEUR 1,225 (31 December 2012: kEUR 1,298).

The individual provisions changed as follows during the fiscal year:

Statement of changes in provisions

in kEUR	01.01.2013	Addition first-time consolidation	Consumption	Reversal	Addition	31.12.2013
Litigation risks	131	0	- 74	0	5	**62**
Archiving	65	0	- 43	0	43	**65**
Annual General Meeting	155	0	- 90	- 65	90	**90**
Financial statement and other audit costs	648	0	- 600	- 40	672	**680**
Other provisions	299	0	- 299	0	329	**329**
Other current provisions	**1,298**	**0**	**- 1,106**	**- 106**	**1,139**	**1,225**

Other liabilities

Other liabilities in the amount of kEUR 31,588 (31 December 2012: kEUR 28,971) comprised kEUR 10,743 (31 December 2012: kEUR 7,650) deferred liabilities in the amount of kEUR 3,531 (31 December 2012: kEUR 1,648) the current portion of lease liabilities and kEUR 8,236 (31 December 2012: kEUR 13,081) current purchase price liabilities from variable remuneration for M&A transactions. In addition, this item includes liabilities from payment transactions, wages and salaries, social security and similar.

Customer deposits from banking operations

This item includes customer deposits in the amount of kEUR 260,231 (31 December 2012: kEUR 241,893) with Wirecard Bank AG and Wirecard Card Solutions Ltd.

The increase in deposits is due to factors including seasonal fluctuations for the use of prepaid cards and distributions of acquiring funds to customer accounts.

Tax provisions

Tax provisions in 2013 related mainly to provisions formed for corporation taxes on income for Wirecard Bank AG (kEUR 902; 2012: kEUR 438), Wirecard (Gibraltar) Ltd. (kEUR 3,672; 2012: kEUR 3,672), Wirecard Asia Pte. Ltd. (kEUR 650; 2012: kEUR 562) and Wirecard UK& Ireland Ltd. (kEUR 582; 2012: kEUR 1,024).

Maturities

The maturity structure of other liabilities (excluding deferred tax liabilities) is as follows:

Maturity 2013

in kEUR	up to 1 year	1 to 5 years	more than 5 years
Interest-bearing liabilities	**15,662**	**217,389**	**0**
Trade payables	**259,334**	**0**	**0**
Customer deposits from banking operations	**260,231**	**0**	**0**
Other liabilities and provisions	**39,394**	**12,375**	**0**
Total	**574,621**	**229,764**	**0**

Maturity 2012

in kEUR	up to 1 year	1 to 5 years	more than 5 years
Interest-bearing liabilities	14,939	80,031	0
Trade payables	187,249	0	0
Customer deposits from banking operations	241,893	0	0
Other liabilities and provisions	36,505	12,305	0
Total	**480,586**	**92,336**	**0**

5. Notes to the consolidated income statement

5.1. Revenues

The Group's principle products and services are structured as follows:

Revenues by operating divisions

in kEUR	2013	2012
Payment Processing & Risk Management (PP&RM)	351,398	278,206
Acquiring & Issuing (A&I)	169,928	140,510
Call Center & Communication Services (CC&CS)	4,797	4,774
	526,123	**423,490**
Consolidation PP&RM	- 37,853	- 26,240
Consolidation A&I	- 3,765	- 915
Consolidation CC&CS	- 2,761	- 1,734
Total	**481,744**	**394,601**

In the "Payment Processing & Risk Management" division, the Wirecard Group generates revenues on services in the field of payment processing, particularly on services rendered using the Financial Supply Chain Management (FSCM) software platform.

In the field of the FSCM platform, a substantial share of revenues is realised from the settlement of electronic payment transactions – particularly on the Internet – by classical payment processes such as credit card payments or electronic direct debits. As a rule, revenues are generated by transaction-related charges billed as a percentage discount of the payment volumes processed as well as per transaction. The extent of the transaction-related charge varies according to the product range available as well as the distribution of risks among merchants, banks and the Wirecard Group. Transaction-related charges, revenues from purchases of receivables and from payment guarantees arise in the course of risk management activities. In addition to these volume-dependent sales revenues, monthly and annual flat fees and non-recurring connection services and rentals are generated from the utilisation of the FSCM platform and PoS terminals. In addition, the Wirecard Group generates revenues derived from consultancy services.

The bulk of sales revenues is accounted for by B2B customers from the consumer goods, digital goods and tourism industries. On the balance sheet date, more than 16,000 companies were connected to the FSCM software platform.

In terms of sales of card products by Wirecard Bank AG and with the CLICK2PAY product, revenues were generated not only in the B2B segment, but also with end customers (B2C). These end customers are partly required to pay discount charges, transaction charges or fees for cash disbursements and for resubmission of transactions. In addition, annual charges are payable on card products.

In addition, in the "Payment Processing & Risk Management" division, revenues are generated from the sale of what are known as affiliate products as well as by providing services and licensing software directly associated with the sale of these products.

Sales revenues are generated in the field of "Acquiring & Issuing" particularly through the acquiring business for merchants, corporate banking services and in the field of issuing. In corporate banking, item or volume-based fees are generated. In the field of Issuing, so-called interchanges are generated, for which Wirecard receives a volume-dependent fee from credit card organisations. Moreover, Wirecard offers sales partners in the B2B division co-branding programs in the card-issuing division, for which it not only earns a fixed charge, but also generates sales revenues within the scope of the card agreements entered into. The interest income generated in the Acquiring & Issuing segment in the amount of kEUR 3,245 (2012: kEUR 3,313) is reported as revenue in accordance with IAS 18.5(a). This includes kEUR 1,194 from collared floaters (2012: kEUR 1,081).

The "Call Centre & Communication Services" division generates revenues in operating telephony-based advisory services and by providing traditional call centre services. For the most part, revenues from third parties are accounted for by companies such as publishing houses, software firms, hardware producers and trading enterprises. In the process, two business models are used, in which either the business customer bears the costs himself, or the person seeking advice pays for the services rendered. Companies operating in this segment generate their sales both directly with business (B2B) clients as well as with private customers (B2C), with the telephone companies being responsible for invoicing to private customers and for transferring the amounts in question.

5.2. Other own work capitalised

Expenditure on research and development in the fiscal year 2013 amounted to EUR 34.9 million (2012: EUR 16.1 million). The R&D ratio, or research and development costs as a percentage of total sales revenue was 7.2 percent in the period under review (2012: 4.1 percent).

If costs cannot be capitalised, the individual expenditure items are included in the personnel expenses of the relevant departments (Product Management, Development, Quality Assurance, etc), in the advisory costs as well as in other expenses. Of this amount, kEUR 20,727 (2012: kEUR 10,260) was taken into account as own work capitalised in the period under review. Compared to the previous year, this item has increased as a result of the development activities for the Mobile Payment Platform.

5.3. Cost of materials

The cost of materials mainly comprises charges of the credit card issuing banks (Interchange), charges to credit card companies (for example, MasterCard and Visa), transaction costs as well as transaction-related charges to third-party providers (for example, in the field of Risk Management services and Acquiring). It also includes expenses for payment guarantees and factoring. In the field of acquiring it comprises commission costs for external distributions.

At the segment of Acquiring & Issuing, the cost of materials comprises expenses incurred by the Acquiring, Issuing and Payment divisions such as Interchange, and primarily processing costs for external services providers, production, personalisation and transaction costs for prepaid cards and the payment transactions realised with them, and account management and transaction charges for keeping customer accounts.

5.4. Personnel expenses

Personnel expenses in the fiscal year 2013 totalled kEUR 48,190 (2012: kEUR 37,076), comprising salaries amounting to kEUR 42,710 (2012: kEUR 32,840), and social security contributions in the amount of kEUR 5,480 (2012: kEUR 4,236).

In the fiscal year 2013, the Wirecard Group employed an average of 1,025 employees (2012: 674) (excluding the Management Board and apprentices), 154 (2012: 147) of whom worked on a part-time basis. Of the 1,025 employees, 38 (2012: 30) were employed as management board members or as general managers at subsidiaries.

The increase in personnel expenses is also due to the acquisitions made in this year and the last year, which also restrict the comparability of this item.

These employees were engaged in the following functions:

Employees

	2013	2012
Sales	138	123
Administration	159	126
Customer service	418	231
Research/Development and IT	310	194
Total	**1,025**	**674**
of which part-time	**154**	147

In the event of a change of control of the company the Management and Supervisory boards have granted approval whereby special bonuses can be awarded to employees of Wirecard AG and its subsidiaries on terms similar to those applicable to the Management Board. To this end, a total of 0.8 percent of the company's value has been made available. The Management Board can grant special bonus awards to employees in the event of a change of control with the consent of the Supervisory Board in each instance. A precondition for a special bonus payment is that an employment relationship exists with the employee at the time the change of control occurs. Such special bonus payments shall also be made in three instalments. The exact terms and conditions are specified in the legal notes on take-overs in the management report.

In order to continue to be able to foster loyalty to the Wirecard Group by offering managerial staff and employees a variable remuneration component with a long-term incentive effect, a resolution was adopted at the General Meeting of Wirecard AG on 26 June 2012 to offer employee shares from authorised capital excluding subscription rights to members of the company's management at a price which is not significantly lower than the stock market price. Shares can be issued to the company's employees and members of the management and employees of affiliated companies within the meaning of Section 204 (3) of the German Stock Corporation Act (AktG). This option was not used in the year under review.

The key points for the issue of subscription rights are detailed in Section 4.1 Subscribed capital under "Contingent capital".

5.5. Other operating income

Other operating income is comprised as follows:

Other operating income

in kEUR	2013	2012
Income from release of provisions/deferred liabilities	534	1,159
Income from contractual agreements	934	517
Income connected with takeovers 2012	990	816
Income connected with takeovers 2013	2,613	0
Income from currency translation differences	568	19
Income from reversal of valuation allowances applied to receivables and liabilities	307	608
Income from offset benefits in kind	311	284
Other income	917	930
Total	**7,174**	**4,333**

The income from corporate acquisitions (takeovers) is mainly connected with an exchange-rate-related effect on the agreed earnout obligations.

5.6. Other operating expenses

Breakdown of other operating expenses:

Other operating expenses

in kEUR	2013	2012
Legal and financial statement costs	6,897	5,542
Consulting expenses and consulting-related expenses	2,799	2,938
Office expenses	5,925	4,504
Equipment and leasing	3,594	4,978
Sales and marketing	6,811	4,981
Personnel-related expenses	13,070	3,399
Insurance payments, contributions and levies	1,209	844
Other	7,083	5,918
Total	**47,387**	**33,104**

Other includes items such as write-downs on receivables. Further details can be found under 3.6. Trade receivables and other receivables.

5.7. Financial result

The financial result amounted to kEUR – 4,223 in the period under review (2012: kEUR – 2,446). Expenses in the amount of kEUR 5,810 (2012: kEUR 5,091) include interest in the amount of kEUR 5,012 (2012: kEUR 4,571) amortisation of financial investments in the amount of kEUR 723 (2012: kEUR 415) and currency-related expenses of kEUR 75 (2012: kEUR 105), which were offset by currency-related income in the amount of kEUR 37. In addition, interest income of kEUR 1,534 (2012: kEUR 699) and kEUR 15 (2012: kEUR 1,939) from income from securities and loans, with the result that financial income of kEUR 1,586 (2012: kEUR 2,645) was reported. Interest income in the Acquiring & Issuing segment in the amount of kEUR 3,245 (2012: kEUR 3,313) is not reported under the financial result according to IAS 18.5 (a), but under revenues. Please refer to Chapter 5.1. Revenues and Chapter 7.1 Segment reporting.

5.8. Income tax expense and deferred taxes

Tax reconciliation account

in kEUR	2013	2012
Earnings before tax	**94,324**	**91,136**
Expected expense arising from 27.375% income taxes on consolidated pre-tax earnings (prev. yr.: 27.375%)	**- 25,821**	- 24,948
Effect from taxing of subsidiary company shares	**- 16**	269
Divergent effective tax rates abroad	**14,491**	8,073
Changes in tax rates	**0**	0
Value adjustments and non-recognised deferred tax assets	**- 403**	202
Tax increase due to non-tax-deductible expenses	**- 467**	- 1,108
Prior years' tax effects	**523**	- 291
Other tax effects	**98**	- 36
Income tax expense reported	**- 11,595**	**- 17,839**

The following deferred tax assets and liabilities were accounted for due to recognition and measurement differences for the individual balance sheet items:

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
in kEUR	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Expenses for starting up and expanding business operations	0	4		
Internally-generated intangible assets			10,221	6,491
Other intangible assets	2	0	1,207	1,519
Customer relationships	0	0	6,244	4,706
Financial assets	251	0	35	274
Work in progress	14	0	0	0
Trade and other receivables	91	20	16	242
Capital reserve	0	603		
Other provisions	24	42	0	0
Other current liabilities	93	70		
	475	739	17,723	13,232
Loss carryforwards	4,960	373		
Outside basis differences			0	0
Recognised deferred taxes	5,435	1,112	17,723	13,232

Deferred tax assets are as follows:

Deferred tax assets

in kEUR	31.12.2013	31.12.2012
Tax loss carryforwards		
Deferred tax assets (previous year)	1,280	2,521
Increase in previous value allowances	23	0
Additions due to first-time recognition of loss carryforwards	5,009	220
Disposals due to unusable loss carryforwards	0	- 1,054
Loss utilisation	- 343	- 397
Addition/loss utilisation due to other companies	27	- 10
Tax loss carryforwards before impairments	**5,996**	**1,280**
(Cumulative) valuation allowances after adjustments	- 1,036	- 907
Tax loss carryforwards	**4,960**	**373**
Temporary differences		
Deferred tax assets (previous year)	739	386
Addition/release	- 264	353
Deferred tax assets	**5,435**	**1,112**

Deferred tax assets and liabilities have been formed on account of temporary differences between tax law and IAS/IFRS.

Deferred tax liabilities are as follows:

Deferred tax liabilities – temporary differences

in kEUR	31.12.2013	31.12.2012
Deferred tax liabilities (previous year)	13,232	9,344
Addition/release	4,491	3,888
Deferred tax liabilities	**17,723**	**13,232**

Temporary differences between the values reported in the tax accounts and the consolidated financial statements were taken into account on both the assets and liabilities side. The calculation of deferred taxes as at 31 December 2013 and in the previous year was performed on the basis of the tax rates then enacted both in Germany and abroad.

On the assets side, deferred taxes concerned assets that were required to be recognised at lower values in IAS/IFRS than in the tax base or not recognised at all, such as interest on loans granted, other liabilities that cannot be offset under tax law, differing amortisation and depreciation rates under tax law and IAS/IFRS for other intangible assets and property, plant and equipment.

On the liabilities side, these relate to assets to be recognised at a higher value than in the tax base (for example, internally generated, capitalised software) which reverse in the course of time (31 December 2013: kEUR 17,723; 31 December 2012: kEUR 13,232). The temporary differences in connection with holdings in subsidiaries amounted to kEUR 313,231 as at 31 December 2013 (2012: kEUR 262,779). The basis of the tax reconciliation account was the tax rate applicable to tax groups, amounting to 27.375 percent (2012: 27.375 percent).

On 31 December 2013, the Group reported corporation tax loss carryforwards of around kEUR 25,222, which were attributable to Wirecard AG (kEUR 17,132), die Wirecard (Gibraltar) Ltd. (kEUR 4,071), Wirecard Retail Services GmbH (kEUR 2,271), Wirecard Communication Services GmbH (kEUR 688) and Systems@Work Pte. Ltd (kEUR 1,060). The trade tax loss carryforwards on 31 December 2013 amounted to kEUR 19,306 and were distributed among Wirecard AG (kEUR 16,370), Wirecard Retail Services GmbH (kEUR 2,254) and Wirecard Communication Services GmbH (kEUR 682). The loss carryforwards of Wirecard Card Solutions Ltd. (kEUR 1,254) that were reported as of 31 December 2012 no longer existed as of 31 December 2013.

The loss carry-forwards can be used for an unlimited period according to current tax law.

However, the company perceives risks within the tax-related recognition of loss carry-forwards and therefore implemented valuation allowances for part of the deferred taxes in respect of the current loss carry-forwards for which the realisation of the tax benefit is less probable than its expiry. With regard to the ability to realise these loss carry-forwards, the company made a valuation adjustment to deferred tax assets as at 31 December 2013 of kEUR 5,996 (2012: kEUR 1,280) by the amount of kEUR 1,036 to kEUR 4,960 (2012: kEUR 373). The deferred tax assets formed on remaining loss carry-forwards is due to a purchase price allocation from 2011, and the formation within the company Wirecard AG. In addition, it resulted from the successful growth of the company Wirecard Communication Services, for which deferred tax assets had been formed and recognised in profit or loss in 2012. In the earnings for 2013, kEUR 15 (2012: kEUR 177) of the deferred tax assets were reversed to income and included in the income tax expenses.

With regard to deferred taxes, reference is also made to Note 3.4 Tax credits – deferred tax assets.

5.9. Earnings per share

Basic earnings per share were calculated in accordance with IAS 33.10 as the quotient of consolidated net income for the year and the weighted average number of shares outstanding during the fiscal year. In calculating diluted earnings per share, the convertible bonds issued by Wirecard AG were taken into account in accordance with IAS 33.30-60. As of 31 December 2013, EUR 134,296 of (convertible) bonds had been subscribed for (2012: EUR 198,296) (IAS 33.60). The subscription price and the additional strike price for conversion into shares together account for a value below the market price of Wirecard stock. The number of potential bonus shares was calculated from the difference in relation to the market price. In the fiscal year 2013, the number of potential bonus shares came to 97,338. In the preceding year, there were 138,129 potential bonus shares.

The changes in convertible bonds issued are dealt with under Section 4.1 of this report Subscribed capital. The development of the number of no-par value shares issued is presented in the "Consolidated statement of changes in equity for the fiscal year 2013".

Earnings per share

Description	Unit	2013	2012
Earnings after taxes	kEUR	82,729	73,297
Average number of shares – basic	Number in thousands	112,200	110,168
Potential bonus shares resulting from dilutive effect of convertible bonds	Number in thousands	97	138
Average number of shares – diluted	Number in thousands	112,297	110,306
Earnings per share – basic	**EUR**	**0.74**	**0.67**
Earnings per share – diluted	**EUR**	**0.74**	**0.66**

6. Notes to the consolidated cash flow statement

The Group's cash flow account is prepared in accordance with IAS 7 (Statement of Cash Flows). It discloses the cash flows in order to show the source and application of cash and cash equivalents. In doing so, it distinguishes between changes in cash flows from operating, investing and financing activities. The statement of cash flows was restructured this year in order to further enhance transparency. It starts with earnings after interest and tax. A new structure has also been prepared within operating cash flow accordingly. The previous year's figures have been restated to make them comparable.

Method used to measure cash and cash equivalents

For purposes of the cash flow statement, a cash position is used, consisting of cash and cash equivalents. Cash includes cash in hand and sight or demand deposits.

Cash equivalents comprise current, extremely liquid financial investments that can be converted at any time at short notice into certain amounts of cash and are only subject to negligible fluctuations in value.

As at 31 December 2013 and 31 December 2012 the company held both cash and cash equivalents.

Reconciliation to cash and cash equivalents according to IAS 7.45

The balance of financial resources at the end of the period includes cash in hand and bank balances included in the line item cash and cash equivalents (31 December 2013: kEUR 479,095; 31 December 2012: kEUR 358,172), less current (immediately due and payable) liabilities to banks (31 December 2013: kEUR – 3,006; 31 December 2012: kEUR – 439) included in the line item current, interest-bearing liabilities. In addition, corresponding financial resources of current customer deposits from banking operations ((31 December 2013: kEUR – 165,016; 31 December 2012: kEUR – 118,036) were deducted or reported as a reduction of the financial resources fund in the consolidated cash flow statement (IAS 7.22).

Current customer deposits are fully due and payable on a daily basis, and are reported on the equity and liabilities side of the Wirecard consolidated financial statements among other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. On the assets side, separate accounts have been set up for these funds, which may not be used for any other business purposes. Given the total amount of the customer deposits, securities (collared floaters and short-term and medium-term interest-bearing securities) with a nominal value of kEUR 100,311 (31 December 2012: kEUR 128,425) are held, and deposits with the central bank, and sight and short-term time deposits with banks, are held in an amount of kEUR 165,016 (31 December 2012: kEUR 118,036). These are reported in the Wirecard Group under the balance sheet item cash and cash equivalents under non-current financial and other assets and under current interest-bearing securities.

The first-time consolidations resulted in an addition to cash and cash equivalents of kEUR 1,659 (2012: kEUR 1,929).

Cash flows arising from business transactions denominated in foreign currencies are reported in the company's functional currency by translating the foreign-currency amount into the functional currency at the exchange rate prevailing on the payment dates between the functional currency and the foreign currency.

Cash flows from foreign subsidiaries are translated into the functional currency with the exchange rate prevailing on the payment date between the functional currency and the foreign currency.

Cash and cash equivalents

in kEUR		31.12.2013		31.12.2012
Cash and cash equivalents		479,095		358,172
Current interest-bearing liabilities	- 15,662		- 14,939	
of which current bank borrowings		- 3,006		- 439
		476,089		357,733
of which current customer deposits from banking operations		- 165,016		- 118,036
of which, Acquiring deposits in Wirecard Bank AG	- 186,810		- 109,006	
Cash and cash equivalents at end of period		**311,073**		**239,696**

6.1. Cash flow from operating activities

Due to the special system used in Acquiring, which is mainly characterised by balance sheet date effects inherent in the business model, Wirecard decided to present a further statement in addition to the usual presentation of cash flows from operating activities to eliminate those items that are merely transitory in nature. These addenda help to identify and present the cash-relevant portion of the company's result.

The cash flow from operating activities is determined according to the indirect method by initially adjusting Group earnings to eliminate non-cash transactions, accruals, deferrals or provisions relating to past or future cash receipts or payments as well as income and expense items to be allocated to the field of investments or finance. After taking the changes to net current assets into account, this results in an inflow/outflow of funds from current business operations. The inflow/outflow of funds from operating activities is determined by adding the company's interest and tax payments.

The principal reasons for the changes in relation to the previous year are as follows:

The unadjusted cash flow from operating activities in the fiscal year 2013 increased from kEUR 95,690 in the previous year to kEUR 127,101, mainly due to the special system used in the Acquiring division, which is impacted by cut-off date effects of a transitory nature inherent in the company's business model. It should be especially noted in this context that a very sharp increase in the operational cash flow in the fourth quarter of 2013, which was mainly due to delayed payouts on account of the public holidays, is expected to be offset by a countervailing cash flow trended 2014. The cash flow from operating activities (adjusted) amounts to kEUR 107,452 (2012: kEUR 94,900). In line with the business model, the transaction volumes generated by the Acquiring business were reported under Trade receivables from credit card organisations and banks. At the same time, these business transactions give rise to liabilities to merchants, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less commissions and charges) are mostly transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

Interest received/paid in accordance with IAS 7.31

Interest received in the fiscal year 2013 amounted to kEUR 492 (2012: kEUR 199). The interest excluding loan interest paid in the fiscal year 2013 amounted to kEUR– 172 (2012: kEUR – 313), and is reported under cash flow from operating activities.

The respective cash flows from such interest received and interest paid were each classified as operating activities.

Interest paid on loans in the fiscal year 2013 came to kEUR – 2,908 (2012: kEUR – 1,654) and was included in the cash flow from financing activities.

Cash flows from income taxes in accordance with IAS 7.35 and 7.36

The cash-effective balance of income taxes in the fiscal year 2013 (cash flow from income taxes) totalled kEUR – 13,349 (2012: kEUR – 11,608) and was constantly classified as operating activities.

6.2. Cash flow from investing activities

The cash flow from investing activities is the result of the inflow of funds from non-current assets (excluding deferred taxes) and the outflow of funds for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled kEUR – 162,184 in the year under review (2012: kEUR – 129,491).

This mainly affects:

Substantial cash outflows for investments

in kEUR	2013
Strategic transactions/M&A	82,559
Customer relationships	17,472
Internally-generated intangible assets	20,727
Medium-term financing-agreements i.e. with sales partners	28,308
Other intangible assets (software)	10,169
Property, plant and equipment	2,949

Disclosures pursuant to IAS 7.40 are as follows:

Investments to acquire companies

in kEUR	2013	2012
Purchase prices paid	29,218	41,205
Acquired cash and cash equivalents	1,659	1,929
Net investment	27,559	39,276

6.3. Cash flow from financing activities

In the present report, interest paid and interest received is reported separately. In the process, interest immediately related to financing is assigned to the cash flow from financing activities, and all other to cash flow from operations.

Cash flow from financing activities in the fiscal year 2013 mainly concerns the cash paid for the dividend payment in the amount of kEUR – 12,341 (2012: kEUR – 11,198), cash inflow from the drawing down of financial liabilities in an amount of kEUR 140,000 (2012: kEUR 53,531), and the cash outflow for the redemption of financial liabilities in an amount of kEUR – 2,500 (2012: kEUR – 45,024). In addition, financing was performed as part of finance leases, which resulted in a net cash flow of kEUR – 3,847 (2012: kEUR 228). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of kEUR – 10,044 (2012: kEUR – 1,932).

6.4. Cash and cash equivalents at end of period

After taking into account these reported cash inflows and cash outflows (2013: kEUR 72,101; 2012: kEUR 98,595), exchange-rate-related changes (2013: kEUR – 724; 2012: kEUR – 808), and the cash and cash equivalents position at the start of the period (2013: kEUR 239,696; 2012: kEUR 141,910), the cash and cash equivalents position at the end of the period amounted to kEUR 311,073 (31 December 2012: kEUR 239,696).

7. Other notes

7.1. Segment reporting

Reportable segments are determined in accordance with an internal reporting. Apart from sales revenues, EBITDA is also used as an internal measurement criterion, which is why EBITDA is also reported as the segment result. The settlement of services between the segments is made on the basis of third-party comparisons. Within the scope of internal reporting to the main decision-makers, balance-sheet items, interest and taxes are not reported at segment level.

Sales revenues are segmented into the following operating divisions: Distinctions are drawn here between the following segments: "Payment Processing & Risk Management", "Acquiring & Issuing" and "Call Centre & Communication Services". The "Acquiring & Issuing" segment comprises all of the business divisions of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH and Wirecard Card Solutions Ltd.

Payment Processing & Risk Management (PP&RM) is the largest segment for the Wirecard Group. This division accounts for all products and services for electronic payment processing and risk management.

The **Acquiring & Issuing** (A&I) segment completes and extends the value chain of the Wirecard Group with the financial services provided via Wirecard Bank AG, Wirecard Card Solutions Ltd. and the financial services offered by Wirecard Acquiring & Issuing GmbH. In the Acquiring area, merchants are offered statements of credit card sales revenues for online and terminal payments.

In addition, traders can process their transaction-oriented payment transactions in numerous currencies via accounts kept with Wirecard Bank AG.

In the Issuing area, prepaid cards are issued to private customers and to business clients, with end customers also being offered current (giro) accounts combined with prepaid cards and ec/Maestro cards.

Call Center & Communication Services (CC&CS) is the segment in which we report the complete value-added scope of our call centre activities, with the other products such as after-sales service to our customers and mailing activities included as sub-categories.

In addition, information is provided on geographical regions according to production locations. These are split into three segments. The "Europe" segment contains Wirecard (Gibraltar) Ltd., and the companies Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland), along with its subsidiaries, Wirecard Card Solutions Ltd., Newcastle (United Kingdom) and Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria). The segment "Other foreign countries" includes the companies cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates), Wirecard Processing FZ LLC (formally: Procard Services FZ LLC), Dubai (United Arab Emirates), Wirecard Asia Pte. Ltd. (Singapore) and Systems@Work Pte. Ltd (Singapore) with its respective subsidiaries, PT Prima Vista Solusi (Indonesia), Trans Infotech Pte. Ltd. (Singapore) with its subsidiaries, PaymentLink Pte. Ltd. (Singapore) with its subsidiaries. The segment "Germany" includes all other companies within the Wirecard Group.

As part of the homogenisation of the Wirecard Group's various technical platforms, various merchants and merchants that were previously included in the Europe region are now processed using Asian platforms, which has had a corresponding impact on the geographic distribution. Consolidating and centralising technical functions on platforms at locations in Europe and Asia serves to boost internal efficiency, harmonise the product landscape for all of the subsidiaries and to optimise the processing time for regional payment transactions.

Revenues by operating divisions

in kEUR	2013	2012
Payment Processing & Risk Management (PP&RM)	351,398	278,206
Acquiring & Issuing (A&I)	169,928	140,510
Call Center & Communication Services (CC&CS)	4,797	4,774
	526,123	423,490
Consolidation PP&RM	- 37,853	- 26,240
Consolidation A&I	- 3,765	- 915
Consolidation CC&CS	- 2,761	- 1,734
Total	**481,744**	**394,601**

EBITDA by operating divisions

in kEUR	2013	2012
Payment Processing & Risk Management	98,019	82,608
Acquiring & Issuing	27,752	26,263
Call Center & Communication Services	191	433
	125,963	109,304
Consolidations	- 5	- 73
Total	125,957	109,231

Regional revenue breakdown

in kEUR	2013	2012
Germany	229,492	197,389
Europe	128,390	184,400
Other countries	140,342	26,147
	498,224	407,936
Consolidation Germany	- 4,179	- 6,005
Consolidation Europe	- 10,582	- 7,098
Consolidation Other countries	- 1,718	- 233
Total	481,744	394,601

EBITDA by regions

in kEUR	2013	2012
Germany	43,882	42,419
Europe	41,581	60,927
Other countries	40,493	5,870
	125,956	109,215
Consolidations	1	16
Total	125,957	109,231

Segment assets by regions

in kEUR	31.12.2013	31.12.2012
Germany	**417,329**	339,084
Europe	**101,622**	96,909
Other countries	**160,179**	103,833
	679,130	**539,826**
Consolidations	**- 220,923**	- 180,192
Intangible assets and property, plant and equipment	**458,207**	**359,634**

7.2. Risk reporting

Wirecard AG is exposed to risks within the scope of its ordinary business activities. The risk categories are the ones specified in the chart below. All risks may lead to individual or even all intangible assets having to be subjected to impairment charges, resulting in a negative earnings situation. These risks are dealt with in detail in the Management Report under 7. Risk Report, which is why we refer to this information. Since the debtor and financial risks have a direct impact on specific items in the balance sheet and income statement, these risks are explicitly dealt with below. The company's policy is to mitigate these risks by entering into hedge transactions. The deployment of these instruments within the scope of the risk management system is governed by Group directives that set limits based on underlying transactions, define approval procedures, exclude the conclusion of derivatives for speculative purposes, mitigate credit risk and govern internal reporting and the separation of functions. Compliance with these directives and due and proper processing and evaluation of transactions are processes that are verified on a regular basis, subject to a separation of functions. All investments and derivatives transactions were only concluded with banks that meet the high creditworthiness requirements from the Group's own risk assessments and – to the extent that external ratings are available – have been categorised as having a minimum creditworthiness risk by well-known ratings agencies.

Overview of risks

Risk categories	Examples
Business risks	Economic risks, risks arising from the general competitive situation for the Wirecard Group and its customers
Operational risks	Personnel risks, risks of product innovations and risks arising from the use of third-party services
Information and IT risks	Risks arising from the operation and design of IT systems as well as risk in connection with the confidentiality, availability and integrity of data
Financial risks	Risks of exchange and interest rate fluctuations; risks arising from credit institutions defaulting
Payment risks	Risks of return debits, risks arising from default in payment obligations of customers of the Wirecard Group as well as of card holders
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks arising from litigation and license rights
Other risks	Environmental and reputation risks as well as risks arising from emergencies

Interest-rate risks

The Group has substantial liquidity at its disposal for investments in demand and time deposits and/or overnight (call money) accounts with well-known banks. The interest payable on these investments is based on the interbank money market interest rate of the respective investment currency, less a standard banking margin. The interbank money market interest rates may be subject to fluctuations which may impact the earnings realised by the Group.

A reduction of the interbank money market rates of relevance for the Wirecard Group by half a percentage point, based on a total investment amount of around EUR 480 million in line with the portfolio as of 31 December 2013, would result in unrealised income amounting to EUR 2.40 million. Accordingly, an increase by half a percentage point would produce additional income of EUR 2.40 million.

As at 31 December 2013, the Group's interest-bearing liabilities to banks were reported at kEUR 233,051 (previous year: kEUR 94,970). This related to redemption loans taken out in connection with acquisitions made, for which variable interest rates have been agreed, calculated based on Euribor plus a margin. As a result, a general interest-rate risk exists, even if it is possible to react quickly to changes as a result of redemption options. In addition, as a result of the high level of cash and cash equivalents from its operating business, the Wirecard Group has a corresponding volume of investments, so that if interest rates increase its interest expenses would increase, but also that the increasing interest income would compensate for this additional expense.

No derivative hedge instruments (for example, interest-rate swaps, forward rate agreements etc) were deployed in the year under review.

Currency risks

Currency risks exist in particular where receivables, liabilities, debts, cash and cash equivalents and planned transactions exist or will arise in a currency other than the local currency of the company. This increasingly impacts the "Payment Processing & Risk Management" and "Acquiring & Issuing" segments, which transact a substantial part of their revenues in foreign currencies. Around a half of these revenues are generated in foreign currencies. After the US dollar, the share of the British pound sterling is the most important currency. A reduction in the exchange rates of relevance to the Wirecard Group by one percentage point, based on gross income in foreign currency of around EUR 115 million (2012: EUR 97 million), would result in unrealised income of kEUR 1,150 (2012: kEUR 970). Accordingly, an increase by one percentage point would produce additional income of kEUR 1,150 (2012: kEUR 970). In these segments, both receivables from and liabilities to merchants and to banks exist in foreign currencies. In negotiating contracts with merchants and banks, the Group treasury department ensures that receivables and liabilities reflect matching currencies and amounts as far as possible in order to ensure that risks relating to exchange rate fluctuations cannot arise. Risks that cannot be compensated for in the process are hedged after specific analyses by additionally deploying financial derivatives. In the 2013 fiscal year, 6 forex options were transacted with a nominal volume equivalent to around EUR 2.3 million (USD 3.0 million). Expenses for premiums totalled around kEUR 29.

The use of derivative financial instruments is subject to strict internal controls effected within the scope of mechanisms and uniform directives fixed on a centralised basis. These instruments are used solely for risk control/risk minimisation purposes and not in order to generate any income from anticipated currency trends. As at 31 December 2013 and the year before the Wirecard Group did not have any currency options in its portfolio for fiscal year 2014.

Liquidity risks

The primary objectives of finance management are to secure a comfortable liquidity situation at all times along with operational control of financial flows. Management controls liquidity risks by keeping appropriate inventories of cash and cash equivalents, credit lines with banks and by constantly monitoring the cash flows forecast and reconciling these with actual cash flows. The Wirecard Group continually invests substantial amounts of non-required liquidity in demand and time deposits, overnight call money, as well as the base volume of liquidity on a longer-term basis in bearer debentures. Risks may arise due to a liquidity shortage on account of mismatches occurring between the fixed investment term and the time at which liquidity is required. Bonds are repaid at 100 percent on final maturity. If bonds are redeemed prior to final maturity there is a price risk depending on a possible change in the credit status of the issuer, the remaining term to maturity and the current level of interest rates prevailing on the market. In view of the fact that only the base volume of liquidity less a substantial security reserve is invested on a long-term basis, the Management Board assumes that the risk is low.

Undiscounted cash flows according to contractually agreed payment dates as of 31 December 2013

in kEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Interest-bearing loans and credit facilities	- 19,289	- 228,622	0	**- 247,912**
Other current liabilities	- 31,588	- 12,375	0	**- 43,964**
Trade payables	- 259,334	0	0	**- 259,334**
Customer deposits from banking operations	- 260,231	0	0	**- 260,231**
Interest-bearing securities – assets	64,176	38,418	0	**102,594**
Cash and cash equivalents	479,095	0	0	**479,095**

Undiscounted cash flows according to contractually agreed payment dates as of 31 December 2012

in kEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Interest-bearing loans and credit facilities	- 16,632	- 83,217	- 720	- 100,569
Other current liabilities	- 28,971	- 12,305	0	- 41,276
Trade payables	- 187,249	0	0	- 187,249
Customer deposits from banking operations	- 241,893	0	0	- 241,893
Interest-bearing securities – assets	85,596	35,810	10,224	131,630
Cash and cash equivalents	358,172	0	0	358,172

Debtor risks

In order to counteract the risk of business partners of the Wirecard Group defaulting on their contractual payment obligations, these customers are subjected to a comprehensive assessment of relevant data, like credit rating, liquidity, market positioning, the management's professional experience and other case-by-case criteria. This also applies to the review of business relations with commercial banks, acquiring partners and merchants.

Payment flows of merchants, processed through Wirecard Bank AG or other acquiring partners, are monitored on a regular basis and receivables outstanding are continually tracked by the company's internal debtor and liquidity management system. The risk of default arising from the Acquiring business, consisting of potential reverse debits following insolvency or the inability of a merchant to deliver, are very low since open receivables from customers are covered by individual security retentions (reserve) or, alternatively, delayed payouts to merchants, which are adjusted regularly on the basis of close monitoring of the merchant business. In specific cases, however, the reserve may prove to be inadequate; as a result, justified claims for payment by the Wirecard Group might not be enforceable against the customer in question, especially due to the reversal of credit card transactions. As a rule, this form of collateral security is adequate.

Receivables also include significant items arising from business relationships with other acquiring partners with which Wirecard especially works together if the merchants operate in regions that lie outside the licensing area for the credit card processing operations of Wirecard Bank AG.

In business with private individuals, particularly involving novel products of Wirecard Bank AG in the field of card issuing services, risks are perceived to arise from the fact that a lack of historical data with regard to specific risk and fraud characteristics of such products may lead to a default in payment obligations despite high security standards being adhered to.

The maximum risk of default of financial instruments is their carrying amount. In the event of identifiable concerns relating to the value of receivables, the latter are subjected to specific valuation adjustments or derecognised without delay, and the risks are booked with an impact on profit or loss.

7.3. Capital risk management

The Group controls its capital with the objective of maximising the shareholders' return by optimising the ration of equity capital to borrowed capital. In doing so, it ensures that all Group member companies can operate as a going concern. In particular, information is paid to banking-specific regulation requirements, such as compliance with equity capital limits, being adhered to in the entire course of business. The Group's capital structure consists of debts as well as the equity to which the providers of equity capital of the parent company are entitled. Equity comprises shares issued, capital reserves, revenue reserves and the currency translation reserve. The objectives of capital management are to secure operations as a going concern along with an adequate return on equity. For implementation purposes, debt or equity is compared with total capital.

Following the successful organic growth last year and the transactions performed in 2013, the company aims to maintain a comfortable equity ratio for fiscal years 2014 and 2015. In keeping with the current financial structure, future investments and potential acquisitions will be financed either by recourse to the company's own cash flow, or by moderate deployment of borrowed funding or alternative forms of financing. Potential acquisitions will also continue to be analysed and assessed under strict conditions in future; in the process, the focus will be especially on profitability and a sensible supplementation of our existing portfolio of products and customers.

Capital is monitored based on economic shareholders' equity. Economic shareholders' equity is the balance-sheet equity. Borrowed capital is generally defined as non-current and current financial obligations, provisions and other liabilities.

The capital structure is as follows:

Capital structure

in kEUR (where not in %)	31.12.2013	31.12.2012
Equity	608,411	541,730
Equity as % of total capital	43%	48%
Borrowed capital	822,108	586,154
Borrowed capital as % of total capital	57%	52%
Total capital (equity and borrowed capital)	**1,430,520**	**1,127,884**

The Group reviews its capital structure on a regular basis.

For interest-bearing debt, Wirecard has assured the banks of an equity ratio in its 2013 credit agreement. These banks calculate the Wirecard Group's equity ratio by dividing the liable equity by the total assets. Liable equity is identified by subtracting deferred tax assets and 50 percent of goodwill from the balance sheet equity. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting customer deposits, the Acquiring funds of Wirecard Bank and the reduction in equity from the audited total assets, and leasing liabilities are added again to these total assets. This calculation results in an equity ratio of 57.8 percent (2012: 58.6 percent). Furthermore, in relation to lending banks, Wirecard undertakes to generate a minimum EBITDA and to incur financial liabilities proportionately as a specific percentage of EBITDA. These targets were achieved during the fiscal year.

7.4. Breakdown of balance sheet carrying amounts according to valuation categories

2013 carrying amounts as per IFRS 7.8

in kEUR	Financial and other assets/interest-bearing securities	Trade and other receivables	Interest-bearing securities and fixed-term deposits	Cash and cash equivalents	Trade payables	Other liabilities
Financial assets and liabilities measured at fair value through profit or loss	61,031	0	31,830	0	0	0
of which fair value option	61,031	0	31,830	0	0	0
Available-for-sale financial assets	36	0	0	0	0	0
Held-to-maturity investments	0	0	0	0	0	0
Loans and receivables	66,251	276,035	36,274	479,095	0	0
Financial liabilities measured at amortised cost	0	0	0	0	259,334	528,948
Total financial instruments	**127,318**	**276,035**	**68,104**	**479,095**	**259,334**	**528,948**
Items not within the scope of IAS 39	97	2,955	0	0	0	33,826
Total	**127,415**	**278,989**	**68,104**	**479,095**	**259,334**	**562,775**

2012 carrying amounts as per IFRS 7.8

in kEUR	Financial and other assets/interest-bearing securities	Trade and other receivables	Interest-bearing securities and fixed-term deposits	Cash and cash equivalents	Trade payables	Other liabilities
Financial assets and liabilities measured at fair value through profit or loss	44,725	0	4,990	0	0	0
of which fair value option	44,725	0	4,990	0	0	0
Available-for-sale financial assets	36	0	0	0	0	0
Held-to-maturity investments	0	0	0	0	0	0
Loans and receivables	21,551	213,092	79,342	358,172	0	0
Financial liabilities measured at amortised cost	0	0	0	0	187,249	372,511
Total financial instruments	**66,312**	**213,092**	**84,332**	**358,172**	**187,249**	**372,511**
Items not within the scope of IAS 39	32,816	2,404	0	0	0	26,394
Total	**99,128**	**215,496**	**84,332**	**358,172**	**187,249**	**398,905**

The classification according to the valuation categories of IAS 39 was carried out in the form of the tables above. Categorisation according to IFRS 7.6 is based on the balance sheet items, with the exception of the balance sheet item "Financial and other asset/interest-bearing securities", which includes additional sub-categories.

The market values of financial assets and liabilities are as follows:

Market values

	Carrying amounts		Fair value	
in kEUR	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Financial assets measured at fair value through profit or loss	92,861	49,715	92,861	49,715
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Available-for-sale financial assets	36	36	36	36
Held-to-maturity investments	0	0	0	0
Loans and receivables	857,655	672,157	857,655	672,157
Financial liabilities measured at amortised cost	- 788,282	- 559,760	- 788,282	- 559,760
Total	**162,270**	**162,148**	**162,270**	**162,148**

* Investments measured at cost

Hierarchy of fair values

As at 31 December 2013 the Group held the following financial instruments measured at fair value and uses the following hierarchy to determine and report fair values of financial instruments for each measurement process:

- Level 1: Listed (unadjusted) prices on active markets for similar assets or liabilities.
- Level 2: Processes in which all input parameters with a material influence on the fair value recognised can be directly or indirectly observed.
- Level 3: Processes using input parameters with a material influence on the fair value recognised which are not based on market data capable of being observed.

Assets measured at fair value

in kEUR	31.12.2013	Stage 1	Stage 2	Stage 3
Financial assets measured at fair value through profit or loss				
Collared floaters / bonds	**92,861**		**92,861**	

Assets measured at fair value

in kEUR	31.12.2012	Stage 1	Stage 2	Stage 3
Financial assets measured at fair value through profit or loss				
Collared floaters / bonds	49,715		49,715	

The fair value of financial assets measured at fair value through profit or loss and financial liabilities measured at amortised cost is calculated on the basis of the discounted cash flow method take into account appropriate valuation parameters that are directly or indirectly observable on the market. The base yield curve and credit and liquidity risks specific to issuers are utilised as key valuation parameters, for example. In the case of cash and cash equivalents (reported under loans and receivables), and in the case of certain interest-bearing securities, short-term receivables, trade payables, other current financial liabilities and revolving credit facilities, and other financial liabilities, the carrying amount mainly represent an appropriate approximation of fair value due to the short related term. These instruments are allocated to Level 2 of the measurement hierarchy. Besides this, the fair value of equity capital instruments cannot be measured reliably (reported under available-for-sale financial assets). Their carrying amount corresponding to cost was allocated to Level 3.

The fair value of cash and cash equivalents (reported in loans and receivables), of interest-bearing securities, of current receivables, of trade payables, of other current financial liabilities, as well as from revolving credit facilities and other financial liabilities roughly corresponds to the respective carrying amounts. The reason for this, in particular, is the short term to maturity of such instruments. The collared floaters included on 31 December 2012 resulted in revaluation income of kEUR -1,644 in the fiscal year 2013 (2012: kEUR 1,633). The collared floaters and bonds are measured on the basis of current currency and interest-rate trends, as well as the current rating of the issuer. The theoretical maximum default risk is equivalent to the carrying amount.

7.5. Financial relationships with related companies

In the fiscal year 2013, financing agreements were in place among various companies in the Wirecard Group. These transactions were eliminated in the course of the consolidation of debt and earnings. In addition, please refer to Section 8.3. Related party transactions.

7.6. Other obligations

The Wirecard Group member companies entered into leases for office space and other leasing agreements. The annual payments from these agreements over the next five years are as follows:

Other financial obligations

in kEUR	2014	2015	2016	2017	2018
Annual commitments	5,365	3,628	2,921	2,345	913

After the period indicated, there are payment obligations for the Wirecard Group in the amount of kEUR 457 through to 2021. No obligations to non-consolidated subsidiaries existed.

In addition to the obligations from operating leases included under other obligations in the total amount of kEUR 1,367, the Group has concluded finance leases agreements for terminals and IT- components. The agreements include purchase options for the assets.

The future minimum lease payments from finance leases agreements can be reconciled to their present values as follows:

Obligations from finance leases and hire-purchase agreements

in kEUR	2013		2012	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
up to 1 year	3,905	3,531	1,912	1,638
1 to 5 years	4,797	4,403	3,985	3,425
more than 5 years	0	0	0	0
Total	8,701	7,934	5,897	5,063
Less interest portion	767		834	
Present value of minimum lease payments	7,934	7,934	5,063	5,063

Other claims based on leases in which the Group acts as a lessor are shown as follows:

Claims arising from leasing

in kEUR	2014	2015	2016	2017	2018
Annual claims	1,193	652	277	61	10

After the period indicated, there are no payment claims for the Wirecard Group.

8. Additional mandatory disclosures

8.1. Management Board

The following persons comprised the Management Board at Wirecard AG.

Dr. Markus Braun, commercial computer scientist, member of the Management Board since 1 October 2004
CEO, CTO

Burkhard Ley, banker, member of the Management Board since 1 January 2006
CFO
Other supervisory board mandates: Backbone Technology AG, Hamburg (Germany)

Jan Marsalek, computer scientist, member of the Management Board since 1 February 2010
COO

Remuneration paid to the Management Board

In the 2013 fiscal year the total emoluments of all members of the company's Management Board, in other words, the total remuneration during the fiscal year for the duration of the individual's tenure on the Management Board, including other payments and amounts not yet disbursed for share price-based Variable Remuneration I, Variable Remuneration II and other payments amounting to kEUR 1,700, totalled kEUR 4,652 (2012: kEUR 4,642).

No loans were made to board members during the fiscal year.

Further particulars in this regard can be found in the Corporate Governance Report.

8.2. Supervisory Board

The following persons comprised the Supervisory Board at Wirecard AG.

Wulf Matthias (Chairman), Managing Director at Bank Sarasin AG, Frankfurt a. Main
Other supervisory mandates or mandates on other boards:
- Wirecard Bank AG, Aschheim (Germany)
- Deufol S.E., Hofheim (Germany)

Alfons W. Henseler (Deputy Chairman), self-employed management consultant
Other supervisory mandates or mandates on other boards:
- Wirecard Bank AG, Aschheim (Germany)
- Diamos AG, Sulzbach (Germany)

Stefan Klestil Managing director and owner of Belview Partners GmbH
Other supervisory mandates or mandates on other boards:
- Wirecard Bank AG, Aschheim (Germany)
- iyzi Teknoloji ve Ödeme Sistemleri A.S., Istanbul (Turkey)

Remuneration of the Supervisory Board is governed by Article 14 of Wirecard AG's articles of incorporation. Accordingly, members of the Supervisory Board receive fixed and variable compensation for any out-of-pocket expenses incurred in connection with exercising their office (as well as any value added tax paid on their remuneration and out-of-pocket expenses). Annual fixed remuneration totals kEUR 55. Variable remuneration depends on the company's performance and is geared to consolidated EBIT. For each one million euros by which the company's consolidated EBIT on 31 December 2008 exceeds a minimum amount of EUR 30 million, the variable remuneration component totals kEUR 1. This minimum amount of EUR 30 million increases from the start of fiscal year 2009 by 10 percent per year and accordingly amounts to EUR 48.3 million in the 2013 fiscal year.

Pursuant to the provisions of the German Corporate Governance Code, the Chairman and Deputy Chairman are taken into separate consideration. There are no committees within the company's Supervisory Board. The Chairman of the Supervisory Board receives double the amount and the Deputy Chairman of the Supervisory Board receives one-and-a-half times the so-called basic rate of fixed and variable remuneration, respectively. Changes to the composition of the Supervisory Board during the fiscal year lead to pro-rata remuneration. In addition, the members of the Supervisory Board receive a session fee of EUR 1,250.00 plus value added tax for each meeting of the Supervisory Board that they attend.

Supervisory Board remuneration 2013

in kEUR	Function	of	up to	fixed	Meeting fee	performance-based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2013	31.12.2013	110	5	100	0	65	**280**
Alfons W. Henseler	Deputy	01.01.2013	31.12.2013	83	5	75	0	60	**223**
Stefan Klestil	Member	01.01.2013	31.12.2013	55	5	50	0	55	**165**
Total remuneration				**248**	**15**	**225**	**0**	**180**	**668**

Supervisory Board Remuneration 2012

in kEUR	Function	of	up to	fixed	Meeting fee	performance-based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2012	31.12.2012	110	5	98	0	71	**284**
Alfons W. Henseler	Deputy	01.01.2012	31.12.2012	83	5	74	0	66	**227**
Stefan Klestil	Member	01.01.2012	31.12.2012	55	5	49	0	61	**170**
Total remuneration				**248**	**15**	**221**	**0**	**198**	**681**

In the fiscal year 2013, remuneration for the Supervisory Board totalled kEUR 668 (2012: kEUR 681). This remuneration includes remuneration for activities as a member of the supervisory board at subsidiaries in the amount of kEUR 180 (2012: kEUR 198). A provision was formed and recognised in expenses in the amount of kEUR 254, and will be paid in 2014.

8.3. Related party transactions

Related parties

In accordance with IAS 24 (related party disclosure), persons related to Wirecard AG comprise the members of the Management Board and the Supervisory Board along with their family members. The related details are presented below.

In the fiscal year 2013, the following legal transactions were entered into by Wirecard AG with a related company indicated above or at the insistence or in the interests of one of such companies:

Legal transactions with impact on P&L

Related party / related entity	Type of legal relationship	Expense in kEUR	Liability as of 31.12.2013 in kEUR	Notes
Wulf Matthias	Supervisory Board mandate	65	0	Supervisory Board of Wirecard Bank AG
Stefan Klestil	Supervisory Board mandate	55	55	Supervisory Board of Wirecard Bank AG
Alfons W. Henseler	Supervisory Board mandate	60	60	Supervisory Board of Wirecard Bank AG

Legal transactions with impact on assets and liabilities

Related party / related entity	Type of legal relationship	Nominal amount in kEUR	Receivable as of 31.12. 2013 in kEUR	Notes
Wulf Matthias	Loans	189	0	Overdraft facility from Wirecard Bank AG at 6 percent interest was fully repaid.

The exchange of goods, services and payments is effected on an arm's length basis. These arm's length conditions are documented and monitored on a regular basis; any adjustments required are made without delay.

8.4. Declaration of compliance

The declaration of compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG) for the periods from April 2013 to March 2014 and April 2014 to March 2015 was signed in March 2013 and March 2014, respectively, and also made available to the shareholders for download from the Web site of Wirecard AG in March 2013 and March 2014.

8.5. Auditors' fees

Neither the deductible VAT for the Wirecard Group nor the non-deductible VAT amounting to kEUR 3 (2012: kEUR 3) are included in the disclosures on auditors' fees.

In the fiscal year, the following auditors' fees were reported (Section 314 (1) No. 9 of the German Commercial Code [HGB]):

Auditors' fees

in kEUR	01.01.2013 – 31.12.2013 total	01.01.2013 – 31.12.2013 of which subsidiaries	01.01.2012 – 31.12.2012 total	01.01.2012 – 31.12.2012 of which subsidiaries
Ernst & Young GmbH				
Audit of the annual financial statements	408	176	400	172
Tax advisory services	0	0	0	0
Other certification services	0	0	0	0
Other services	85	29	180	26
Total	**493**	**205**	**580**	**198**

8.6. Events after the balance sheet date

Events after the balance-sheet date, providing additional information on the company's position as at the balance sheet date (events required to be taken into account) have been included in the consolidated financial statements. Events not to be taken into account after the balance-sheet date are reported in the notes if material in nature. These are as follows:

On 25 February 2014, Wirecard AG approved a capital increase of 11,198,345 new shares, which were successfully placed with institutional investors at a price of EUR 32.75 on 26 February 2014. The company received around kEUR 366,746 of gross issue proceeds from the capital increase.

Wirecard Sales International GmbH acquired control of PT Aprisma, which has its headquarters in Jakarta, Indonesia, as of 3 February 2014. The purchase price to be paid as part of this transaction, including the adoption of liabilities, amounts to a total of EUR 73 million, plus two earnout components that are measured on the basis of the operating earnings of the acquired company in the years 2014 and 2015, and can amount to a total of EUR 14.5 million.

A contribution to consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of around EUR 6.5 million is forecast for the 2014 year. Integration costs of EUR 1.0 million are also expected. The closing of this transaction required relevant Indonesian regulatory approval. Further details can be found in Section 1.1. Corporate acquisitions.

8.7. Clearance for publication in accordance with IAS 10.17

The consolidated annual financial statements as of 31 December 2013 were signed on 8 April 2014 and approved for submission to the Supervisory Board.

Aschheim, 8 April 2014

Wirecard AG

Dr. Markus Braun | Burkhard Ley | Jan Marsalek

Responsibility statement and disclosures pursuant to Section 37Y No. 1 of the German Securities Trading Act (WpHG) in combination with Sections 297 (2) Clause 4 and 315 (1) Clause 6 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Aschheim, 8 April 2014

Wirecard AG

Dr. Markus Braun   Burkhard Ley   Jan Marsalek

3-D Secure™
Security standard developed by Visa and MasterCard for the authentication of online card payments

Acquirer/acquiring bank
A financial institution that concludes an agreement with merchants for the acceptance of credit cards as a means of payment for goods and services and which settles card payments for merchants.

Alternative payment methods
These mostly comprise non-card based payment methods such as payment services, wallets, vouchers and bank-account based or prepaid methods.

Billing and Settlement Plan (BSP)
The most widespread system in the world for simple processing of airline ticket sales.

Bluetooth low energy (BLE)
This technology facilitates data transmission over distances of up to ten metres. Using microtransmitters (beacons) for the connection, this technology offers innovative location-related services.

Checkout Page
A web-based, PCI-compliant payment page for simple and secure acceptance of credit cards and other national and international means of payment. End customers input their data into a website hosted by Wirecard to make online payments.

Checkout Seamless
This integrated payment page makes it possible to directly integrate all relevant input fields for payments seamlessly into online shop interface.

CNP, Card Not Present
Card transaction in which the card is not physically presented to the merchant, e.g. for an orders in long-distance trading (online or MOTO).

Co-branded card
A co-branded card is a card issued by a licensed card issuer which bears the design of a third party company.

Fraud Prevention Suite (FPS)
Wirecard’s risk management system which identifies suspicious data and/or behaviour patterns in real time and effectively prevents fraud.

Host Card Emulation (HCE)
Makes it possible to carry out secure, NFC-based transactions for payments and services via mobile apps, regardless of whether a physical secure element (SE) is available on the mobile phone. All data generated during a transaction is stored in a secure centralised server.

In-app payment	In-app payment refers to payment for goods or services via a mobile terminal in connection with a mobile application. Customers can store their desired payment type, such as credit cards or alternative payment methods, in their user account and can make one-click payments the next time they log in.
Issuer/issuing bank	Financial institution which issues payment cards (credit, debit and prepaid cards) as a member bank of the card organisations and receives transactions from its cardholders from other member banks or merchants.
Loyalty and couponing	Serve to control specific marketing campaigns, based on card transactions.
Mobile card reader	The card reader is a mobile add-on device which is attached to smartphones or tablets, turning the device into a payment terminal.
Mobile payment	Includes, for example, the payment of digital or physical merchandise or a service on the mobile phone (payment on mobile/in-app payment) using the mobile phone (mobile at the point of sale) or the mobile phone as the payment terminal (mobile as the point of sale).
Mobile wallet	A mobile wallet managed via the mobile phone. Various digital cards can be stored in a mobile wallet.
MOTO, Mail Order/Telephone Order	The purchase of goods or services, with the purchase order issued by phone or in writing by fax or using an order card.
mPoS, mobile point of sale	Payment with a mobile device and a mobile card reader.
Near field communication (NFC) technology	NFC technology is the wireless transfer of data over a short distance (near field).
NFC sticker	Bridge technology to equip smartphones with contactless technology. NFC stickers can be attached to the rear of the mobile terminal and used to initiate payments in connection with a mobile wallet.
OTA, Over-the-Air	Wireless transmission of data
Payment service provider (PSP)	A company which receives electronic payment transactions for merchants etc., authenticates these, processes them and in this regard also provides the merchant with the corresponding software, if required.

PCI DSS	PCI DSS (Payment Card Industry Data Security Standard) is a security standard initiated by VISA and MasterCard for merchants and payment service providers who process credit card payments using their systems, or which store or transfer card data.
Personal identification number (PIN)	Secret number that is only allocated to one single card, which enables the card holder to confirm a POS payment or to access their account using a cashpoint.
Prepaid card	Has all of the features of a standard credit card and mostly licensed by VISA or MasterCard on a prepaid basis.
Provisioning	Storing card data in NFC-enabled smartphones in order to be able to make payments using the mobile phone. The card data is stored on the SIM card or in a secure area of the smartphone.
PSP, Payment Service Provider	See Payment Service Provider.
Risk management	Recording and analysing transaction data to minimise the risk of fraud and to protect the merchant against payment default.
QR code, quick response code	A two-dimensional code which can be scanned by mobile phones using the camera and relevant software (QR code reader). Information is embedded in the code, such as links to websites, for example.
SaaS, Software as a Service	Demand-orientated provision of software applications (download)
SCP, supplier and commission payments	An automated solution for global payments to companies receiving payments via their credit card acceptance agreement.
Secure element (SE)	Hardware module in a mobile phone where data can be stored securely.
SEPA, single euro payment area	Refers to the euro payment area, which currently comprises 34 countries including the 28 EU member states as well as Ireland, Lichtenstein, Monaco, Norway, San Marino and Switzerland.
Settlement	Processing transactions and depositing the processed transaction with the merchant's contractual bank (acquirer).
Settlement currency	The currency in which settlement is performed in a bank account.

SP-TSM, Service Provider Trusted Service Manager	SP-TSMs ensure secure, smooth connections between the card issuer and an NFC smartphone. Services include adding virtual card data to NFC-enabled SIM cards, and also managing cards in the smartphone.
SWIFT code	An 8 or 11-digit international bank sorting code issued by SWIFT (Society for Worldwide Interbank Financial Telecommunication) to identify a bank in international payment transactions.
Tokenisation	Sensitive data, such as credit card numbers, is replaced by reference values or "tokens". This can be used without restriction by systems and applications, whereas the original data is saved in a secure, PCI-conform data-safe.
Trust Evaluation Suite	Part of risk management. Through a comprehensive 360-degree assessment, it provides retailers with all relevant information on the consumer in real time and in an automated way.
Virtual card	A payment card that only comprises a card number, a validity period and a security code, and which can only be used in distance transactions (online, MOTO payments) due to the missing physical features (such as a magnetic strip, EMV chip).
Virtual account number	A 10-digit, purpose-linked account number with Wirecard Bank AG, comprising a 3-digit constant part and a 7-digit variable part, which can be freely selected by the company and which clearly identifies the designated purpose and the sender.
Virtual terminal, Wirecard Checkout Terminal	Internet-assisted user interface for payment acceptance (including via MOTO), which is used in call centres, for example. Allows direct payment acceptance without signature by the paying party. Risk management checks are performed as for online payments.
WEP, Wirecard Enterprise Portal	Wirecard AG's web-based management and reporting application which provides merchants with all the functions needed to manage payment transactions, adding risk strategies, managing card portfolios and creating reports and statistics.
White label solution	Wirecard solutions which companies create with their own corporate design and offer under their own name.

WIRECARD PAYMENT SCHEMES

The Wirecard Group offers merchants various national and international payment schemes

PAYMENT METHOD TYPES

- **PAYMENT CARDS:** International and domestic card brands
- **ELECTRONIC FUNDS TRANSFER:** Direct Debit
- **ONLINE BANKING PAYMENTS:** Real-time bank transfer
- **ALTERNATIVE PAYMENT SCHEMES:** Wallet, Cash/Voucher, Online/Offline
- **MOBILE SERVICES:** Mobile payments

NORTH AMERICA

- Visa, MasterCard, American Express, JCB, UATP, Diners Club, Discover
- SWIFT
- PayPal, Skrill/Moneybookers Wallet

LATIN AMERICA

- Visa, MasterCard, American Express, JCB, UATP, Diners Club, Discover
- SWIFT
- PayPal, Skrill/Moneybookers Wallet

Brazil

- Hipercard, Aura, Sorocred
- Transferencia Bradesco, Debito Bradesco
- Boleto Bancário, Mercado Pago

Mexico

- Visa Electron (domestic card brands)

AFRICA

- Visa, MasterCard, American Express, JCB, UATP, Diners Club, Discover
- SWIFT
- PayPal, Skrill/Moneybookers Wallet

EUROPE, EASTERN EUROPE, RUSSIA

- Visa, MasterCard, American Express, JCB, UATP, Diners Club, Discover, China Union-Pay, Maestro (Solo), Visa Electron
- SWIFT, SEPA Credit Transfer, SEPA Direct Debit, EBICS
- PayPal, paysafecard, cashti-cket, Skrill/Moneybookers Wallet

Austria

- EPS, Direct Debit
- Sofortüberweisung.de
- @Quick
- paybox

Belgium
- Sofortüberweisung.de, Bancontact/Mister Cash

Czech Republic
- eKonto

Denmark
- Dankort

Estonia
- InstantBank

Finland
- InstantBank

France
- Carte Bleue, Carte Bancaire
- Sofortüberweisung.de

Germany
- Direct Debit
- giropay, Sofortüberweisung.de
- RatePay Payment by Installments, RatePay Direct Debit, RatePay Payment on Invoice, Wire Transfer*

Ireland
- Laser

Italy
- CartaSi, PostePay
- Sofortüberweisung.de

Netherlands
- Direct Debit
- iDEAL, Sofortüberweisung.de

Poland
- InstantBank, Przelewy24, Sofortüberweisung.de

Russia
- Moneta.ru, YandexMoney

Spain
- Sofortüberweisung.de

Sweden
- InstantBank

Switzerland
- Sofortüberweisung.de

Ukraine
- Moneta.ru, YandexMoney

United Kingdom
- Cabcharge cards
- Sofortüberweisung.de

ASIA/PACIFIC, MIDDLE EAST
- Visa, MasterCard, American Express, JCB, UATP, Diners Club, Discover, China UnionPay
- SWIFT
- PayPal, Skrill/Moneybookers Wallet

Australia
- Cabcharge cards
- POLi

China
- 42 domestic card brands
- Alipay

Japan
- Wire Transfer*

Korea
- Wire Transfer*

Malaysia
- Maybank2u, CIMB Clicks

New Zealand
- POLi

Philippines
- Payment cards (8 domestic card brands)
- Maybank2u, CIMB Clicks

Singapore
- Cabcharge cards, Ez-Link payments
- eNets, Online Banking, Maybank2u, CIMB Clicks

Taiwan
- Wire Transfer*

*to virtual bank accounts

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